**CONTRACT FOR INDIVIDUAL CONSULTANT SERVICES**

**LUMP SUM**

**l**

Operation name: ***(Indicate name of financing operation)***

Operation number: *(****Indicate financing operation number)***

Name of the Consultanty: ***(Indicate name of the consultancy)***

Contract No: ***(Indicate contract number)***

between

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Name of the Contracting Party)

and

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Name of the Consultant)

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**CONTRACT FOR INDIVIDUAL CONSULTANTS**

**(Lump sum)**

*(This model contract includes the clauses to be included in all contracts for the provision of individual consultant services on a lump sum basis. The general text should not be changed. For the red and italic text, the Contracting Party shall select the appropriate wording using the examples indicated or other wording acceptable to the Bank and remove the red and italic text.)*

This **Contract for the Provision of Consultancy Services** is concluded at ***(indicate the place)*** the ***(indicate the date)*** between (***indicate the full name of the Contracting party),*** hereinafter the **Contractor,** represented by ***(indicate the name and appointment of the authorized representative)*** and ***(indicate the full name of the consultant),*** hereinafter the Consultant. Both shall henceforth be referred to jointly as the Parties.

**DECLARES THE CONTRACTOR*:***

1. ***(Indicate the legal requirements that, under national law, must be based on an administrative contract. Among others, legal description of the entity, address, data of the documents that grant power of representation to its representative)***
2. That ***(Indicate name of the Borrower/Beneficiary)*** has received financing from the Central American Bank for Economic Integration (hereinafter the "Bank") for the execution of the Project (***indicate name of the project)*** hereinafter referred to as the "Project" under which the **Contractor,** as executing agency, will contract the consulting services object of the Contract.
3. That after the completion of an award procedure in respect of the consultancy services consisting of ***(briefly describe the consulting services object of the contract)*** has accepted the proposal of the **Consultant** for the execution of these consulting services, for the sum of ***(indicate the Contract Price expressed in number and letter for each of the currencies of the Contract)*** (hereinafter the "Contract Price").

**DECLARES THE CONSULTANT:**

1. ***(Establish the general data of the Consultant, address, nationality, tax data, among others required by applicable law).***
2. That he/she has accepted the award in respect of the consultancy services consisting of ***(briefly describe the consultancy services covered by the contract)*** and that the Contract Price declared by the **Contractor** corresponds to his/her proposal for such services.
3. That it has made known to the **Contractor**, that it has the necessary knowledge and skills, is in full legal capacity and that it has the technical and material elements to provide independently, to the satisfaction of the **Contractor**, the consulting services referred to in this Contract and that it is willing to accredit this declaration, having decided to conclude this contract.
4. That he/she has read and understood Annex IV of this Agreement as to the Integrity Provisions set forth by the Bank and undertake to observe the relevant rules.

**THE PARTIES AGREE AS FOLLOWS:**

|  |
| --- |
| Clause 1. Definitions |
| 1.1 | In the Contract the subsequent words and expressions shall have the following meanings:* 1. **Bank:** is the Central American Bank for Economic Integration.
	2. **Contractor**: it is the entity that contracts the consulting services.
	3. **Consultant**: it is the natural person, who is responsible for providing his intellectual services for a consultancy, related to a subject in which he has specialized knowledge and experience.
	4. **Days:** refers to calendar days, except when "business days" is specified.
	5. **Borrower/Beneficiary**: is (***indicate name of the Borrower/Beneficiary), who has signed a contract or agreement for the financing of an operation with the Bank.***
	6. **Consulting Services:** the work to be performed by the Consultant in accordance with this agreement, as described in the Annex, Terms of Reference and Scope of the Consulting Services.
	7. Third: it means any person or entity other than the Borrower/Beneficiary, Contractor or Consultant.
 |
| Clause 2. Contract Documents |
| 2.1 | This Agreement and the Annexes to the Agreement:1. Terms of reference and scope of the Consulting Services,
2. Work plan and execution schedule,
3. Reports and deliverables to be presented by the Consultant,
4. Provisions on CABEI Integrity as well as the modifications to the previous documents that are agreed in writing between the **Parties** after the subscription of this Contract, make up the contractual documents and reflect the entire agreement between the **Contractor** and the **Consultant** regarding its object.

In the event of a difference or inconsistency between the provisions of this Agreement and the terms of the Annexes with respect to the Terms of Reference, what is established and accepted by the **Parties** under this Agreement, shall prevail.All contractual documents are correlative, complementary and mutually explanatory. The Contract should be read as a whole. |
| 2.2 | Except where the context requires otherwise:1. Words that indicate the singular also include the plural and words that indicate the plural also include the singular;
2. Words indicating a gender include all genders;
3. Provisions including the word "accept", "agreed" or "agreement" require that the agreement be recorded in writing and signed by both parties;
4. "Written" or "in writing" means handwritten, typewritten, printed or produced electronically if it results in a continuous record.
 |
| Clause 3- Purpose and scope of services |
| 3.1 | The **Consultant** shall provide the consulting services specified in Annex I, Terms of Reference and Scope of the Services, which forms an integral part of this Agreement. |
| Clause 4. Place where consultancy services will be provided. |
| 4.1 | The place(s) where the Consulting Services will be provided is(are***): (indicate full address of the place(s) of provision of the consulting services).*** |
| Clause 5. Term |
| 5.1 | The Contract will enter into force when it has been signed by both Parties and will have a validity of ***(insert term of validity of the Contract)*** from the subscription or during any other period that, where appropriate, the Parties could subsequently agree in writing, without it being automatically extended.The **Consultant** shall provide the Consulting Services subject to this Agreement in accordance with the Work Plan and Execution Schedule included in Annex II, Work Plan and Execution Schedule. All terms contained in this Agreement shall be deemed essential in connection with the provision of the Consulting Services. |
| Clause 6. Law and language by which the Contract will be governed. |
| 6.1 | The Agreement shall be governed by the laws of ***(insert country),*** and the language of the Agreement shall be the language ***(Indicate language).*** All reports, communications and documents will be prepared and submitted in the language ***(Indicate language).*** |
| 6.2 | If, after the date of this Agreement, there are changes in the Applicable Law in relation to taxes and duties leading to the increase or reduction of the expenses incurred by the **Consultant** in the provision of the Services, by agreement between the Parties, the remuneration and reimbursable expenses payable to the **Consultant** under this Agreement shall be increased or decreased, as appropriate, and adjustments shall be made to the maximum amounts stipulated in clause 10. |
| Clause 7. Notifications  |
| 7.1 | For the purposes of any notice or notification that the parties must address under this Agreement, must be made in writing, in physical or electronic form and will be considered given, delivered or made from the moment the corresponding document is delivered to the recipient at their respective address. To this end, the addresses of the Parties are as follows: Consultant: ***(insert Consultant's address, postal and electronic)*** Contracting Party: ***(insert address of the Contracting Party, postal and electronic)*** |
| 7.2 | The address indicated in the preceding clause may be changed provided that the party changing its address, informs in writing to the other Party of such change of address. |
| Clause 8. Project Management |
| 8.1 | The **Contractor** appoints ***(insert name of the project supervisor by the Contractor and his position if applicable)*** as the Contract Supervisor who, on behalf of the **Contractor**, will be responsible for the coordination of the activities contemplated in this Contract, the acceptance and approval by the **Contractor** of the reports, deliverables or other elements to be provided by the **Consultant** and the receipt and approval of invoices for the management of payments. In no case will the actions of the Supervisor release or diminish the responsibilities that the Consultant has under this Contract. |
| Clause 9. Reports and/or deliverables |
| 9.1 | The **Consultant** shall submit to the **Contractor** the reports and deliverables derived from the Consulting Services in the manner and within the deadlines indicated in Annex III, Reports and deliverables to be submitted by the Consultant. The reports and/or deliverables listed in Annex III, Reports and deliverables to be submitted by the **Consultant**, shall be submitted during the course of the activities and shall form the basis for the payments to be made in accordance with the provisions of Clause 10. The **Consultant** is obliged to submit the progress and/or final reports, as well as the products established in the Terms of Reference, within the deadlines provided for in the latter. Notwithstanding the foregoing, the **Consultant** also undertakes to: 1. Make the clarifications or extensions that the **Contractor** deems necessary regarding the reports submitted, within ***(insert number of days)*** days from the receipt of the notification of clarification and / or extension.
2. Provide the **Contractor** with any additional information reasonably requested in connection with the development of the consultancy's work.
 |
| Clause 10. Payments |
| 10.1 | **Total amount** The **Contractor** shall pay the **Consultant** a lump sum total of ***(insert amount)*** for the Consulting Services provided in accordance with The Terms of Reference and Scope of the Consulting Services. This sum has been established on the understanding that it includes all costs and profits for the **Consultant**, as well as any tax liability to which it may be subject. The stipulated price of the Contract will not vary during its validity, except as stipulated in clause 20. |
| 10.2 | **Payment schedule** The payment schedule shall be as follows: ***(The following table is illustrative. The payment schedule shall be adjusted to indicate the elements described in Annex III, Reports and deliverables to be submitted by the Consultant)***  |
|  | **Against receipt at the conformity of the Contractor of the Report** ***(Indicate Report or partial deliverable)*** | **Partial amount or percentage of the total amount of the Contract** ***(Indicate amount to be paid or, where appropriate, percentage of the total amount)*** |
| **1** |  |  |
| **2** |  |  |
| **3** |  |  |
| **4** |  |  |
| **5** |  |  |
| **..** |  |  |
| 10.3 | **Payment terms** Payments will be made in ***(indicate currency),*** in the bank account indicated for this purpose by the **Consultant**, once the conditions to make the payment are met within ***(indicate number of days)*** counted from the presentation by the **Consultant** of the invoices to the Supervisor designated in Clause 8. The conditions for payment are: ***(insert the applicable payment terms in accordance with national legislation and the administrative rules of the Contracting Party, indicating documentation to be presented with the invoice; conditions for the revision and approval of the invoice; withholding tax; exchange rates applicable where appropriate; etc.)*** |
| Clause 11. Transportation, lodging and food expenses |
| 11.1 | The amount to be paid to the **Consultant** ***(choose: includes or does not include)*** the expenses for ***transportation***, lodging and food that, where appropriate, are generated as a result of the fulfillment of the consulting services object of this contract. *(In the event that the costs of transportation, lodging and food are not included in the price of the Contract, in here it should be indicated what would be the applicable guidelines for the reimbursement of these expenses, the maximum amounts to be reimbursed and the requirements for verification of these expenses.)* |
| Clause 12. Facilities to be provided by the Contractor |
| 12.1 | The Contractor shall provide the Consultant with the following facilities necessary for the performance of the agreed work: *(if applicable, indicate what type of elements the Contractor shall provide to the Consultant under the subject matter of the contract. Among others, it could be logistical support related to office, communications, equipment and access to the information necessary for the development of the consultancy and the generation of the products object of the contract.)*The Consultant will be responsible for the proper use of the work elements. |

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| --- |
| Clause 13. Labor Independence. Relationship between the Parties |
| 13.1 | Nothing in this Agreement may be construed to mean that there is a dependency of employment or principal or agent between the **Contractor** and the **Consultant**. The rights and obligations of the **Consultant** are strictly limited to the terms and conditions of this Consulting Agreement. Therefore, the **Consultant** shall not be entitled to benefits, payments, subsidies, indemnities, insurance, or pensions on behalf of the **Contractor**. |
| Clause 14. Quality of Services |
| 14.1 | The **Consultant** shall develop the subject matter of this Agreement in accordance with the highest standards of competence and ethical and professional integrity and shall be solely responsible for the result and quality of his work, which shall be carried out in accordance with the approved specifications and in accordance with the applicable standards, rules and regulations, and in accordance with the Terms of Reference of Annex I, Terms of reference and scope of consulting services. The **Contractor** shall always have the right to verify the quality of the work carried out by the **Consultant** and, if necessary, to request the modifications it deems appropriate.  |
| 14.2 | In the execution of the Contract, the **Consultant** shall always act to serve the legitimate interests of the **Contractor**, applying prudent management practices and employing appropriate technology, equipment, materials and methods. The **Consultant'**s liability under this Agreement shall be determined by applicable law. |
| Clause 15. Confidentiality |
| 15.1 | The Consultant is obliged to maintain the strictest confidentiality with respect to all information to which they will have or have had access, by virtue of the subscription and validity of this Agreement, and which includes information that has been provided by one Party to the other in writing, either by electronic and / or printed means, or that information to which they have had access. Such information shall be treated strictly confidentially, and the **Consultant** may only use it for activities or functions directly related to the provision of the Consulting Services subject to this Agreement, and its disclosure, reproduction or arrangement in any form shall be prohibited even after the term of this Agreement has ended, or if this Agreement has been terminated early, and its obligation not to disclose the information that it has come to know without the prior written consent of the **Contractor** remains. |
| Clause 16. Ownership of the materials.  |
| 16.1 | By virtue of this contract the **Consultant** acknowledges that all work performed under this Contract is work performed on behalf of the **Contractor**. Accordingly, you agree that the **Contractor** is the sole and legitimate owner of the intellectual property rights derived from the products and the development of this consultancy. All studies, reports, graphics, software programs or other materials prepared by the **Consultant** for the **Contractor** under the Contract shall be the property of the **Contractor**. Subject to the authorization of the **Contractor**, the **Consultant** may keep a copy of such documents and programs. ***(If there are any restrictions regarding the use of these documents and computer programs in the future, they should be indicated at the end of this paragraph.)*** |
| Clause 17. Conflict of interest |
| 17.1 | The **Consultant's** payments in connection with the Consulting Services or this contract shall be solely those set forth in Clause 10, and the **Consultant** may not accept for its own benefit any business commission, discount or similar payment in connection therefrom, or in the performance of its obligations thereunder. Likewise, the Consultant may not use the information and documents for his/her own benefit or that of any other person other than the **Contractor**, subject in this case to the provisions of Clause 15. The **Consultant** agrees not to participate directly or indirectly or to associate with any firm in consulting work or works of any kind, resulting from the Consulting Services provided by the **Consultant** under this Agreement. |
| Clause 18. Insurance |
| 18.1 | The **Consultant** will be responsible for contracting and having, throughout the term of the Contract, the necessary insurance to cover their professional, medical and civil liability risks suitable for their protection, so it exempts the **Contractor** from any obligation in this matter. |
| Clause 19. Cession |
| 19.1 | The **Consultant** acknowledges that his/her own special knowledge was an important factor for the conclusion of this Contract so he/she undertakes to directly perform the Consulting Services and may not assign in any case, either in whole or in part, the rights and obligations derived from it. |
| Clause 20. Modifications |
| 20.1 | Any modification to the scope of this Agreement (term, terms of reference or otherwise) may only be made by an amendment signed between the **Contractor** and the **Consultant** while the contract is in force. |
| Clause 21. Causes of force majeure or fortuitous event |
| 21.1 | Unless there is negligence or malpractice, neither Party shall be liable to the other in the event of failure to comply with the provisions of the Contract due to fortuitous circumstances or force majeure. For the purposes of this Agreement, an event that could not have been foreseen - but, even if it had been, could not have been avoided or resisted, which is beyond the control of the Parties and which does not originate from the carelessness or negligence of any of the Parties, is understood without prejudice or force majeure. The events of force majeure or fortuitous event make it impossible or very impractical to comply with contractual obligations even if the greatest possible diligence has been acted upon and yet the unforeseeable event that makes compliance impossible has occurred. Without limitation, such events may include governmental acts and resolutions in its sovereign capacity, wars or revolutions, hostage-taking, seizure of facilities or the project site, crisis, terrorist acts, sabotage, blockades, fires, floods, earthquakes, explosions, hurricanes, epidemics, quarantine restrictions, cargo seizures and other causes recognized as force majeure or fortuitous event. If a fortuitous event or force majeure arises, the concerned Party shall promptly notify the other Party, in writing, of the situation and its causes. Except when receiving written instructions to the contrary from the **Contractor**, the **Consultant** will continue to fulfill his/her obligations under the Contract to the extent that this is possible. The **Contractor** shall not be subject to the early termination of the Contract for breach, in the event and to the extent that the delay in the breach of its obligations is due to an event of fortuitous event or force majeure. |
| Clause 22. Temporary suspension  |
| 22.1 | If, in accordance with Clause 21 of this Agreement, it is determined that the fortuitous event or event of force majeure prevents the continuation of the activities of the Contract, the Parties shall suspend the execution of such activities and extend the period of execution for the required suspension time, by signing a record expressing in writing the grounds for such decision, the status of the Contract as to its development and the estimated duration of the suspension. In such a case, the conservation measures deemed appropriate shall be adopted, and if applicable, the costs of suspension and the method of payment shall be agreed upon through an amendment to the contract. Once the suspension has expired, the Parties shall enter an act of resumption of the Contract. In case of temporary suspension, the Contract will remain in force.  |
| Clause 23. Dispute’s resolution |
| 23.1 | Any dispute, controversy or claim arising out of or in connection with this Agreement or its breach, termination, or invalidity and which the Parties are unable to resolve amicably shall be subject to alternative dispute resolution mechanisms prior to proceeding with the appropriate legal process. If within a period of ***(indicate number of days)*** no agreement can be reached with the above mechanisms; the dispute may be submitted to: ***(Select one of the options:*** 1. ***Judicial process in accordance with the law applicable to this contract.***
2. ***Arbitration procedure under the law applicable to this contract or by arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) in force at that time, if the Consultant is not a national of the country of the Contracting Party).***
 |
| Clause 24. Termination of contract. |
| 24.1 | By virtue of the causes that have given rise to this contract, both Parties agree that at the end of the period stipulated in this Agreement, it will be automatically terminated without prior notice or any other requirement. |
| Clause 25. Early Termination of Contract.  |
| 25.1 | 1. **For reasons not attributable to the Consultant**

The **Contractor** may terminate the Contract early when, for justified reasons, the need to require the Consulting Services object of the Contract is extinguished. In such a case, the **Consultant** must be notified of the early termination by written notice issued at least with ***(Indicate the number of days agreed to notify the early termination in accordance with national law)*** days in advance. When the **Contractor** terminates the Consulting Services Contract, for reasons not attributable to the **Consultant**, the **Consultant** shall be paid the corresponding amount for the services rendered or deliverables submitted to date and shall reimburse the **Consultant** for any non-recoverable expenses incurred, provided that these are reasonable, duly verified and directly related to the Contract. 1. **For reasons attributable to the Contractor**

The breach of the **Contractor** with respect to its obligations, which significantly affects the development of the work of the Consultant, entitles the **Consultant** to terminate this Contract. 1. **Termination by mutual agreement**

When the Contract ends by mutual agreement, the termination agreement must be processed legally and will contain the treatment of all aspects related to the contractual settlement. Termination by mutual agreement shall not imply waiver of rights caused or acquired in favour of the **Contractor** or the **Consultant**.1. **For reasons attributable to the Consultant**

The **Contractor** may terminate this Agreement early without compensation when the **Consultant** fails to perform any of the obligations to which he is subject under this Agreement, fails to perform them in an agreed manner or for violating the prohibitions contained in the laws and legal provisions applicable to this Agreement in the country of the **Contractor**. In such circumstances, the **Contractor** shall send a notice of termination to the **Consultant** in which he shall explicitly indicate the breach and/or infringement incurred by the **Consultant**. Early termination shall take effect on the date on which the notice is made. In addition to the aforementioned, it will be a cause of termination, when it is determined that the **Consultant** has participated in practices prohibited by the Bank during the competition or the execution of the Contract. In this case, once the termination procedure has been initiated, it cannot be rendered meaningless. In case of termination of this contract for reasons attributable to the **Consultant**, he/she will be liable to the **Contractor** for the damages caused by him/her due to the breach or the act he/she has executed. In any of the cases of termination, the **Consultant** undertakes to deliver to the **Contractor** the work carried out up to that date, as well as to prepare and present a final report in which he/she gives an account of the activities carried out and results obtained. The presentation of the outstanding reports to date and the aforementioned final report, to the full satisfaction of the **Contractor**, will be an indispensable condition for canceling the payments to which the **Consultant** is entitled, from the moment that the causes for the early termination of the Contract have been invoked. In any case of termination, the **Consultant** shall return to the **Contractor** all the material that has been delivered to him for the performance of his/her work and all the documents that he/she had produced up to the date of completion; and the **Contractor**, for its part, shall reimburse the **Consultant** for all amounts to which the **Consultant** is entitled under this Agreement, but only until the effective day of cancellation or early termination. |
| Clause 26. Supervision by the Bank. |
| 26.1 | The **Consultant** shall keep all documents and records relating to the Contract in accordance with applicable law, but in any case, for at least one year from the date of termination of performance of the Contract. The **Contractor** may require the **Consultant** to allow the Bank and/or any person designated by the Bank, to review the accounts and files related to the selection process and the execution of the Contract, and to subject them to verification by auditors appointed by the Bank. |

**Aware of its content and scope:**

The Parties agree to act in good faith as to the rights of the other Party under this Agreement and to take all reasonable steps to ensure the performance of the objectives of this Agreement and subscribe in a sign of acceptance of the content of this Agreement and its Annexes in accordance with ***(indicate the name of the law applicable to this agreement)*** on the day, month and year indicated above.

|  |  |
| --- | --- |
| **BY THE CONTRACTOR** | **THE CONSULTANT** |
| Name: Position: Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Name: Signature:  |

**List of Annexes**

**Annex I:** Terms of reference and scope of consulting services.

**Annex II:** Work plan and implementation schedule.

**Annex III:** Reports and deliverables to be presented by the Consultant.

**Annex IV**: CABEI Integrity Provisions.

**Annex 1**

**Terms of Reference and Scope of Consulting Services**

*This Annex should describe the scope of the Consulting Services, the objectives, goals, specific tasks required to implement the work, and relevant background information. The terms of reference must include at least the following information:*

1. ***Reference information***

***Background of the project for which consulting services are required.***

* *Project Overview*
* *Succinct description of project components*
* *Objectives*
1. ***Objectives and scope of consultancy services***
* *Objective(s) of the work*
* *Scope of Consulting Services*
1. *Methodologies required for planning and implementation, if any.*
2. *Planned tasks and outputs.*
* *Interaction with staff or areas of the executing agency of the project.*
1. ***Logistical support to be provided by the Contractor and administrative arrangements.***
2. ***Supervision***

**Annex II**

**Work Plan and Implementation Schedule**

***(This Annex will incorporate the work plan and schedule agreed between the Contractor and the Consultant based on the Consultant's proposal).***

**Annex III**

**Reports and deliverables to be presented by the Consultant**

*(This Annex will set out the reporting requirements and schedule for the submission of reports or deliverables)*

*(Indicate, among others, the following:*

1. *Format, frequency, and content of reports.*
2. *Number of copies and requirements for electronic filing.*
3. *Dates or deadlines for submission)*

**Annex IV**

**Integrity Provisions of the Central American Bank for Economic Integration**

**(The text of this appendix should not be modified)**

1. **Counterparties and their Associates:**

All natural or legal persons who participate or provide services in projects or operations, whether in their capacity as bidders, borrowers, sub-providers, executing agencies, coordinators, supervisors, contractors, subcontractors, consultants, suppliers, beneficiaries of donations (and all their employees, representatives and agents), as well as any other type of similar relationship, hereinafter referred to as Counterparties and their Related Parties, shall refrain from performing any act or action that is framed or may be classified as a Prohibited Practice as set forth in paragraph (B) of this Appendix.

1. **Prohibited Practices:**

CABEI has established a Reporting Channel as the mechanism for reporting and investigating irregularities, as well as the commission of any Prohibited Practice, in the use of CABEI funds or funds administered by CABEI.

For the purposes of this contract, Prohibited Practices are understood as the following:

1. **Fraudulent Practice**: Any act or omission, including misrepresentation of facts and circumstances, that deliberately or negligently deceives or attempts to deceive any party for financial or other gain, own or from a third party or to evade an obligation in favor of another party.
2. **Corruptive Practice**: It consists of offering, giving, receiving, or requesting, directly or indirectly, something of value to unduly influence the actions of another party.
3. **Coercive Practice**: Consists of harming or causing harm; or threaten to harm or cause harm, directly or indirectly, to any party or its property to unduly influence the actions of a party.
4. **Collusive Practice**: Agreement made between two or more parties with the intent to achieve an improper purpose or unduly influence the actions of another party.
5. **Obstructive Practice**: Consists of: (a) deliberately destroying, falsifying, altering or concealing material evidence for an investigation, or making false statements in investigations, in order to prevent an investigation into allegations of corrupt, fraudulent, coercive or collusive practices; and/or threatening, harassing or intimidating either party to prevent them from disclosing their knowledge of issues relevant to the investigation, or to prevent the investigation from proceeding; or (b) intentionally take action to physically impede CABEI's exercise of contractual rights to audit and access to information.
6. **Declarations and Obligations of Counterparties:**

The Counterparty(s) will transfer to its Related Parties (sub-agents, executing agencies, coordinators, supervisors, contractors, subcontractors, consultants, suppliers, bidders, beneficiaries of donations and similar) the following statements and must expressly establish them in the contractual documentation that governs the relationship between the Counterparty(s) and its Related Parties. The foregoing shall apply to operations financed with CABEI resources or administered by CABEI, in order to prevent them from incurring in the commission of Prohibited Practices, obliging both the Counterparty and its Related Parties to comply with the actions and decisions that CABEI deems relevant, in case of verifying the existence of any of the Prohibited Practices described in paragraph (B) of this Appendix.

Individual Statements of Counterparties

The Counterparties declare that:

1. They know CABEI’s Reporting Channel, as a mechanism to report and investigate irregularities or the commission of any Prohibited Practice in the use of CABEI funds or funds administered by it.
2. Keep all documents and records related to activities financed by CABEI for a period of ten (10) years, counted from the end of this contract.
3. As of the date of this contract, has not committed in their own way or through related (employees, representatives, and agents) or any other type of analogous relationship, Prohibited Practices.
4. All the information presented is truthful and therefore has not misrepresented or concealed any fact during the processes of eligibility, selection, negotiation, tendering and execution of this contract.
5. Neither they, nor their directors, their staff, contractors, consultants, and project supervisors (i) are disqualified or declared by an entity as ineligible to obtain resources or award contracts financed by any other entity, or (ii) have been found guilty of crimes related to Prohibited Practices by the competent authority.
6. None of its directors and officers has been a director, officer, or shareholder of an entity (i) that is disqualified or declared ineligible by any other entity, (ii) or has been found guilty of an offence related to Prohibited Practices by the competent authority.

Obligations of Counterparties

The following are obligations of the Counterparties:

1. Not to engage in any Prohibited Practice in CABEI's programs, projects or operations financed with CABEI's own funds or funds administered by CABEI.
2. Report during the process of selection, negotiation, and execution of the contract, through the Reporting Channel, any irregularity or the commission of any Prohibited Practice related to the projects financed by CABEI or with the funds administered by it.
3. Reimburse, at CABEI's request, the expenses or costs related to the activities and investigations carried out in connection with the commission of Prohibited Practices. All expenses or costs referred to above must be duly documented, being obliged to reimburse them at the request of CABEI within a period not exceeding ninety (90) calendar days from the receipt of the notification of collection.
4. Grant unrestricted access to CABEI or its duly authorized representatives to visit or inspect the offices or physical facilities, used in connection with projects financed with CABEI's own funds or administered by it. Likewise, they will allow and facilitate the conduct of interviews with their shareholders, directors, executives or employees of any status or salary relationship. In the same way, they will allow access to the physical and digital files related to said projects or operations and must provide all the collaboration and assistance that is necessary, in order to properly execute the planned activities, at the discretion of CABEI.
5. Respond within a reasonable period to inquiries related to any inquiry, inspection, audit, or investigation coming from CABEI or any appropriately appointed investigator, agent, auditor, or consultant, whether by written, virtual or verbal means, without any restriction.
6. Attend and observe any recommendation, requirement or request issued by CABEI or any person duly designated by it, related to any of the aspects related to the operations financed by CABEI, their execution and operability.

The Statements and Obligations made by the Counterparties contained in this paragraph C are true and will remain in force from the date of signature of this contract until the date on which the amounts owed under it are paid in full.

1. **Audit and Investigation Process:**

Prior to determining the existence of irregularities or the commission of a Prohibited Practice, CABEI will reserve the right to execute the audit and investigation procedures that assist it, being able to issue an administrative notification derived from the analyses, evidence, evidence, results of the investigations and any other available element that is related to the fact or Prohibited Practice.

1. **Recommendations:**

When the existence of irregularities or the commission of a Prohibited Practice is determined, CABEI will issue the actions and recommendations listed below, without being limiting, these being of observance and mandatory compliance. The foregoing, without prejudice to CABEI having the power to report the corresponding case to the competent local authorities:

1. Issuance of a written reprimand.
2. Adoption of measures to mitigate the risks identified.
3. Suspension of disbursements.
4. Disobligation of resources.
5. Request the advance payment of resources.
6. Cancel the business or contractual relationship. Suspension of procurement processes or procedures.
7. Request for additional guarantees.
8. Execution of bonds or guarantees.
9. Any other applicable course of action under this agreement.
10. **List of Prohibited Counterparties:**

CABEI may include counterparties and their related parties in the List of Prohibited Counterparties, which it has instituted for this purpose. The temporary or permanent disqualification from said List of Prohibited Counterparties will be determined on a case-by-case basis by CABEI.

CABEI will give counterparties and their associates the opportunity to present their defense arguments, through the conduct of an administrative procedure. This includes, but is not limited to, CABEI's right to share or make public the contents of that list.

This Appendix forms an integral part of this agreement, and the Counterparty accepts each of the provisions set forth herein.