AGREEMENT

BETWEEN

THE GOVERNMENT OF THE ITALIAN REPUBLIC

AND

THE GOVERNMENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

For the implementation of the Programme:

"Women's Economic Empowerment and Social Integration – WEESI"

WHEREAS in the framework of the Growth and Transformation Plan (hereinafter referred to as "GTP") of the GOE, currently under implementation with the support of the Donor Community and the GOI, the active participation of women in the country's development process and the enhancement of benefits women gain from the country's economic growth represent one of the main pillars of the national strategy to end poverty;

WHEREAS Italy is firmly committed to supporting the Ethiopian Government in achieving the objectives set out in the Sector Development Plan for Women and Children 2010/11 -2027/28 and in the National Strategy and Action Plan on Harmful Traditional Practices (HTPSs) against women and children in Ethiopia.

WHEREAS The strategic cooperation objectives of the GOI for Ethiopia are based on and are part of the wider country strategy pursued by the EU Member States and Norway, the EU+ Joint Cooperation Strategy, and shared by the GOE, in order to improve alignment and harmonization, promote results-based approaches, predictability and transparency, and avoid overlapping;

WHEREAS In line with the principles laid out in the 2005 Paris Declaration on Aid Effectiveness and strengthened in the 2011 Busan Partnership for Effective Development Cooperation, the Italian Development Cooperation (hereinafter referred to as "IDC") will continue to base its interventions in Ethiopia on a programmatic approach and in coordination with other actors of the Donors Group on Gender Equality (hereinafter referred to as "DGGE");

WHEREAS under the Ethio-Italian Country Program 2013-2015 signed by the Ministry of Finance and Economic Development (hereinafter referred to as "MoFED") for the Ethiopian side and by the Italian Ministry of Foreign Affairs for the Italian side, it was agreed that women empowerment would have been a sector of intervention in order to improve livelihoods and promote human development and economic growth in the Country able also to generate an additional catalyst for economic growth and social well-being;

WHEREAS it was agreed in the Ethio-Italian Country Program 2013-2015 to allocate 600.000 Euro in the form of grant to a gender initiative (hereinafter referred to as "the Project") aimed at promoting women empowerment;

THEREFORE

The Government of the Italian Republic (hereinafter referred to as "GOI") and the Government of the Federal Democratic Republic of Ethiopia (hereinafter referred to as "GOE"), referred to in this Agreement as the "Parties", agree on the following terms and conditions:

ARTICLE 1 - Contents

1.1 GOI and GOE agree to implement the **"Women's Economic Empowerment and Social Integration – WEESI"** (hereinafter referred to as the *Project*).

1.2 This Agreement consists of the present text, the Project Document (hereinafter referred to as "PD") hereto attached in Annex A and the Guidelines for eligibility criteria, ethical clauses, contract General principles hereto attached in Annex B.

ARTICLE 2 – Mutual obligations

2.1 The Minister of Women Children and Youth Affairs of Ethiopia (hereinafter referred as MoWCYA) shall open the "Special Account in Euro – Italian contribution to Women's Economic Empowerment and Social Integration Project" (hereinafter referred as SA) with the National Bank of Ethiopia (hereinafter referred as NBE).

2.2 The Regional Bureau of Finance and Economic Development of Southern Nations, Nationalities and Peoples (hereinafter referred as BoFED) shall open the"Special Account in Birrs – Italian Contribution to Women's Economic Empowerment and Social Integration Project" (SSNPR-SA).

2.3 The BoFED will designate a Person in Charge (hereinafter referred as PIC) for the management of the fund.

2.4 Upon signature of this Agreement MAECI/DGCS will deposit the amount of EURO 600.000,00 on the Special Account opened by MoWCYA.

The PIC shall submit to MoWCYA, informing IDC, a specific request for the crediting of the two equal instalments of Euro 300.000,00 to the SSNPR-SA.

2.5 The first instalment of Euro 300.000,00 will be deposited by MoWCYA on the Special Account upon signature of this Agreement and following the request of the PIC to MoWCYA. The second and last instalment of 300.000,00 will be deposited by MoWCYA on the Special Account upon request of PIC and after the following conditions:

a. After an Instalment Request Report (hereafter referred as "IRR"), as detailed in article 6.1.B., has been approved by the Project Steering Committee (hereinafter referred as PSC) and submitted to MoWCYA. The IRR follows the same structure of the Semi-Annual Reports (hereafter referred to as "SAR") as detailed in PD Annex A of this Agreement. The financial information contained in the IRR must be audited.

b. The IRR must show that at least 70% of the amount of the previous instalment has been committed and at least 30% disbursed.

c. The IRR must include the second PoA, already approved by the PSC.

2.7 The Italian contribution cannot cover taxes, VAT, duties, clearing and storage charges and any other levies to be paid in Ethiopia. In case any of the above expenses are needed for the execution of the Projects activities, they will be covered by the GOE contribution.

2.8 MoWCYA and BOFED shall ensure appropriate management of funds according to the provisions of this Agreement and relevant Annexes and, as detailed in the PD (Annex A), shall ensure that contributions (in cash, in kind and in labour) from communities and authorities are fully and timely delivered.

ARTICLE 3 – Governance of the project

3.1 A **Project Steering Committee** (hereafter referred to as "PSC") and a Project Management Committee (hereafter referred to as "PMC") will be the guarantor of the governance of the Project. The composition and working modalities are described in Annex A.

3.2 **BoFED** will manage the funds and, in collaboration with the PMC will supervise, coordinate, monitor, audit and report on all the activities. It will cover the expenses related to the personnel involved in the Project, including the Person in Charge. It will also provide an adequate office for the Local Coordinator of the Project, as described in Annex A.

3.3 BoFED will designate a **Person in Charge** (hereinafter referred to as "PIC") for the management of the grant. The PIC will be supported by the staff of the Head of Women and Children Division of BoWCYA and, for what concerns the management of funds and of the activities described in the present Agreement and its annexes, by the Local Coordinator as described in Annex A.

3.4 **Plan of Action** – Within 30 days from the disbursement of the funds by MAECI-DGCS a Plan of Action (hereinafter referred to as "PoA") for the Project will be prepared following the modalities defined in Annex A. The second PoA shall be prepared and timely approved by the PSC and it shall serve as requirement for the crediting of the second instalment, according to the provisions of article 2.5 of this Agreement.

ARTICLE 4 – Project Budget

4.1 The maximum total cost for the Project implementation is set at 600,000 Euro (six hundred thousand euro).

4.2 Budget revisions required to facilitate the administrative handling of the Project are allowed without seeking the prior approval of GOI if the budget revision meets the following criteria: a) the budget revision does not modify the expected results of the project; b) the budget revision does not require any additional funds from the donor; c) the budget revision refers to adjustments which do not exceed 20% of the each item of expenditure.

4.3. Budget revisions which do not meet the above criteria will be made by written agreement between GOE and GOI. Each party shall give full and sympathetic consideration to any proposal advanced by the other party for the amendment of this Agreement.

4.4. Any such budget revisions – both under item 4.2 and 4.3 – will be reported to the donor in writing in the ensuing narrative report.

4.5. MOWCYA and BOFED undertakes to reinstate funds to the project in case of expenditures caused by an illegal use of funds or linked to corruptive activities or gross negligence on the part of MOWCYA or BOFED.

4.6 MoWCYA and BoFED shall ensure that the funds provided by GOI under this Agreement will be used strictly in accordance with the provisions of this Agreement. MoWCYA and BoFED commit themselves to take all reasonable measures to ensure an efficient administration of the aforementioned funds and prevent any abuse and illegal use thereof.

ARTICLE 5 – Administrative issues

5.1 Procurement activities shall comply with the World Bank procedures in use in the Country. Procurement activities will be performed by BoFED and wherever possible, by decentralized institutions, acting on behalf of interested communities. Procurement activities shall comply with the eligibility criteria for contractors, consultants, eligible and ineligible costs, ethical clauses, contract general principles reported in Annex B.

5.2 Interests accrued and savings - Any interest generated in the SA and in the SNNPR-SA will be clearly reported in the financial statement and reports to be sent to MAECI/DGCS and shall be used for the same purposes and with the same procedures outlined in this Agreement.

ARTICLE 6 – Reporting, monitoring and evaluation

6.1 BoFED will provide the following reports to MAECI - DGCS:

A. Every six months a Semi Annual Reports (SAR). Reports shall be designed to provide high-quality, timely information on project performance. The SAR shall be harmonized with similar reports produced by BoFED for other DPs' interventions operating in the sector. The SARs shall include the disbursements plan for all the Italian funds referred to in the Agreement, as in the relevant PoAs. The first of such reports shall cover the first six months of activity starting from the date in which the first instalment has been credited to the SA. The last of the SARs produced shall also have the function of Final Project Report. SARs shall include two different sections as follows:

A1) a technical section reporting a detailed description of the activities performed in the period, Project achievements against relevant Annual Operational Plan and indicators as well as a brief description of the Italian Technical Assistance provided, in terms of performance, efficiency and effectiveness. This section shall also include a schedule of the activities planned for the next semester.

A2) a financial section reporting a detailed description of the Italian funds utilization. This section shall include: i) statement of sources and uses of funds, opening and closing balances for the period and overall, supported by relevant bank statements for both Special Accounts; ii) a statement of the uses of funds showing actual expenditures, appropriately classified by main project activities (categories, components and sub-components). Actual versus budget comparisons, for the semester and overall, shall also be included; iii) A statement of the cash forecast and requirements for the following six months according to the plan of activities indicated in the technical section; iv) notes, explanations and relevant supporting documents.

B. The IRR shall be used to request planned instalments and following the same structure of the SARs. In case that the IRR does not correspond to the time of the submission of the SAR, the IRR shall consolidate the previous semi annual report and include information over the additional reporting period on activities and disbursement, according to the PoA and the PD.

6.2 The BoFED is responsible for maintaining an updated accounting system that contains records and controls to ensure the accuracy and reliability of Project financial information and reporting. The accounting system shall also ensure that supporting documents (statements of expenditure, bidding documents, contract documents etc.) are properly identified and that approved/amended budgetary lines are not exceeded. The original documents must be kept in BoFED offices. The accounting system and/or record keeping must track the advances received and the expenditure records by the Project. Financial reports, statement of the executed expenses and contracts shall be presented whenever required.

6.3 The IRRs must be supported by an independent audit that certifies the regularity of the expenses and of procurement disbursements. The audit will also certify the regularity of procurement procedures. The audit will be performed by the General Auditing office of the GOE according to standard regulations for the public administration in Ethiopia and to article 5.1.

6.4 Joint evaluation exercises may be organized, and MAECI/DGCS is entitled at any time to carry out monitoring and assessment activities as deemed appropriate, with full support from MoWCYA and BoFED.

6.5 The funds unduly unspent must be returned to MAECI-DGCS which will dispose accordingly, in relation to their restitution from the recipient, eventually by compensation.

ARTICLE 7 – Commencement, duration and termination

7.1 This Agreement shall enter into force on the date of the latest of the Verbal Notes through which the Parties inform each other upon the completion of the relevant internal procedures. BoFED will communicate in writing the date of commencement of the activities to Italian Embassy.

7.2 This Agreement shall remain valid until the date of Project completion, confirmed by DGCS's acceptance of the final report submitted by MoWCYA, or for a maximum period of 30 months, unless earlier terminated by either Parties as for the following Article 7.3 or extended by written agreement between the parties.

7.3 The Agreement may be terminated by either Parties by written notice to the other one and shall end ninety (90) days after receipt of such notice. The obligations stipulated by the Parties shall survive the termination of the Agreement to the extent necessary to permit the orderly conclusion of activities, the withdrawal of personnel, funds and property, the settlement of accounts between the Parties hereto and the settlement of contractual liabilities that are required in respect of contractors or suppliers.

7.4 In the event of a termination under article 7.3, MoWCYA shall use available funds within the grant to cover all costs it may incur or may have incurred in carrying out the Services concerned, after informing MAECI/DGCS and up to the effective date of termination, including:

a. Support costs on delivery of projects inputs;
b. Adequate costs arising from any contractual obligations owed by BoWCYA to contractors, suppliers or individuals for the requested project services; and
c. Reasonable additional costs related to winding up any BoFED internal staffing and administrative arrangements made for the implementation of the requested project services.

7.5 In case of impediments to implement this Agreement due to case of force majeure such as war, flood, fire, typhoon, earthquake, labour conflicts and strikes, civil unrest acts of any government, unexpected transportation difficulties and other cases which will be recognised by both Parties upon agreement as force majeure according to practice or in case of peril or unsafe conditions for the expatriate personnel, the following provisions shall apply:

A. In case the impediment to the implementation of the Programme lasts less than six months, the use of the funds shall be suspended until MAECI/DGCS authorises resumption of activities.

B. In case the impediment to the implementation of the Programme lasts more than six months, the Project shall be suspended and the residual funds shall be maintained until the impediment finishes and MAECI/DGCS authorises resumption of the Programme activities.

7.6 MAECI/DGCS reserves the right to resolve this Agreement in the following cases, due to severe fault by MoWCYA or BoFED i.e.:

A. Unmotivated and prolonged delays in the use of the funds such to threat the achievement of Programme objectives.

B. The use of the funds for reasons different than those included in this Agreement and its annexes or its amendments.

C. Severe mismanagement of the funds.

D. In the event of failure to implement, or to report on, the program in a manner consistent with the terms of this Agreement.

E. In case of impediment or force majeure as per article 7.1 of this Agreement.

7.7 In case of the above mentioned severe fault, MAECI/DGCS shall notify the event in writing to MoFED, MoWCYA and BoFED, inviting them to take the measures necessary to solving the fault within a maximum of sixty days from the date of the notification. Once this time limit has passed, MAECI/DGCS reserves itself the right to terminate this Agreement immediately. In this case the provisions contained in article 8.1 of this Agreement shall apply.

7.8 In the cases mentioned above, MAECI/DGCS may decide unilaterally the termination of this Agreement notifying, through Verbal Note, MoWCYA and MoFED with at least three months in advance. In all cases, after such notification, MoWCYA shall stop all activities of the Programme, unless otherwise agreed between the two Parties.

7.9 In the case mentioned above at point 7.7) and 7.8), MAECI/DGCS reserves itself the right to notify request for reimbursement of funds for the amount mismanage or not properly used in the project. Upon expiry of 60 days from the reimbursement request, without prejudice to the results of the measures mentioned in the Article 8.1, the MoWCYA agrees to reimburse to MAECI/DGCS funds for the amount required by transferring them to the bank account that will be specifically notified.

ARTICLE 8 – Final dispositions

8.1 Funds not credited and not committed at the date of termination of the present Agreement shall be returned to the GOI.

8.2 Any dispute between the Parties arising out of the implementation of this Agreement shall be settled amicably by consultations or negotiations between the Parties through diplomatic channels.

8.3 This document and its annexes constitute the entire Agreement between the Parties and may be altered or varied only by prior written agreement of the Parties and in full respect of its articles. No Party shall be bound by any express or implied term, representation, warranty, promise or the like not recorded herein or otherwise created by operation of law.

8.4 The Parties may amend this Agreement, including its Annexes, at any time by means of exchange of Verbal Notes between the Parties. The amendment shall come into force on the date of the second Verbal Note through which the Parties inform each other upon the completion of the relevant internal procedures.

This Agreement shall apply in full compliance with the laws and regulations in force in the respective countries and mutual international obligations undertaken and those deriving from Italy's membership of the European Union.

In witness whereof the undersigned, being duly authorized by their respective Governments, have signed and sealed this Agreement in double copy, both texts being equally authentic.

Done in Addis Ababa on the 15th JANUARY 2015 in two originals in English language.

FOR THE GOVERNMENT OF THE ITALIAN REPUBLIC	FOR THE GOVERNMENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
H.E. Paolo Gentiloni	H.E. Sufian Ahmed
Minister	Minister
Ministry of Foreign Affairs and International Cooperation	Ministry of Finance and Economic Development

The Federal Democratic Republic of Ethiopia
Ministry of Finance and Economic Developmefn