



**Pan American
Health
Organization**



*Regional Office of the
World Health Organization*

Chapter X: Program Implementation

Section 2: Contractual Arrangements—

2.1 Letters of Agreement

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10 Objective—To establish the policy for PAHO to enter into relationship with another institution for the delivery of technical cooperation (TC) that ensures ongoing activities are compatible with the PAHO's Strategic Plan and activities needed to implement a PAHO AMPES Entity's Biennial Work Plan.

20 Scope—This policy applies to all Letters of Agreement (LOAs) executed at any of the three levels of the Organization: country, subregional and regional. All LOAs must be initiated and executed through the LOA Module of AMPES-OMIS.

30 Policy and Essential Procedures

30.1 Letter of Agreement—A Letter of Agreement shall be used rather than a Contractual Service Agreement (CSA) whenever PAHO/WHO transfers funds to any institution to support a set of jointly agreed upon activities.

(1) The initiative must be jointly agreed upon by PAHO/WHO and the Beneficiary. It can be part of a project already undertaken by the Beneficiary, sometimes with more donors, or it may have the objective of scaling up an ongoing project that the Beneficiary would otherwise have undertaken on a smaller scale. The Beneficiary of a LOA is not expected to render services or provide goods to or on behalf of PAHO/WHO.

(2) The initiative must be submitted by the AMPES Entity Manager using the standard format attached in [Annex I](#), which is part of the LOA AMPES-OMIS module. However, at its discretion, the AMPES Entity Manager may keep additional information on the initiative for monitoring and control purposes.

(3) PAHO AMPES Entities are allowed to originate LOAs to be executed only within their scope of responsibility. Headquarters Areas and Offices may originate LOAs to be executed at the regional level; subregional entities may originate LOAs that support subregional integration in health; and, the PAHO/WHO Country Offices may originate LOAs to be executed at the country level.

(4) In order to be eligible as a Beneficiary, an institution must comply with the requirements outlined in 30.3 Eligibility of the Beneficiary. LOAs may be executed only when institutions whose governance mechanism ensures that reasonable, proper, technical, and financial controls are such that the PAHO/WHO can be assured that the responsibilities defined in the LOA can be properly discharged by the Beneficiary.

30.2 Exclusions from the use of LOAs—A LOA shall not be used for regulating the transfer of financial resources to fund the following:

(1) Whenever PAHO/WHO expects to receive a specific good or service in return of a payment;

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(2) Fellowships;

(3) Workshops, courses, and meetings (notwithstanding that the Beneficiary may allocate part of the budget to fund workshops, courses, and meetings as a line item within the budget of the initiative); another exception is if the Beneficiary is already conducting widespread training that implies carrying out many workshops or courses and PAHO/WHO wishes to strengthen such activity;

(4) Purchase of equipment (notwithstanding, the Beneficiary may allocate part of the budget to fund equipment and refurbishment as a line item within the budget of the initiative, as long as this expenditure is not higher than 20% of the total; none of this equipment may later become PAHO/WHO property);

(5) Funding for building, refurbishment or repair of physical infrastructure (unless it is programmed in the earmarked voluntary contribution document and represents less than 20% of the total budget amount of the LOA initiative);

(6) Transfer of resources to individuals.

(7) 30.2 (1) through (6) above are regulated through other instruments.

(8) The Beneficiary shall not use funds from a LOA to pay for services rendered by a person who is employed by a ministry of health or any public sector institution.

30.3 Eligibility of the Beneficiary—The Beneficiary must be an institution with substantiated technical competence and financial solvency. The LOA AMPES-OMIS Module will be linked to a roster of eligible Beneficiary institutions, which will include national and international institutions, United Nations Agencies, Institutions of the Inter-American System, subregional institutions, and WHO collaborating centers, among others. The Ministries of Health automatically are included in the roster of eligible beneficiaries.

30.4 Eligibility Documentation—Any AMPES entity is competent to incorporate other institutions in the roster of eligible Beneficiaries in the appropriate AMPES Module, by confirming that the institution has presented the required documentation for eligibility and meets the minimum eligibility requirements below. After receiving and reviewing this documentation, the AMPES Entity Manager may add the institution to the roster of Eligible Beneficiary institutions. Once eligibility has been established, a Beneficiary's Eligibility Documentation is valid for a period of two years. The documentation from the Beneficiary shall be kept in the filing system of the AMPES entity for a period of seven years.

The AMPES Entity Manager shall ensure that the potential Beneficiary institution provides the following documentation:

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(1) The Beneficiary's most recently audited financial statement shall be no more than two years old. The auditor's opinion shall reflect an "unqualified audit". If the opinion is other than unqualified, a formal review of the audit opinion shall be undertaken to determine whether the institution has the necessary financial controls and capacity to be included in the roster of Eligible Beneficiaries;

(2) The Beneficiary's legal constitution;

(3) The Beneficiary's manual of norms and administrative procedures shall be presented when the LOA is over the delegation of authority;

(4) Statement from the Beneficiary confirming compliance with national laws; and

(5) Statement from the AMPES Entity Manager providing justification that the Beneficiary has the technical competence to conduct the proposed set of activities (initiatives).

30.5 Ineligible Beneficiaries—Any institution on the roster of Eligible Beneficiaries may become ineligible. The system will automatically create an active list of ineligible Beneficiaries and the system will prevent the selection of a Beneficiary that is on the ineligibility list. A Beneficiary may become ineligible in the following cases:

(1) Beneficiaries who have not submitted the Final Report within 60 days from its due date;

(2) Beneficiaries whose reports have not been approved by PAHO/WHO 60 days after submission;

(3) Beneficiaries who have not returned the funds that were not applied during the execution of the initiative to PAHO/WHO; and

(4) Beneficiaries who have not updated their Eligibility Documentation after a two-year period or whose Eligibility Documentation is no longer sufficient to meet the eligibility requirements (e.g. qualified audit).

30.5.1 It will be at the discretion of an AMPES Entity Manager to exempt a Ministry of Health from this rule in the case of LOAs to be executed by different units within said institution. For example, if Program A of the Ministry of Health has not complied with submission of the Final Report to PAHO/WHO as scheduled, the AMPES Entity Manager may still, if so desired, proceed with a new LOA for Program B within the same Ministry.

30.6 Amendments to Letters of Agreement—If necessary, LOAs may be amended, specifically to:

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(1) Reprogram the use of funds within the original objective of the LOA and without a budgetary increase, as long as the expected programmatic results are not affected;

(2) Change an implementation timetable (only one extension is authorized) or reporting schedule so long as sufficient time is allotted to submit a report to the external partner;

(3) Amend other associated terms not related to an activity. With the exception of the fill-in fields, under no circumstances, shall any language of the LOA legal format be modified without the express written consent of PBR and LEG;

(4) Increase of funds as long as the total amount of the LOA is maintained within the delegation of authority. (All these amendments may be completed by the AMPES Entity Manager without consulting PBR, and for which he/she will be held fully accountable);

(5) If an amendment affects the expected programmatic results of the LOA or if the budget is increased above the delegation of authority, the AMPES Entity Manager shall inform PBR and await its approval; and

(6) All amendments must be made in writing and signed by the original LOA signatories or his/her legal designee at the time of the amendment. Oral or written statements made by a staff member or any other person representing PAHO/WHO, or by the Beneficiary, shall have no effect in modifying the terms of a LOA. Amendments must be justified and shall not be based on the unwillingness or inability of the Beneficiary to deliver in accordance with the original LOA.

30.7 Financial Regulations—The use of financial resources through a LOA is subject to PAHO's existing financial regulations and financial rules, and requirements for compliance with applicable accounting standards in effect. In order to ensure that the amount agreed upon for the initiative has been accurately calculated, the LOA needs to have a budget and a timetable based on a calendar year, which will also provide a benchmark for reviewing the financial report. The following policies apply:

(1) A LOA shall only provide funds to be executed during a maximum period of two years. This period may involve one or two of the Organization's biennial planning periods.

(2) The funds may be obligated for a period not to exceed 24 months. However, the LOA transfers must be entered into OMIS payment schedule. This payment schedule must represent the estimated value of the activities expected to be completed during each calendar year period, as well as cash disbursements to the beneficiary. The payment schedule must conform to the expected completed activities disbursements for each calendar year period.

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(3) PAHO/WHO shall not pay overheads on financial transactions; therefore, the budget for the execution of a LOA shall include only direct costs itemized according to expenditure categories. No overhead costs will be recognized;

(4) The term of any LOA shall not exceed the period of execution of an activity plus the required reporting period;

30.8 Schedule and Transfer Authorization—The transfers (disbursements), as identified in the transfers schedule must not exceed the obligated amount and must be tied to the calendar year budget (expected deliverables) as presented in the proposed budget and in the payment schedule covered in paragraph 30.7(2).

(1) The schedule of transfers shall include at least two transfers (first transfer and final transfer) tied to the calendar period. If the PAHO/WHO LOA Officer considers it appropriate, a second transfer may be established, totaling three transfers (first, second, and final transfer);

(2) The requirement of a minimum of two transfers shall be waived under the following circumstances: (i) LOA budget is less than US\$10,000; (ii) execution period of the activity is less than 15 calendar days; or (iii) LOA is issued in direct response to a declared emergency. In these cases, a single transfer is authorized;

(3) The first transfer to the Beneficiary may be for no more than 90% of the LOA budget. The final transfer must be for at least 10% of the total budget and will be paid to the Beneficiary upon approval of a Final Report by the PAHO/WHO LOA Officer. The system will allow the PAHO/WHO LOA Officer to indicate when the Final Report has been received and when he/she has approved it. Authorization for the final transfer will be made only if the Final Report has been approved;

(4) All transfers shall be made out directly in the name of the Beneficiary institution and will be deposited directly into the Beneficiary's bank account via electronic bank transfer whenever possible. The corresponding bank account information shall be stipulated within the LOA.

30.9 Reports—Each LOA will require one or two Progress Report (as determined by the AMPES Entity Manager) as well as a Final Report that shall be submitted by the Beneficiary. The reports must be related to the original document of the initiative financed by the LOA.

30.9.1 Each Report shall contain two sections, as follows:

(1) Technical execution: documenting the progress made in the implementation of the LOA with respect to the original plan and with emphasis on accomplishment of the activities defined in the LOA initiative, which contribute to the OSER/OSER indicators.

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(2) Financial execution: confirming that the resources were spent as agreed upon in the LOA.

30.9.2 Both sections of the report shall be coordinated by correlating the degree of technical execution with the utilization of funds. The PAHO/WHO LOA Officer designated for the LOA shall ensure that the reports are submitted according to the schedule and that they demonstrate compliance with the objective of the signed LOA. It is important that the Reports be well structured, concise, and specific.

30.9.3 Each financial report must include a statement signed and dated, stating that the financial data as presented is accurate and in accordance with the Beneficiary's financial rules and regulations. The statement shall be signed by a senior official from the Beneficiary's finance department. Sample formats for the reports are included in [Annex II](#) and [Annex III](#). [Annex V](#) includes the requirements for review of financial reports and examination of source documents.

30.10 Schedule of Reports—The Beneficiary shall submit a minimum of two reports:

(1) A Progress Report; and

(2) A Final Report that shall be received by the PAHO/WHO LOA Officer no later than 60 days following the final date indicated in the LOA document, and shall be approved by the PAHO/WHO LOA Officer no later than 60 days after its receipt. This 60 day period includes any discussion period between PAHO/WHO and the Beneficiary and is required to obtain approval of the Final Report in case the first version is not approved by PAHO/WHO. The PAHO/WHO LOA Officer will enter the status of the reports into the LOA AMPES-OMIS Monitoring Module ([Annex IV](#)), under Status of reports.

30.11 Waiver of Reports—Submission of a Progress Report shall be waived under the same circumstances mentioned in Section 30.7 for waving the requirements of two fund transfers, when: (i) LOA budget is less than US\$10,000; (ii) the execution period of the activity is less than 15 calendar days; or (iii) LOA is issued in direct response to a declared emergency.

30.12 Procedures—The review and approval process of a LOA is described in [Graph No. 1](#) of this directive.

40 Responsibility

40.1 Responsibility of the LOA's Business Owner—The Planning, Budget and Resource Coordination (PBR) area is designated as the LOA business owner in PAHO/WHO. In this capacity, PBR is responsible for ensuring that the policies and procedures related to the Letters of Agreement are kept up to date and implemented effectively.

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40.2 Responsibility of the Beneficiary—The Beneficiary is responsible for:

- (1) Executing the LOA according to the agreed upon initiative. The Beneficiary of a LOA is expected to apply the funds as approved;
- (2) Providing the necessary documentation for registration in the Beneficiary roster;
- (3) Submitting the Progress and Final Reports, as well as any refunds, to PAHO/WHO within sixty (60) days after the LOA expiration date, to include:
 - (a) A technical narrative documenting that activities have been conducted according to what was agreed upon in the LOA, and
 - (b) A budgetary and financial accounting declaring that the resources were in fact expended as agreed. Both reports are to be submitted in the standard formats shown in [Annex II](#) and [Annex III](#).
- (4) Additional advances and the final transfer processed after the initial advance are at a minimum, subject to the submission of: (i) a Progress Report, and (ii) a Final Report. Progress Reports may be waived for the reasons indicated in section 30.11.
- (5) The funds that were not expended shall be returned to PAHO/WHO together with a final financial report no later than sixty (60) days after the final date of the agreement;
- (6) The Beneficiary shall be responsible for maintaining all official accounting documents for a period of at least seven years. This is necessary in the event PAHO and/or PAHO's auditors determine to carry out an audit of the LOA;
- (7) The LOA shall be signed by the Beneficiary's authorized legal representative;
- (8) The Beneficiary shall also indicate the name of a contact person (Beneficiary Officer) who will act as the technical liaison with PAHO/WHO and will be the counterpart to the PAHO/WHO LOA Officer. The individual who signs on behalf of the Beneficiary shall be different from the Beneficiary Officer.

40.3 Responsibilities of PAHO/WHO's AMPES Entity Personnel—The two key PAHO/WHO staff involved in the management of a LOA are the AMPES Entity Manager and the PAHO/WHO LOA Officer. Since each role has a specific set of responsibilities, they must be performed by different officials. As such, the Ampes/Omis system will not allow the same name to be entered in both sections. All PAHO/WHO rules and regulations regarding ethics, behavior, and relations with commercial entities apply to PAHO/WHO staff involved in the origination, review, approval, and execution of a LOA.

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40.3.1 Responsibilities of the AMPES Entity Manager—The AMPES Entity Manager is the allottee. The responsibilities of the AMPES Entity Manager include, but are not limited to, ensuring that:

- (1) The LOA is aligned with the entity's Biennial Work Plan (BWP);
- (2) The selected Beneficiary Entity ensures the LOA complies with the specifications defined by PAHO/WHO;
- (3) Verifying that the potential Beneficiary Institution is eligible according to PAHO/WHO established rules;
- (4) The resources are used only for the purposes and activities agreed upon under the terms of the LOA, and that the Beneficiary refunds any unused funds and submits its reports in a timely manner;
- (5) When the LOA is funded with resources from an earmarked voluntary contribution (EVC): (i) the activities funded with the LOA are proper and in accordance with the terms and conditions of the earmarked voluntary contribution (EVC) agreement; (ii) the execution of the LOA is completed with sufficient time to submit the required report to the external partner; and (iii) the Beneficiary provides a financial report in accordance with the requirements in the earmarked voluntary contribution (EVC) agreement, if different from the standard format provided in [Annex III](#);
- (6) When executing more than one LOA with the same Beneficiary, the AMPES Entity Manager shall guarantee that the funds will be used for the implementation of different initiatives;
- (7) All LOA documentation is registered in the database and physical files are complete and preserved for a period of seven years; and unused funds are returned in a timely manner.

40.3.2 Responsibilities of the PAHO/WHO LOA Officer—In his/her role as technical counterpart, the responsibilities of the PAHO/WHO LOA Officer include, but are not limited to:

- (1) Verifying that the Beneficiary complies with the terms of the LOA;
- (2) Assessing compliance of the potential Beneficiary with the Eligibility Documentation;
- (3) Following up with the Beneficiary on the timely submission of the Progress and Final Reports, as well as any refunds due to PAHO;
- (4) Receiving and reviewing the Progress and Final Reports from the technical and financial perspective, and approving or rejecting them within 60 days of receipt, thereby ensuring that there is sufficient time in case a report for an external partner needs to be prepared;
- (5) Recording the Report's status in the LOA AMPES-OMIS Monitoring Module;
- (6) Compiling and updating the reports and any other documentation which support his/her approval or rejection of the reports;

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(7) Requesting and examining additional documentation supporting the activities implemented by the Beneficiary to ascertain validity and compliance with the LOA, as necessary;

(8) Keeping all the documentation related to the LOAs signed between the AMPES manager and the Beneficiary, for a period of seven years in the official filing system of the AMPES entity.

40.4 Monitoring—PBR/RC is responsible for monitoring the LOA process and its compliance. PBR/RC will also participate in the performance assessment of this process. During the implementation of the LOA, monitoring and any financial examination of documents shall be conducted under the responsibility of the PAHO/WHO LOA Officer.

50 Definitions

- **Accountability:** A system that includes the ability to demonstrate that work has been conducted in compliance with agreed rules and standards or to report accurately on performance results vis-à-vis plans, as well as clear rules of the consequences of achieving –or not– these results.
- **America’s Planning, Programming, Monitoring and Evaluation System (AMPES):** The term AMPES is used to describe two different things – Firstly, on a conceptual level, it is the comprehensive system that incorporates the Pan American Sanitary Bureau’s planning, programming, monitoring and evaluation, and secondly, it is the software that supports many of these processes.
- **AMPES Programming Entities:** A generic term that designates a PASB programmatic unit. The AMPES entity is responsible for the development and execution of a Biennial Work Plan and its budget. As such, the AMPES system recognizes this entity as the nucleus for program and budget management, hence its name. Each AMPES entity has a manager. The AMPES Entity Managers are the following: Executive Management (EXM) members, Area Managers, Chiefs of some Offices, Subregional level Managers and PAHO/WHO Country Representatives.
- **Initiative:** The set of activities that will be executed by the Beneficiary.
- **Monitoring:** An ongoing function during intervention/execution that provides managers and stakeholders with regular feedback and indications of progress in the achievement of the expected results. Monitoring tracks the actual performance or situation against what was planned or expected according to pre-determined standards. Monitoring generally involves collecting and analyzing data on implementation processes, resource utilization, and achievement results.
- **PAHO/WHO’s AMPES Entity Personnel:** Usually the allottee and the LOA Signatory is the same individual, i.e., the AMPES Entity Manager. When an allotment for a LOA originates from Headquarters (HQ), regardless of the location of the Beneficiary, the LOA shall be signed by the HQ AMPES Entity Manager. AMPES Entity Managers cannot delegate signature of a LOA unless specifically allowed under their delegation of authority. Therefore, if a Regional

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entity wants to execute a LOA at the national level, the funds must be transferred to the respective PAHO/WHO country office, and the LOA should originate, be signed, and executed by the PAHO/WHO Representative.

- **Project:** A purposeful undertaking which is organized to achieve specific objectives which have been established to solve a problem or satisfy a need. A project is goal-directed, time-limited, and produces specific results through the use of defined organizational resources.

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Annex I

LETTER OF AGREEMENT (LEGAL FORMAT)

Letter of Agreement Number: (Fill-in Obligation Number)

LETTER OF AGREEMENT BETWEEN *(Fill-in Name of the Beneficiary Institution)*
and THE PAN AMERICAN HEALTH ORGANIZATION/WORLD HEALTH
ORGANIZATION

The Pan American Health Organization, Regional Office of the World Health Organization (*hereinafter* “PAHO/WHO”), located at *(Fill-in Address)* and represented by *(Fill-in Name of PAHO/WHO AMPES Entity Manager)* and *(Fill-in Name of the Beneficiary Institution)* (*hereinafter* “Beneficiary”), located at *(Fill-in Address)*, duly represented by *(Fill-in Name of Representative & Title)*, hereby enter into the present Letter of Agreement, subject to the following:

Article 1: Purpose and Title of the Letter of Agreement

The purpose of this Letter of Agreement is to establish the terms and conditions pursuant to which PAHO/WHO and the Beneficiary will cooperate on the implementation of the following initiative: *(Fill-in Title of the Initiative that will be funded through this LOA)*, (*hereinafter, the “Initiative”*).

Article 2: Commitments of the Beneficiary

The Beneficiary, in accordance with the technical and budgetary characteristics established in Annex I, which constitute an integral part of this Letter of Agreement, shall comply with the activities and timetable outlined therein.

Article 3: Commitments of PAHO/WHO

Pursuant to its rules, regulations, policies, and procedures, PAHO/WHO shall transfer to the Beneficiary the total amount of: *(Fill-in the total amount of the LOA)*, according to the schedule of transfers and presentation of reports agreed to in Annex I. *(Fill-in Beneficiary banking information and routing for electronic transfers)*.

Article 4: Initiative’s Officers

The Beneficiary designates the following individual as responsible for the execution and administration of this Letter of Agreement, until notification to the contrary:

Beneficiary Officer: *(Fill-in Name)*

PAHO/WHO designates the following individual as responsible for the administration and monitoring of this Letter of Agreement, until notification to the contrary:

PAHO/WHO Officer: *(Fill in Name)*

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Article 5: Reports

1. The Beneficiary shall prepare and submit to PAHO/WHO at least one Progress Report (number and dates of submission of the Progress Reports are specified in Annex I. Exceptions to the submission of the Progress Reports are contained in section V of the LOA Directive) and a Final Report no later than 60 days after the ending date of the agreement. The funds that were not expended shall be returned to PAHO/WHO with a final financial report no later than sixty (60) days after the ending date of the agreement.

All the reports must be submitted according to PAHO/WHO Formats (Annex II and III). PAHO/WHO may request the Beneficiary to submit supporting documents related to all activities and expenditures, including payment receipts.

Article 6: Audit

Any PAHO/WHO financial contribution received by the Beneficiary under this Letter of Agreement shall be subject to the usual PAHO/WHO audit and review procedure.

Article 7: Relationship and Responsibility of the Parties

The execution of this Letter of Agreement does not create any employer/employee, servant, agency or other binding relationship between the Beneficiary and PAHO/WHO, and PAHO/WHO shall not be responsible for any loss, accident, damage or injury suffered by the Beneficiary or any person employed by the Beneficiary arising out of or in connection with the execution of the Letter of Agreement or in any manner whatsoever.

Article 8: Title, Copyright, Patent Rights and Others

All rights, including title, copyright, and patent rights of any material(s) produced under the terms of this Letter of Agreement shall be vested in PAHO/WHO, which shall be entitled to make any changes or eliminate any part of the material(s) it deems advisable. The Beneficiary and its employees are allowed to use a copy of such material(s) for non-profit educational and research purposes, provided that PAHO/WHO rights are adequately recognized on the material(s).

Article 9: Privileges and Immunities

Nothing contained in this Letter of Agreement shall be either expressly or implied to be deemed a waiver of immunity from judicial process, confiscation, taxation, or other immunity or privilege which PAHO/WHO may enjoy, whether pursuant to treaty, convention, law, order or decree of an international or national nature or otherwise, or in accordance with international customary law.

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Article 10: Arbitration

Any dispute between the Parties arising out of or relating to this Letter of Agreement that is not settled amicably shall be submitted to arbitration at the request of either Party. The Beneficiary and PAHO/WHO shall each appoint one arbitrator, and the two so appointed shall jointly appoint a third who shall act as the Chairperson. The procedure of the arbitration shall be decided on by the arbitrators and the expenses related to the arbitration, as assessed by arbitrators, shall be borne in equal parts by the Parties. The arbitral award shall contain a statement of the reasons on which it is based and shall be accepted by the Parties as the final adjudication of the dispute.

Article 11: Effectiveness, Amendment, and Termination

This Letter of Agreement shall become effective on the date of its signature by the Parties and shall remain in effect until *(Fill-in date)*. No change in, modification of, or revision to this Letter of Agreement shall be valid unless made in writing and signed by an authorized representative of PAHO/WHO. In addition, either of the Parties may terminate this Letter of Agreement by giving 30 days advance notice in writing to the other. The Beneficiary may submit a written request for an exceptional extension.

The obligations assumed by the Parties under this Letter of Agreement may extend *(Choose 30/60/90/120)* days beyond its expiration or termination, as necessary, to allow extinction of all legal obligations assumed. Any balance of funds remaining upon termination of the Letter of Agreement and after the submission of the Reports stipulated Article 5, shall be returned to PAHO/WHO immediately.

IN WITNESS WHEREOF, the duly authorized Representatives sign this Letter of Agreement in two copies of equal content and validity, on the dates and places indicated below.

FOR THE Beneficiary

FOR PAHO/WHO

Signature

AMPES Entity Manager Signature

(Fill-in Name and Title)

(Fill-in Name and Title)

(Fill-in and Date)

(Fill-in Place and Date)

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INSTRUCTIONS FOR COMPLETION OF THE LETTER OF AGREEMENT (LEGAL FORMAT)

A Letter of Agreement (LOA) is defined as a technical cooperation instrument to transfer financial resources from PAHO/WHO to another institution (referred to as “the Beneficiary”), in order for the latter to execute an initiative that contributes directly to the PAHO/WHO Strategic Plan, through its Biennial Work Plans (BWP), and without direct involvement and supervision of PAHO/WHO. An initiative is defined as a set of activities that will be executed by the Beneficiary.

Letter of Agreement Number

In the space provided indicate the obligation number. This number will serve to identify the LOA.

Heading of the Letter of Agreement

This paragraph identifies, by name, the Parties and their respective addresses. The addresses should be the addresses to which all correspondence related to the LOA are to be sent and/or delivered. The name of the beneficiary will appear on all payment checks related to the LOA.

Article 1. Purpose and Title of the Letter of Agreement

This paragraph refers to the type of relationship being established between the Parties for a specific purpose. In the space provided, indicate a short title for the initiative or set of activities that will be funded through the LOA.

In case the LOA is part of a pre-existing commitment between PAHO/WHO and a third party (Voluntary Contribution), then this paragraph shall make reference to the particular Agreement or Project Document, and include the names of the parties and date of signing.

Article 2. Commitments of the Beneficiary

Identify the commitments of the Beneficiary in this space. In addition, information and details related to activities, outcomes, budget, and timetable must be attached to the Legal Format in the PAHO/WHO template for LOA Technical and Budgetary Components.

Article 3. Commitments of PAHO/WHO

In this paragraph, fill in the financial commitment of PAHO/WHO to support the LOA. Add the Beneficiary’s banking information to allow electronic bank transfers. Any other information related to advancing funds or making disbursements in installments, as well as specific conditions upon which each disbursement is to be made will be attached to this Legal Format in the PAHO/WHO template for LOA Technical and Budgetary Components.

Please note that any disbursement of funds according to the timetable agreed upon with the Beneficiary must be approved by the PAHO/WHO LOA Officer .

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Article 4. Initiative's Officers

Each Party must designate a LOA Officer. The Beneficiary will provide the name of a contact person who will act as the technical liaison with PAHO/WHO and as the counterpart for the PAHO/WHO Project Officer. Please note that the individual who signs on behalf of the Beneficiary must be different from the contact person who acts as the focal point.

PAHO/WHO AMPES Entity Manager will designate a PAHO/WHO LOA Officer who will verify that the Beneficiary complies with the terms of the LOA. Please note that usually, the Allottee and the LOA Signatory is the same individual as the AMPES Entity Manager. The role of the PAHO/WHO LOA Officer must be performed by a different person.

The responsibilities and roles of the Beneficiary and PAHO/WHO personnel are described in the LOA directive.

Article 5. Reports

The Beneficiary must submit a Progress Report and a Final Report that must be submitted to the PAHO/WHO LOA Officer. Reports must be submitted in the PAHO/WHO Format for LOA Reports that will be provided to the Beneficiary. The submission of a Progress Report will be waived in those cases mentioned in Section V of the LOA directive. The reports should always make reference to the original document of the initiative financed by the LOA.

Each report will contain two sections:

- Technical execution: documents the progress made in the implementation of the LOA with respect to the original plan, with emphasis on accomplishments of the expected results agreed upon in the LOA initiative.
- Financial execution: confirms that the resources were spent as agreed upon by the LOA, including a financial statement describing the expenditures based on the format of the Budget. Please note that PAHO/WHO reserves the right to request supporting documents related to such expenditures, including all payment receipts.

This section must also include the reporting schedule. The Beneficiary will submit a minimum of two reports: (a) a Technical Progress Report prior to the last transfer; (b) and a Final Report that must be received no later than 60 days after the final date of the agreement and approved by the PAHO/WHO LOA Officer no later than 60 days after its submission.

The PAHO/WHO LOA Officer designated to manage the LOA is responsible for ensuring that the reports are submitted according to schedule and that they comply with the purpose of the LOA. The PAHO/WHO LOA Officer will enter the status of the reports in the LOA AMPES-OMIS module.

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Articles 6 to 12

These are standard provisions used whenever PAHO/WHO transfers funds to other Institutions. These articles may not be modified without the approval of PBR and LEG.

Effective Date: 15 December 2009

Attachment to Annex I

**FORMAT FOR THE PRESENTATION OF PROPOSALS TO BE
 EXECUTED THROUGH A
 LETTER OF AGREEMENT (LOA)**

Register Number: _____ (To be completed by PBR/RC)

PBR/RC Staff in charge: _____ (To be completed by PBR/RC)

Note to users: Fields in the following format that will be automatically filled in from the Letter of Agreement Legal Format are identified with an (A).

- 1. Title (A)
- 2. AMPES Entity Originator (A)
- 3. PAHO/WHO AMPES Entity Manager (A)

BENEFICIARY INSTITUTION

- 4. Name of the Beneficiary Institution (A)
- 5. Eligibility Documentation (mark with an “X” as appropriate) (A)
 - a. YES
 - b. NO
- 6. Beneficiary LOA Officer (A)
- 7. Type of institution (mark “X” as appropriate) (A)

Public Sector Institutions	Private Institutions
Governmental <input type="checkbox"/> Decentralized Governmental Institution <input type="checkbox"/> Local Level (municipality) <input type="checkbox"/> Public Academic <input type="checkbox"/>	Other Public Institutions <input type="checkbox"/> Private - NGO <input type="checkbox"/> Private Associations <input type="checkbox"/> Private Academic <input type="checkbox"/>

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International Institutions	Other
UN System <input type="checkbox"/>	Religious <input type="checkbox"/>
International - Inter American System <input type="checkbox"/>	WHO Collaborative Center <input type="checkbox"/>
International – NGO <input type="checkbox"/>	Associations, Partnerships, or Alliances <input type="checkbox"/>
International Associations <input type="checkbox"/>	
	Subregional Institutions <input type="checkbox"/>

TECHNICAL AND BUDGETARY ASPECTS OF THE INITIATIVE

8. LOA initiative level of execution (mark with an “X” as appropriate)

- a. Country
- b. Subregional
- c. Regional

9. Identify the OSER and OSER indicators that the LOA initiative will support:

(A)

10. PAHO/WHO’s mainstreaming issues covered by the LOA. Mark the appropriate boxes with an “X”:

- a. Gender and ethnicity
- b. Human rights
- c. Indigenous people
- d. Social protection
- e. Primary health
- f. Health promotion

11. Summarize the main outcomes:

12. Budget must be presented according to activities and by category of expenditure. The use of financial resources through a LOA is subject to the same financial regulations and requirements of PAHO/WHO, in compliance with the International Public Sector Accounting Standards (IPSAS).

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BUDGET BY CATEGORY OF EXPENDITURE - (Expressed in US\$ Dollars)				
NOTE: The breakdown should be done by calendar year. However, the total period to execute a LOA must not exceed 24 months				
Category	Total Budget	Current Calendar Year (show from/to months)	Future Calendar Year (show from/to months)	2nd Future Calendar Year (show from/to months)
Personnel/labor	-			
Equipment	-			
Supplies and Materials	-			
Rent	-			
Utilities	-			
Travel	-			
Other (specify)	-			
Total	-	-	-	-

13. List the partner institutions, if any, participating in this LOA initiative:

14. Duration (in months)

- a. Beginning Date: **(A)**
- b. Termination Date: **(A)**

15. Authorization of Transfers

- First transfer (cannot be more than 90% of the total LOA amount): **(Fill-in date)**
- Second transfer (if the PAHO/WHO LOA Officer deems it necessary, a second transfer may be programmed): **(Fill-in date)**

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- *
 - Final transfer (must be at least 10% of the total budget; should be paid upon approval of the Final Report by the PAHO/WHO LOA Officer): **(Fill-in date)**

NOTE: Transfers (disbursements) must represent the estimated value of the activities expected to be delivered during each calendar year period.

16. Submission of Reports

- First Progress Report: **(Fill-in date)**
- Second Progress Report (if the PAHO/WHO LOA Officer deems it necessary, a second Progress Report may be programmed): **(Fill-in date)**
- Final Report: **(Fill-in date)**

17. Briefly explain any potential situation that could affect the normal execution of the LOA (i.e. delayed start, overestimation of execution speed, change in authorities, etc.).

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Annex II

FORMAT FOR LOA PROGRESS REPORTS

TECHNICAL REPORT GUIDE

1. Introduction
 - Brief summary of the LOA objective
 - Problems and shortcomings encountered during the LOA execution
2. Project
 - Main activities carried out
 - Include graphs, statistics, pictures, etc., as appropriate
 - Main outputs
 - Include relevant observations regarding the execution in relation with the implementation plan
3. References
 - Include information of other partners or donors
 - Cite any documentation that you consider important for the initiative
 - Lessons learned

FINANCIAL REPORT

1. Financial Report by Activity

Activities Calendar Year 1	LOA Budget	LOA Expenditure	Expenditures/ Budget (%)	Explanation (*)
BUDGET CALENDAR YEAR				
Activities Calendar Year 2				
BUDGET CALENDAR YEAR				
TOTAL BUDGET				

(*) Following PAHO/WHO rules any variance higher than 10% has to be explained and properly justified.

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Annex III

FORMAT FOR LOA FINAL REPORTS

Reports should be concise and focused on what the LOA achieved.

TECHNICAL REPORT GUIDELINES

1. Introduction

- Brief summary of the LOA objective
- Target (population and area)
- Brief references to the local/subregional/regional context when applicable
- Problems and shortcomings encountered during the LOA execution
- How your participation in the execution of this LOA made a difference
- Which was the strategy used to accomplish the results
- Emphasize important results during the execution, whether planned or unplanned

2. Results

- In this section the report will always use the LOA initiative as a reference
- Approach to the problem/issue under execution for the LOA
- Main activities carried out
- Include graphs, equations, pictures, etc., as appropriate
- Results: Include relevant outcomes and outputs, observations, measurements, and any information that highlight the accomplishments

3. Evaluation Statement: based on the above section

- What was accomplished and what was not
- What was learned and what you would have done differently
- Comments on the use, suitability of resources in connection with the outcomes
- Conclusions
- Recommendations

4. References

- Cite any documentation that you consider important for the initiative

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FINANCIAL REPORTS

2. Financial Report by Activity

Activities Calendar Year 1	LOA Budget	LOA Expenditures	Expenditure/ Budget (%)	Explanation (*)
BUDGET CALENDAR YEAR				
Activities Calendar Year 2				
BUDGET CALENDAR YEAR				
TOTAL BUDGET				

(*) Following PAHO/WHO's rules any variance higher than 10% has to be explained and properly justified.

Financial Report by Category of Expenditure

Category	LOA Budget	LOA Expenditures Executed	Variance (%)	Explanation (*)
1. Personnel/Labor				
2. Equipment				
3. Supplies and materials				
4. Rent				
5. Utilities				
6. Travel				
7. Other (specify)				
TOTAL				

(*) Following PAHO/WHO's rules any variance higher than 10% has to be explained and properly justified.

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Final Recommendations:

1. Remember your audience – your report should be understandable to any health and administrative professional in PAHO/WHO.
2. Things to include in the report:
 - Pictures
 - Your observations and measurements
 - Statistics, Graphs, Figures
 - Simulations, models, political observations, quotes, news, etc.

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Annex IV

AMPES-OMIS MONITORING MODULE

First Progress Report

- **Date Programmed:** (A) **Date Received:** (Fill-in date)
- **Date Approved:** (Fill-in date)

Second Progress Report (if any)

- **Date Programmed:** (A) **Date Received:** (Fill-in date)
- **Date Approved:** (Fill-in date)

Final Report

- **Date Programmed:** (A) **Date Received:** (Fill-in date)
-
- **Date Reviewed:** (Fill-in date)
- **Date Approved:** (Fill-in date)

In case the Report is not received or is not approved, mark an “X” in the box (Ineligible)

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Annex V

Requirements for the Review of Financial Reports and Examination of Source Documents

Overview

Upon submission, all financial reports must be reviewed by the PAHO/WHO Letter of Agreement (LOA) Officer. The LOA Officer must be familiar with the technical aspects of the LOA and the level of financial resources provided to the Beneficiary to achieve the expected results. Therefore, the LOA Officer must complete an initial review of the financial report to compare the financial resources provided to the budget line expenditures used to achieve the expected results.

The LOA Officer's review must include the following:

1. A determination that the expected results were fully met with the financial resources provided or an explanation as to the reason the expected results were not fully met.
2. Comparison of the actual funds expended vs. budgeted amounts per line item, based on the expected results as budgeted by agreement.
3. If differences between the actual amounts vs. budgeted amounts are greater than 10%, the Beneficiary must have provided an adequate explanation. If not, the LOA officer must request the explanation.

After reviewing the financial report, the LOA Officer has three options:

1. Accept the financial report without comments and/or reservations,
2. Accept the financial report with comments and/or reservations,
3. Reject the financial report with an explanation and request further clarification.

When the LOA Officer “Accepts the financial report without comments and/or reservations,” a formal examination of the source documents supporting the financial report may not be required. When the LOA Officer “Accepts the financial report with comments and/or reservations” or “Rejects the financial report,” a formal examination of the source documents must be conducted. This examination must be completed within 60 days from the receipt of the financial report. The requirements for financial examinations are described below.

A Financial Examination of the Source Documentation is Required

1. When the LOA Officer accepts the financial report with comments and/or reservations or rejects the financial report. This includes interim financial reports.

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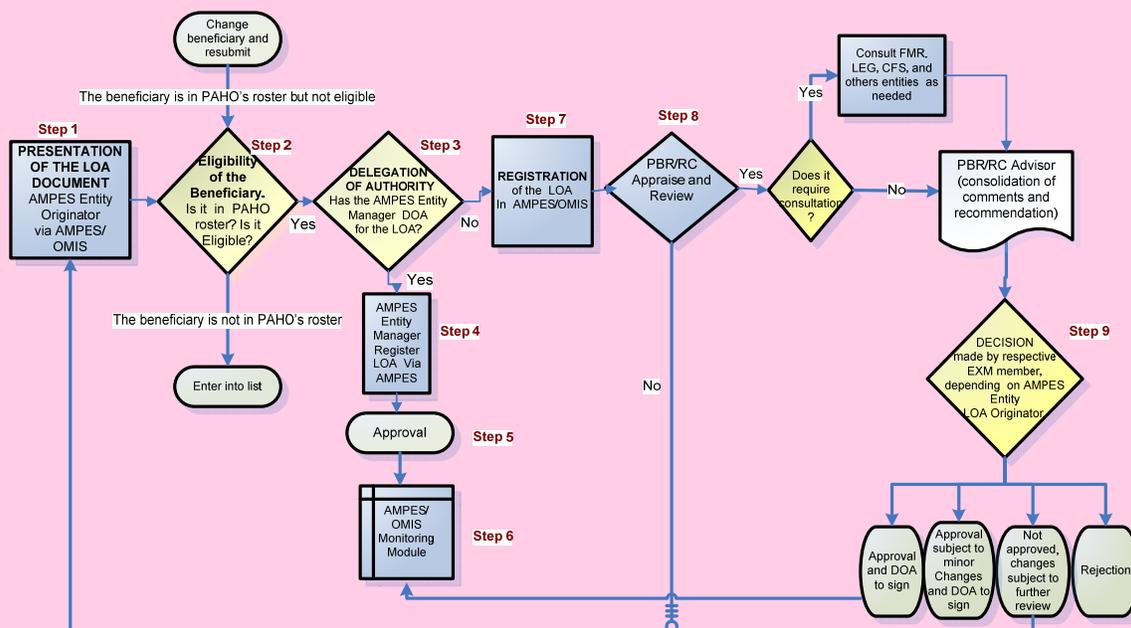
2. When the LOA is the first LOA signed by the Beneficiary and the amount of the LOA is over \$50,000 (or local currency equivalent).
3. On a sample basis when the Beneficiary has received multiple LOAs and the Beneficiary has met all the reporting requirements. The sample should result in a minimum of one LOA every two years.
4. When an exception has been made to the eligibility requirements of a beneficiary institution.
5. In all cases when the total value of the LOA exceeds \$250,000 (or local currency equivalent).

Performing Financial Examinations

- Financial examinations must be performed by someone other than the LOA Officer. They may be performed by a staff member in the finance unit of the PWR office, or by a qualified accounting institution contracted locally.
- The financial examination must verify the expenditures reported on the financial report. This will include examining obligating, disbursing, and receiving (source) documentation to ensure the expenditure is properly supported and that the expenditure is appropriate under the terms of the agreement. In addition, the examination should ensure that the Beneficiary's rules and procedures were properly followed and that acceptable internal controls are in place.
- Each financial examination must be thoroughly documented with copies of supporting documents, including copies of pertinent sections of the Beneficiary's rules and procedures. LOA financial examinations will be subject to PAHO's internal and external audit reviews.

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Graphic 1 LOA FLOWCHART AND DESCRIPTION OF THE LOA PROCEDURE



DESCRIPTION OF THE LOA PROCEDURE

STEP 1

- Presentation of the LOA document: The originating AMPES entity will prepare the LOA document directly in the LOA AMPES Module. No one is authorized to modify the Legal Format of the Letter of Agreement or its Annex, where technical and budgetary information is provided (see attachment to Annex I). Any modification to the standard LOA template must be cleared in writing by PBR and LEG.

STEP 2

- Eligibility of the Beneficiary: The AMPES module will request information about the Beneficiary: Is the Beneficiary on the PAHO/WHO roster? Is the Beneficiary Eligible? A) If the Beneficiary is not on the roster, the originating entity must provide “eligibility documentation” in order to include the institution on the roster. B) If it is on the roster but is ineligible, the originating entity should correct the reason for the ineligibility before continuing the process. C) If the beneficiary is on the roster and is eligible, the process can continue.

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STEP 3

- Delegation of Authority: Is the amount on the LOA within the delegation of authority of the AMPES Entity Manager? The process will differ according to the answer.

Within Delegation of Authority

STEP 4

- Registration of the LOA: The LOA data is entered in the AMPES/OMIS Module and automatically registered.

STEP 5

- Signature of the LOA: The AMPES Entity Manager is authorized to sign a Letter of Agreement (LOA) if the amount is within his/her delegation of authority.

STEP 6

- Monitoring of the LOA: The AMPES entity should monitor the implementation of the LOA in the AMPES-OMIS monitoring module. Random examinations of the AMPES Entities led by PBR/RC will be conducted to assess compliance with the rules.

Above Delegation of Authority

STEP 7

- Registration of the LOA: The LOA data is entered in the AMPES/OMIS Module and automatically registered. An e-mail is automatically generated and sent to PBR/RC informing that a new draft LOA has been created. The Originating AMPES Entity Manager is not required to send the LOA proposal by any other means to PBR/RC.

STEP 8

- Review, Appraisal and Recommendation by PBR: PBR/RC will conduct a preliminary review of the proposal to determine: (a) whether a LOA is the appropriate mechanism to fund that initiative, and (b) the internal consistency of the proposed document. PBR may request the opinion of other entities if deemed appropriate. PBR/RC will decide for one of the following options: (a) prepare a report for the respective Executive Management (EXM) member; (b) return it with comments to the originator; (c) request further clarification from the originator; or (d) reject the proposed document.

STEP 9

- Decision: The final decision on the LOA proposal will be made by the EXM member who has direct supervision of the AMPES Entity Manager, from whom the Letter of Agreement originates. The decision will be made by the Deputy

2.1 Contractual Arrangements—Letters of Agreement

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Director (DD) for the strategic areas at Headquarters; by the Assistant Director (AD) for the technical areas at HQ; by the Director of Administration (AM) for the administrative areas at HQ; and by the Director who can delegate this task to the County Focus Support (CFS) Office for the Subregional and Country Office (PAHO/WHO Representations) entities.

- Once the respective EXM member receives PBR/RC recommendations, he/she will make the decision to accept or reject the recommendation. The decision of the EXM member may be as follows: (a) Approved; (b) Approved with comments, which may require modifications of the LOA by the AMPES Entity Manager without need to send it back for review to the EXM member; (c) Not approved, which will require that a revised version of the LOA document be submitted again to PBR/RC through the AMPES LOA module, and (d) Rejected.
- At the time of approval, the respective EXM member also gives delegation of authority for the LOA signature to the AMPES Entity Manager. Annex I contains the LOA legal format and instructions for its completion.
- The AMPES Entity Manager should monitor the LOA implementation in the AMPES-OMIS monitoring module. Random examinations of LOAs led by PBR/RC will be conducted to assess compliance with the rules.

SETP 10

- Two original copies of the LOA are to be signed by each party. (Annex I – LOA Legal Format). One is to be kept by the AMPES Entity Manager and the other by the Beneficiary. Fully executed copies are to be sent to LEG and to PBR/RC.