

**PROJECT AGREEMENT
BETWEEN
The Directorate General for Development Cooperation (DGCS) of the
Ministry of Foreign Affairs and International Cooperation
of the Italian Republic (THE DONOR)
AND
THE WORLD FOOD PROGRAMME**

WHEREAS the Donor hereby agrees to contribute funds to WFP (hereinafter referred to as "the Contribution") for the implementation of the Project "*Cooperativism, Resilience and Markets. Promoting agro-entrepreneurial partnerships among smallholder producers*" (hereinafter referred to as "the Project"), as described in the Project document submitted to the Donor for information.

WHEREAS the Italian Agency for Development Cooperation (AICS), established by Italian Law no. 125/2014, was created for the implementation of development cooperation initiatives and carries out the activities related to technical and operational investigative stages, financing, operation, monitoring of cooperation initiatives;

WHEREAS WFP is prepared to receive and administer the Contribution for the implementation of the Project,

WHEREAS the Government of El Salvador has been duly informed of the Contribution of the Donor to the Project,

WHEREAS WFP shall designate an Implementing Partner for the implementation of the Project (hereinafter referred to as the "Implementing Partner"),

NOW THEREFORE, The Directorate General for Development Cooperation (DGCS) of the Ministry of Foreign Affairs and International Cooperation of the Italian Republic and the WFP, referred to collectively as the "Parties" and each individually as a "Party", agree as follows:

Article I. The Contribution

1. (a) The Donor shall contribute to WFP the amount of **€900,000.00 (Nine hundred thousand Euros)** (the "**Contribution**") in two instalments, the first of the amount of **€500,000.00 (Five hundred thousand Euros)** to be disbursed within 5 (five) working days from the Effective Date (as defined in Article 10.1, below), and the second of the amount of **€400,000.00 (Four hundred thousand Euros)** to be disbursed upon the submission of a certified financial report, stating that at least 40% (forty per cent) of the first instalment has been spent. AICS will transfer the Contribution in the following bank account:

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WFP Bank Account Number for Donations:

Bank details:

Citibank N.A.
Canada Square, Canary Wharf
London E14 5LB, UK

Account details:

USD Account: 13321541
Sort Code: 185008
SWIFT: CITIGB2L
IBAN: GB74CITI18500813321541

Bank account name:

WFP London Donation Acc. USD

(b) AICS will inform WFP when the Contribution is paid via an e-mail message with remittance information to Marco Selva, WFP El Salvador Deputy Country Director, marco.selva@wfp.org , providing the following information: donor's name, WFP country office, Project no. and title, donor reference (if available). This information should also be included in the bank remittance advice when funds are remitted to WFP.

2. If the Contribution is made in a currency other than United States Dollars, its equivalent value in United States Dollars shall be determined by applying the United Nations operational rate of exchange in effect on the date of entry into force of this Agreement. However, should a different United Nations operational rate of exchange apply at the time of receipt of any payment relating to the Contribution, the value of the payment will be determined by applying the United Nations operational rate of exchange in effect on the date of receipt of payment by WFP, and the amount of the Contribution available for the Programme activities will be adjusted accordingly to reflect the gain or loss arising there from.

3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of Project delivery.

4. WFP shall receive and administer the payment in accordance with the rules, regulations, policies and procedures of WFP.

5. All financial accounts and statements shall be expressed in United States dollars.

Article II. Utilization of the Contribution

1. The implementation of the responsibilities of WFP and of the Implementing Partner pursuant to this Agreement and the Project document shall be dependent on receipt by WFP of the Contribution in accordance with the schedule of payment as set out in Article I, paragraph 1, above. WFP shall not start the implementation

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of the activities prior to receiving the Contribution or the first tranche of the Contribution (whichever is applicable).

2. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), WFP shall submit to the Donor on a timely basis a supplementary estimate showing the further financing that will be necessary. The Donor shall use its best endeavours to make available to WFP the additional funds required, without any binding obligation.

3. If the payments referred to in Article I, paragraph 1, above are not received in accordance with the payment schedule, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by WFP. The Donor agrees to cover any expenses incurred by WFP on account of such delay or failure to receive the payments.

4. Any interest income attributable to the Contribution shall be credited to WFP Account, retained by WFP and shall be utilized in accordance with established WFP procedures.

Article III. Administration and reporting

1. Project management and expenditures shall be governed by the rules, regulations, policies and procedures of WFP and, where applicable, the rules, regulations, policies and procedures of the Implementing Partner.

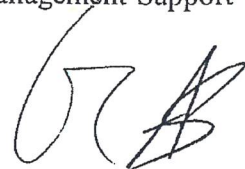
2. WFP shall provide to the Donor and AICS the following reports in accordance with WFP accounting and reporting procedures.

- (a) From the country office within 6 (six) months after the date of completion or termination of this Agreement, a final report summarizing Project activities and impact of activities as well as provisional financial data;
- (b) From WFP Bureau of Management/Office of Finance and Administration, an annual certified financial statement as of 31 December to be submitted no later than 30 June of the following year;
- (c) From WFP Bureau of Management/Office of Finance and Administration on completion of the Project, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the Project.

3. WFP will also provide a mid-term report after 3 (three) months from starting of activities.

Article IV. Administrative and support services

1. In accordance with the decisions, policies and procedures of WFP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for indirect costs incurred by WFP headquarters and country office structures in providing General Management Support



(GMS) services. To cover these GMS costs, the Contribution shall be charged a fee equal to 7% (seven percent). Furthermore, as long as they are unequivocally linked to the Project, all direct costs of implementation, including the costs of Implementing Partner, will be identified in the Project budget against a relevant budget line and borne by the Project accordingly.

2. The aggregate of the amounts budgeted for the Project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the Project under this Agreement as well as funds which may be available to the Project for Project costs and for support costs under other sources of financing.

Article V. Evaluation

All WFP Projects are evaluated in accordance with WFP Evaluation Policy. WFP and the Government of El Salvador in consultation with other stakeholders will jointly agree on the purpose, use, timing, financing mechanisms and terms of reference for evaluating a Project including an evaluation of its Contribution to an outcome which is listed in the Evaluation Plan. WFP shall commission the evaluation, and the evaluation exercise shall be carried out by external independent evaluators.

Article VI. Equipment

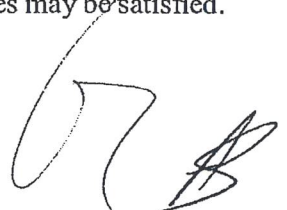
Ownership of equipment, supplies and other properties financed from the Contribution shall vest in WFP. Matters relating to the transfer of ownership by WFP shall be determined in accordance with the relevant policies and procedures of WFP.

Article VII. Auditing

The Contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules, policies and procedures of WFP.

Article VIII. Completion of the Agreement

1. WFP shall notify the Donor when all activities relating to the Project have been completed in accordance with the Project document.
2. Notwithstanding the completion of the Project, WFP shall continue to hold unutilized funds from the Contribution until all commitments and liabilities incurred in implementation of the Project have been satisfied and Project activities brought to an orderly conclusion.
3. If the unutilized funds prove insufficient to meet such commitments and liabilities, WFP shall notify the Donor and consult with the Donor on the manner in which such commitments and liabilities may be satisfied.

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4. In cases where the Project is completed in accordance with the Project document any funds below USD 5,000.00 (Five Thousand US Dollars only) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by WFP. Any funds above USD 5,000.00 (Five Thousand US Dollars only) that remain unexpended after all commitments and liabilities have been satisfied shall be reallocated by WFP after consultation with the Donor and AICS.

Article IX. Termination of the Agreement

1. This Agreement may be terminated by WFP or by the Donor after consultations between the Donor, WFP and the Project country Government, and provided that the funds from the Contribution already received are, together with other funds available to the Project, sufficient to meet all commitments and liabilities incurred in the implementation of the Project. This Agreement shall cease to be in force 30 (thirty) days after either of the Parties have given notice in writing to the other Party of its decision to terminate this Agreement.

2. Notwithstanding termination of all or part of this Agreement, WFP shall continue to hold unutilized funds until all commitments and liabilities incurred in the implementation of all or the part of the Project have been satisfied and Project activities brought to an orderly conclusion.

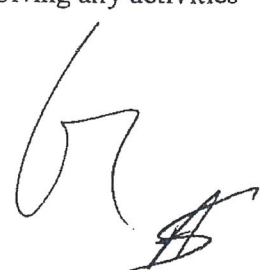
3. In cases where this agreement is terminated before Project completion any funds below USD 5,000.00 (Five Thousand US Dollars only) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by WFP. Any funds above USD 5,000.00 (Five Thousand US Dollars only) that remain unexpended after all commitments and liabilities have been satisfied shall be reallocated by WFP after consultation with the Donor and AICS.

Article X. Prevention of Corruption and Fraud

1. Both the Donor and WFP are firmly committed to preventing and detecting fraudulent and corrupt practices. Consistent with the applicable provisions of the UN Charter, the Standards of Conduct for the International Civil Service, the applicable provisions of the United Nations Staff Rules and Regulations, and WFP Financial Rules and Regulations and Procurement Manual, WFP will use reasonable efforts to ensure that the utilization of the Contribution conforms to the highest standard of ethical conduct and that every part of the organization, as well as all individuals acting on behalf of WFP, observe the highest standard of ethics and integrity.

2. WFP, in accordance with its regulations, rules and directives, will ensure that any allegations of fraud and corruption in connection with the implementation of the Project are addressed by its applicable internal policies and procedures. WFP will, in a timely manner and consistent with its regulations, rules, policies and procedures, provide details to the Donor and AICS of the outcome of substantiated allegations of fraud and corruption, along with details of action taken by WFP.

3. Following the conclusion of any investigation which identifies fraud or corruption involving any activities funded in whole or in part with a Contribution made under this Agreement, WFP will:

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- a. Use reasonable efforts to recover any part of the Contribution, when after investigation, WFP, through its internal auditing mechanisms has established the funds as being diverted through fraud or corruption;
- b. In connection with (a) above, in consultation with the WFP Office of Legal Affairs, give proper consideration to referring the matter to the appropriate authorities of the Member States where the fraud or corruption is believed to have occurred a; and
- c. As required by the Donor and AICS, and following consultations between the Parties, reimburse to AICS any part of the Contribution which WFP has recovered further to sub-section (a) above, or credit it to a mutually agreed activity.

4. Any information provided to the Donor and AICS in relation to any matters arising under the Article shall be treated by the Donor and AICS as strictly confidential. WFP shall comply with the WFP Data Protection Principles in the event that it collects, receives, uses, transfers or stores any personal data in the performance of this Agreement.

Any action further to the above paragraphs shall be consistent with WFP regulations, rules and directives.

Article XI. Settlement of Disputes

Any dispute, controversy or claim arising out of this Agreement shall be resolved amicably between the Parties.

Article XII: Notice

Any notice or correspondence between WFP , the Donor and AICS will be addressed as follows:

- (a) To the Donor: DGCS Ufficio IV MAECI Piazzale della Farnesina 1, Roma
To AICS : via Contarini 25, Rome

- (b) Upon receipt of funds, WFP shall send an electronic receipt to the Donor email address provided below as confirmation that the remitted funds have been received by WFP.

Donor email address: dgcs4@esteri.it

Attention: Min. Roberto Colaminè

- (c) To WFP: Marco Selva, WFP El Salvador Deputy Country Director

Address: WFP El Salvador, Bulevar del Hipódromo 738, San Salvador, El Salvador. E-mail marco.selva@wfp.org .



Article XIII. Amendment of the Agreement

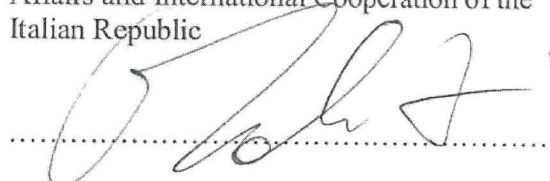
This Agreement may be amended through an exchange of letters between the Donor and WFP. The letters exchanged to this effect shall become an integral part of this Agreement.

Article XIV. Entry Into Force

This Agreement shall enter into force upon the signature of this Agreement by the parties hereto, on the date of the last signature, and shall terminate, except as provided for in article IX, upon the technical and administrative completion of the project.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English language in two copies.

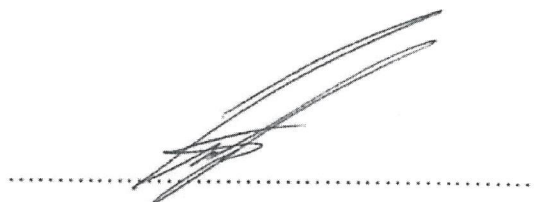
For the Directorate General for Development
Cooperation (DGCS) of the Ministry of Foreign
Affairs and International Cooperation of the
Italian Republic



Umberto Malnati
Ambassador of the Italian Republic to the
Republic of El Salvador

Date: **26 OCT. 2017**

For the World Food Programme



Andrew Stanhope
Country Director and Representative

Date: **26/10/2017**

Acknowledged by the Italian Agency for
Development Cooperation



Laura Frigenti
Director

Date:

