

**MANAGEMENT SERVICES AGREEMENT BETWEEN
THE INTERNATIONAL CIVIL AVIATION ORGANIZATION
AND THE LATIN AMERICAN CIVIL AVIATION COMMISSION**

The International Civil Aviation Organization (ICAO) and the Latin American Civil Aviation Commission (LACAC):

CONSIDERING Assembly Resolution A27-17 adopted by ICAO:

CONSIDERING Assembly Resolution A16-13 adopted by LACAC, where it was agreed that, as of 31 December 2006, new LACAC working arrangements would be applied based on the managerial and financial autonomy of the regional organization and that a close relationship with ICAO would be maintained;

CONSIDERING the Working Arrangements signed between LACAC and ICAO on 21 December 2005 which replaced the Working Arrangements between ICAO and LACAC dated 28 November 1978;

CONSIDERING that the Working Arrangements, *inter alia*, state that as of 1 January 2007, the permanent and temporary staff of the LACAC Secretariat shall be selected by LACAC and contracted through a Management Services Agreement (MSA) in the framework of the Technical Cooperation Programme (TCB) of ICAO and that all costs related to activities of LACAC shall be borne by LACAC itself.

AGREE AS FOLLOWS

1. GENERAL PROVISIONS

1.1 LACAC has decided to request ICAO services and ICAO is willing to provide such services as per the provisions of the present Agreement. The detailed description of such services is contained in the Annex to this Agreement.

1.2 ICAO shall be responsible for providing, at the request and on behalf of LACAC, the services specified in the Annex to this Agreement (hereinafter referred to as "the services") in accordance with ICAO's policies, practices, procedures and rules.

1.3 ICAO and LACAC shall maintain close consultations respecting all aspects of the provision of the services contemplated in this Agreement.

2. FINANCIAL AND ACCOUNTING PROVISIONS

2.1 The estimated total cost of the services is indicated in the Annex to this Agreement. For management of the services, a handling charge shall be paid to ICAO as indicated in the Annex. The total cost (services and handling charge) of the Project must not exceed the amount reflected in the Annex without the prior agreement of LACAC. Any change to the duration of the Agreement and/or the scope or cost of the Project shall require negotiations between the two parties in order to agree upon revised amounts for the services and handling charge.



2.2 Immediately following the coming into force of this Agreement, LACAC shall deposit the amounts detailed in the Annex to cover the estimated total cost of the services and handling charge.

2.3 All cash receipts to, and payments made by, ICAO under this Agreement shall be recorded in a separate account, opened, *inter alia*, in order to place on record the receipt and administration of payments. All payments made to ICAO shall be made in U.S. dollars and deposited in ICAO's bank account as follows:

Pay to:	Royal Bank of Canada Ste. Catherine and Stanley Branch Montreal, Quebec CANADA
Bank Code:	003
Transit:	05101
Swift Code:	ROYCCAT2
For credit to:	404-6 892
Account Number:	ICAO Pool Account
Ordering Customer:	LACAC
Details of Payment:	RLA/06/801

2.4 For the financial transactions to be carried out by LACAC in Peru, an imprest account will be opened in a local bank account in order to proceed with payments though funds transferred from the project account at ICAO.

2.5 ICAO shall hold at LACAC's disposal the interest accrued on the funds received in conformity with ICAO regulations, rules and financial guidelines.

2.6 ICAO shall not begin or continue the provision of the Services until the payments mentioned in Clause 2.2 of this Agreement have been received in full and ICAO shall not pay or commit any sums exceeding the funds deposited in the aforementioned account. LACAC is responsible to ensure that funds are available before initiating activities that will result in an outlay of funds.

2.7 The funds and activities under this Agreement shall be administered according to applicable ICAO regulations, rules, directives, procedures and practices.

2.8 ICAO shall furnish LACAC with unaudited financial statements prepared on the basis of ICAO's accounting standards and policies concerning the services covered in this Agreement, showing the status of the funds in U.S. dollars as at the end of March, June, September and December. After ICAO has concluded the provision of the services, it shall submit to LACAC a final financial statement. In the event that LACAC requests audits of its account under this Agreement, the external audit shall be performed by the External Auditor of ICAO. Any other audits shall be agreed by both parties. LACAC shall bear the cost of audits requested.

2.9 With respect to the services contemplated under the Annex to this Agreement, the following general provisions of a financial and accounting nature shall be adopted:

a) Expenditures for retaining the services of personnel shall be specified in the contracts concluded between ICAO and the respective personnel and shall be limited to the costs arising from those contracts.



b) Expenditures for services contracted other than those mentioned in 2.9 a) above shall be specified in the contracts concluded between ICAO and the respective contractors and shall be limited to the costs arising from those contracts.

c) Any significant change in the duration, scope and nature of the services mentioned in the contracts referred to in clauses 2.9 a) and 2.9 b) may be made after consultations have been held between LACAC and ICAO.

d) Expenditures shall be limited to those included in the Annex.

e) If due to unforeseen circumstances the funds received under this Agreement should prove insufficient to cover the total cost of services to be provided, ICAO shall inform LACAC to that effect. The parties shall immediately hold consultations with a view to agreeing on appropriate changes to the services in order to ensure that the funds contributed by LACAC are sufficient to cover the expenditures corresponding to the services requested.

2.10 Any balance of funds not disbursed and not committed at the conclusion of the services shall be returned to LACAC on request, or be retained in the account for future use as defined by LACAC.

3. CONTRACTING OF LACAC PERSONNEL

3.1 LACAC shall be responsible for selecting temporary and permanent personnel, providing ICAO, on a timely basis, the corresponding terms of reference and service conditions specified in the Annex to this Agreement and covering all expenditures inherent to the services referred to in this Agreement. Such personnel shall be contracted by ICAO on behalf of LACAC.

3.2 ICAO shall adopt whatever provisions it deems necessary to make all respective payments to the above-mentioned personnel or contractors and any other expenditures relating to their duties.

3.3 In the performance of the duties stipulated in the terms of reference of their respective contracts, the personnel or contractors shall work under the supervision of LACAC, shall collaborate closely with officials of LACAC and shall help to execute the Project in conformity with such general guidelines as LACAC may establish in consultation with ICAO. ICAO shall furnish to the above-mentioned personnel or contractors whatever guidance ICAO deems necessary for the successful implementation of the services.

3.4 Personnel recruited shall not be considered staff members of ICAO nor shall they be entitled to rights and privileges of ICAO staff members. The legal status and rights of recruited personnel shall be defined and recognized in the special service agreement which stipulates their terms of employment. In the event and to the extent such rights fall within the scope of any mandatory rules under national law, it shall be the responsibility of LACAC to ensure compliance.

4. OTHER SERVICES

4.1 LACAC may request ICAO to acquire on behalf of LACAC the necessary equipment and supplies in conformity with this Agreement. Following the acceptance of the equipment by ICAO on behalf of LACAC, title of ownership shall pass automatically from the supplier of the equipment to



LACAC. Should the costs resulting from tariff duties, taxes or similar fees directly related to the release from customs of the equipment and supplies not be subject to exemption by the Government, LACAC shall be responsible for defraying such costs.

4.2 LACAC shall be responsible for providing the required administrative support (premises, office furniture, equipment and supplies, local transportation, communication services, etc.) to the personnel listed in the Annex to this Agreement.

5. SETTLEMENT OF DISPUTES

5.1 Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be settled, in the first instance, by direct negotiations between the parties. If unsuccessful, such dispute, controversy or claim shall be settled by arbitration in accordance with the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules, as in force at the time of arbitration. The place of arbitration shall be Montreal, Province of Quebec, Canada, conducted in the English language. Arbitration shall be conducted by one arbitrator.

6. PRIVILEGES AND IMMUNITIES

6.1 Nothing set down in the provision of this Agreement or related thereto shall be considered as constituting renunciation of the privileges and immunities of ICAO, a specialized agency of the United Nations.

7. FORCE MAJEURE

7.1 If due to major necessity or national legislation ICAO could not temporarily comply with any of its obligations, as per this Agreement, and if ICAO would grant LACAC written notice within fourteen (14) days after occurrence, such obligations from the non-complying international organization will be suspended during the entire time this impossibility may last.

7.2 The term "force majeure" herewith used includes events of nature, strikes, close downs, enemy acts, wars, blockades, insurrections, tumults, epidemics, demolitions, earthquakes, thunder storms, lightning, inundations, civil disturbances, explosions and any other similar situation that may be out of control of either International Organization and which can not be overcome by either one after necessary effort.

8. CORRESPONDENCE

8.1 All correspondence related with the implementation of the present Agreement, with the exception of the present Agreement or amendments thereof, should be sent to:

ICAO
Secretary General of ICAO
999 University Street
Montreal, Québec H3C 5H7
Canada

LACAC
Secretary of LACAC
(Centro Empresarial Real, Vía Principal 102,
Edificio Real Cuatro, 3° Piso)
Av. Víctor Andrés Belaunde 147
Lima 27, Peru



9. ENTRY INTO FORCE, OBLIGATIONS AND TERMINATION

9.1 This Agreement shall come into force on the date on which it has been signed by both parties.

9.2 This Agreement may be terminated by either party at any time by written notification to the other party, provided notice is issued three months in advance by the party seeking termination.

9.3 The obligations assumed by the parties under this Agreement shall continue to exist after termination of this Agreement to the extent necessary to permit the orderly finalization of activities, the withdrawal of personnel, the distribution of funds and assets, the liquidation of accounts existing between the parties to the Agreement and the settlement of contractual obligations. Additional funds, if necessary, to cover the above-mentioned expenditures shall be provided by LACAC.

9.4 Any amendment to this Agreement shall be carried out by mutual consent between the parties through an appropriate supplementary letter of agreement.

9.5 LACAC shall keep ICAO duly informed of all measures which it adopts for the fulfilment of this Agreement or which may affect this Agreement.

10. INDEMNITY

10.1 LACAC shall indemnify and hold harmless ICAO, including its personnel from any and all actions, claims or other demands arising out of any act performed by ICAO on behalf of LACAC pursuant to this Agreement.

11. SIGNATURES

Accepted in representation of:

the Latin American Civil Aviation Commission

Signature: 

Name: _____

Title: _____

Date: 22/2/07

the International Civil Aviation Organization

Signature: 

Name: Taïeb Chérif

Title: Secretary General

Date: 14 FEBRUARY 2007
