

**LETTER OF AGREEMENT BETWEEN
THE UNITED NATIONS DEVELOPMENT PROGRAMME AND
THE CHUUK PUBLIC UTILITY CORPORATION
ON THE IMPLEMENTATION OF "ENHANCING DISASTER AND CLIMATE RESILIENCE IN
THE FEDERATED STATES OF MICRONESIA THROUGH IMPROVED DISASTER
PREPAREDNESS AND INFRASTRUCTURE" PROJECT**

Your Excellency,

1. Reference is made to the consultations between officials of the United Nations Development Programme (hereinafter referred to as "UNDP") in the Federated States of Micronesia and officials of the Chuuk Public Utility Corporation (hereinafter referred to as "CPUC") with respect to the realization of activities by CPUC in the implementation of the project (Project ID: 00115305 Enhancing Disaster and Climate Resilience in the Federated States of Micronesia through Improved Disaster Preparedness and Infrastructure), as specified in Attachment 1: Project Document, to which UNDP has been selected as implementing partner.
2. In accordance with the Project Document and with the following terms and conditions, we confirm our acceptance of the activities to be provided by CPUC towards the project, as specified in Attachment 2: Description of Activities (hereinafter referred to as "Activities"). Close consultations will be held between CPUC and UNDP on all aspects of the Activities.
3. CPUC shall be fully responsible for carrying out, with due diligence and efficiency, all Activities in accordance with its Financial regulations, rules and other directives, only to the extent they are consistent with UNDP's Financial Regulations and Rules. In all other cases, UNDP's Financial Regulations and Rules must be followed.
4. In carrying out the activities under this Letter, the personnel and sub-contractors of CPUC shall not be considered in any respect as being the employees or agents of UNDP. UNDP does not accept any liability for claims arising out of acts or omission of CPUC or its personnel, or of its contractors or their personnel, in performing the Activities or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by CPUC, and its personnel as a result of their work pertaining to the Activities.
5. Any subcontractors, including NGOs under contract with CPUC shall work under the supervision of the designated official of CPUC. These subcontractors shall remain accountable to CPUC for the manner in which assigned functions are discharged.
6. Upon signature of this Letter, UNDP will make payments to CPUC, according to the schedule of payments specified in Attachment 3: Schedule of Activities, Facilities and Payments.
7. CPUC shall not make any financial commitments or incur any expenses which would exceed the budget for the Activities as set forth in Attachment 3. CPUC shall regularly consult with UNDP concerning the status and use of funds and shall promptly advise UNDP any time when CPUC is aware that the budget to carry out these Activities is insufficient to fully implement the project in the manner set out in the Attachment 2. UNDP shall have no obligation to provide CPUC with any funds or to make any reimbursement for expenses incurred by CPUC in excess of the total budget as set forth in Attachment 3.
8. CPUC shall submit a cumulative financial report each quarter (31 March, 30 June, 30 September and 31 December). The report will be submitted to UNDP through the UNDP Resident Representative within 5 days following those dates. The format will follow the standard UNDP expenditure report [a model copy of which is provided as Attachment 4]. UNDP will include the financial report by CPUC in the financial report for Project ID: 00115305 Enhancing Disaster and Climate Resilience in the Federated States of Micronesia through Improved Disaster Preparedness and Infrastructure.



9. CPUC shall submit such progress reports relating to the Activities as may reasonably be required by the project manager in the exercise of his or her duties.
10. CPUC shall furnish a final report within 3 months after the completion or termination of the Activities, including a list of non-expendable equipment purchased by CPUC and all relevant audited or certified financial statements and records related to such Activities, as appropriate, pursuant to its Financial Regulations and Rules.
11. Equipment and supplies that may be furnished by UNDP or procured through UNDP funds will be disposed as agreed, in writing, between UNDP and CPUC.
12. Any changes to the Project Document which would affect the work being performed by CPUC in accordance with Attachment 2 shall be recommended only after consultation between the parties.
13. For any matters not specifically covered by this Letter, the Parties would ensure that those matters shall be resolved in accordance with the appropriate provisions of the Project Document and any revisions thereof and in accordance with the respective provisions of the Financial Regulations and Rules of the CPUC and UNDP.
14. The arrangements described in this Letter will remain in effect until the end of the project, or the completion of activities of CPUC according to Attachment 2, or until terminated in writing (with 30 days notice) by either party. The schedule of payments specified in Attachment 3 remains in effect based on continued performance by CPUC unless it receives written indication to the contrary from UNDP.
15. Any balance of funds that is undisbursed and uncommitted after the conclusion of the Activities shall be returned within 90 days to UNDP.
16. Any amendment to this Letter shall be effected by mutual agreement, in writing,
17. All further correspondence regarding this Letter, other than signed letters of agreement or amendments thereto should be addressed to:

Ms Yoko Ebisawa
Project Manager
UNDP Pacific Office in Fiji
Level 8, Kadavu House
Private Mail Bag
414 Victoria Parade
Suva, Fiji

18. CPUC shall keep the UNDP Resident Representative fully informed of all actions undertaken by them in carrying out this Letter.
19. UNDP may suspend this Agreement, in whole or in part, upon written notice, should circumstances arise which jeopardize successful completion of the Activities.
20. Any dispute between the UNDP and CPUC arising out of or relating to this Letter which is not settled by negotiation or other agreed mode of settlement, shall, at the request of either party, be submitted to a Tribunal of three arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint a third arbitrator, who shall be the chairperson of the Tribunal. If, within 15 days of the appointment of two arbitrators, the third arbitrator has not been appointed, either party may request the President of the International Court of Justice to appoint the arbitrator referred to. The Tribunal shall determine its own procedures, provided that any two

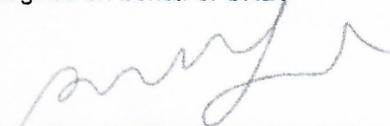


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arbitrators shall constitute a quorum for all purposes, and all decisions shall require the agreement of any two arbitrators. The expenses of the Tribunal shall be borne by the parties as assessed by the Tribunal. The arbitral award shall contain a statement of the reasons on which it is based and shall be final and binding on the parties.

21. If you are in agreement with the provisions set forth above, please sign and return to this office two copies of this Letter. Your acceptance shall thereby constitute the basis for the participation of CPUC in the implementation of the project.

Yours sincerely,
Signed on behalf of UNDP



Levan Bouadze, Resident Representative
Date: 30/1/2020

Signed on behalf of Chuuk Public Utility Corporation



Kasio Mida, Jr., Chief Executive Officer
Date: Feb. 06, 2020

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