TECHNICAL AGREEMENT
BETWEEN
THE MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION OF THE ITALIAN REPUBLIC
AND
THE MINISTRY OF FINANCE AND ECONOMIC COOPERATION OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

For the implementation of the Programme: **"Inclusive and Sustainable Value Chain Development in Oromia"**

The Ministry of Foreign Affairs and International Cooperation of the Republic of Italy (hereinafter referred to as "MAECI") and the Ministry of Finance and Economic Cooperation (hereinafter referred to as "MoFEC") on behalf of the Federal Democratic Republic of Ethiopia, hereinafter referred to as the "Parties", have decided to enter into this Technical Agreement (hereinafter referred to as the "Agreement"):

WHEREAS in the framework of the Growth and Transformation Plan 2 (hereinafter referred to as "GTP 2") of the Government of Ethiopia, currently under implementation with the support of the Donor Community and the Government of Italy, the development of sustainable agriculture and the achievement of food security represent one of the main pillars of the national strategy to end poverty;

WHEREAS The strategic cooperation objectives of the Government of Italy 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 Government of Ethiopia, 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 Agency will continue to base its interventions in Ethiopia on a programmatic approach and in coordination with other actors of the Rural Economic Development and Food Security Sector Working Group (hereinafter referred to as "RED&FS SWG");

WHEREAS Under the Ethio-Italian Country Programme 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 and International Cooperation (hereinafter referred to as "MAECI") for the Italian side, it was agreed that Agriculture and Rural Development would have been a priority sector of intervention in order to improve livelihoods and promote human development and economic growth in the Country;

WHEREAS The Ethiopian and the Italian Governments have signed, on May 30th 2013, the Ethio-Italian Cooperation Framework 2013-2015. In this context, the Ministry of Finance and Economic Development and the Directorate General for Development Cooperation of the MAECI have agreed on the provision of grant resources for the implementation of a project on Value Chains Development;

WHEREAS The Ethiopian and the Italian Governments have signed, on December 8th 2014 the Development Cooperation Framework Agreement, which entered into force on April 23th 2015. As per Article 1, "the Agreement regulates the activities of development cooperation financed by Italy, the subsidiary agreements for their implementation and the status of entities, institutions and organisations involved". In this context, as per Article 2.1 and 2.2 "Ethiopia is represented by the Ministry of Finance and Economic Development"; "Italy is represented by the Ministry of Foreign Affairs - Directorate General for Development Cooperation through the Embassy of Italy";

WHEREAS On 19/11/2015 the Steering Committee of the Directorate General for Development Cooperation of the MAECI approved the financing of the initiative "Inclusive and Sustainable Value Chain Development in Oromia" (hereinafter referred to as "the Programme");

WHEREAS The Italian Agency for Development Cooperation (hereinafter referred to as "AICS") has been instituted by law 125/2014 as an autonomous agency, operational from 1 January 2016 and in charge of identification, formulation, implementation, financing and monitoring of development cooperation projects under the political guidance of the Italian Ministry of Foreign Affairs and International Cooperation (MAECI).

WHEREAS The Statute of the Italian Development Cooperation Agency has been approved by inter-ministerial decree n 113/2015 and makes provisions for the financial means of the Agency (Art 13).

Acronyms:

AICS: Italian Agency for Development Cooperation

BoA: Oromia Bureau of Agriculture

BoFED: Oromia Bureau of Finance and Economic Development

BoWCA: Oromia Bureau of Women and Children Affairs

CIHEAM – Bari: International Centre for High-level Mediterranean Agronomic Studies in Bari

DZARC: Debre Zeit Agricultural Research Centre

EIAR: Ethiopian Institute of Agricultural Research

IA: Implementing Agency

ICB: International Competitive Bidding

ICB: International Competitive Bidding

IDC/UTL: Italian Development Cooperation/Local Technical Unit

LIB: Limited International Bidding

MAECI/ DGCS: Directorate General for Development Cooperation of the Italian Ministry of Foreign Affairs and International Cooperation

MARC: Melkassa Agricultural Research Centre

MoFEC: Ministry of Finance and Economic Cooperation

MoFED: Ministry of Finance and Economic Development

NBE: National Bank of Ethiopia

NCB: National Competitive Bidding

OARI: Oromia Agricultural Research Institute

OFAG: Office of the Federal Auditor General

OIDA: Oromia Irrigation Development Authority

OSA: Special Account in Ethiopian Birr managed by the Oromia Bureau of Finance and Economic Cooperation

PD: Programme Document

PIC: Person in Charge

PoA: Plan of Action

SA: Special Account in Euros opened at the National Bank of Ethiopia and managed by the Ministry of Finance and Economic Cooperation

SAR: Semi Annual Report

SARC: Sinana Agricultural Research Institute

SC: Steering Committee

TC: Technical Committee

VAT: Value Added Tax

WHO: Woreda Health Office

WoARD: Woreda Office of Agriculture and Rural Development

WoFED: Woreda Office of Finance and Economic Development

The Parties hereby agree as follows:

ARTICLE 1

SCOPE AND CONTENTS OF THE AGREEMENT

1. The present Agreement is aimed at:
   - Establishing the mutual obligations of the Parties concerning the implementation of the Programme;
   - Defining crediting, disbursement, procurement, monitoring, evaluation, control and reporting procedures.

2. This Agreement consists of the present Text, the Programme Document (PD), which constitutes Annex A, and the eligibility criteria, ethical clauses and contract general principles document, which constitutes Annex B.

ARTICLE 2

PROGRAMME OBJECTIVES

The **Overall Objective** of the Programme is to contribute to rural development in the Oromia Region.

The **Specific Objective** of the Programme is to improve the quality and productivity of selected value chains (horticulture, durum wheat and processing tomato), the participation of women in the governance of those value chains and the diversification dietary habits in the woredas of intervention of the Oromia Region.

ARTICLE 3

FINANCIAL CONTRIBUTION OF THE PARTIES

In order to carry out the activities agreed jointly between the Parties in the PD, the financing resources assigned to the Programme will be as follows:

3.1 Contribution of AICS

The total financial contribution of AICS consists of a Grant amounting to **Euro 1.400.000,00** (one million and four hundred Euro/00).

3.2 Contribution of the Ethiopian Party

The Grant is meant to top-up the regular budget allocated by BoFED and other relevant Institutions for the implementation of agricultural sector activities at regional and local level. The Ethiopian party shall therefore ensure that all Institutions and Bodies involved in the implementation of the Programme, as described in article 4.1 below, provide regular allocations as per federal/regional budget and the human, financial and logistic resources necessary for the execution and implementation of planned Programme activities, as specified in Annex A. Furthermore, regarding the implementation of infrastructure construction works, selected Cooperatives and Unions are expected to contribute in labour or in kind. Moreover VAT and other taxes, duties, clearing and storage charges and any other levies to be paid in Ethiopia for the execution of Programme activities cannot be covered by the Grant, and shall be borne by the Ethiopian Party.

The Parties shall entirely bear the costs arising from this Technical Agreement, without any further cost for the respective Governments.

ARTICLE 4

INSTITUTIONS AND BODIES INVOLVED IN THE IMPLEMENTATION OF THE AGREEMENT

The main Institutions and Bodies involved in the implementation of the Agreement are:

4.1 For the Ethiopian Party:

- The **Ministry of Finance and Economic Cooperation of Ethiopia (MoFEC),** representing the Ethiopian counterpart of the AICS for the Agreement;
- The **National Bank of Ethiopia** (hereinafter referred to as "**NBE**"), acting as administrator of the account in Euro into which the AICS will disburse project funds;
- The **Regional Bureau of Finance and Economic Development of Oromia (BoFED)** as the main executing entity of the project, responsible for managing Italian funds transferred to Ethiopia and any contributions from the local Government;
- The **Regional Bureau of Agriculture of Oromia (BoA)** as the supervising entity of agricultural development activities at regional level, and as a co-managing entities of financial contributions from the local Government;
- The **Regional Bureau of Women and Children Affairs (BoWCA)**, and its offices at Zone and Woreda level, which will be involved on activities of gender component of the Programme;
- The **Oromia Irrigation Development Authority (OIDA)** for the promotion of efficient irrigation practices and the completion of sector studies;
- The **Oromia Agricultural Research Institute (OARI)**, acting as Implementing Partner for component 2 in Bale through the Sinana Agricultural Research Center (SARC);
- The **Ethiopian Institute for Agricultural Reserach (EIAR)**, in strict collaboration with OARI-SARC, acting as Implementing Partner for components 2 and 3 in Arsi, West Arsi and East Shewa through some of its local research centres: Debre Zeit Agriculture Research Center (DZARC) and Melkassa Agriculture Research Center (MARC);
- **Woredas Administrations**, acting as executing entities of action plans at local level through their Woreda offices of Agriculture and Rural Development (WoARDs), Woreda offices of Finance and Economic Development (WoFEDs) and Woreda Health Offices (WHOs);

4.2 **For the Italian Party:**

- The **Italian Agency for Development Cooperation (AICS)**, acting as Financing Agency for the Grant;
- The **Addis Ababa Office of the AICS** representing AICS in Ethiopia for the implementation of this Agreement. It is responsible for the supervision of the bilateral cooperation activities between Italy and Ethiopia, and for the provision of Technical Assistance to the Ethiopian Implementing Agencies listed above;
- The **International Centre for High-level Mediterranean Agronomic Studies in Bari (CIHEAM – Bari)**, responsible for the implementation of project activities under components 1, 4 and 5 through additional Grant resources availed by the AICS.

The Parties, having properly informed all the above-mentioned Institutions and Bodies, will provide them with a copy of the present Agreement. The Parties will ensure that such Institutions and Bodies will fulfil, for what concerns each of them, the obligations of the Agreement.

ARTICLE 5

GOVERNANCE OF THE PROGRAMME

5.1 A **Steering Committee** (hereinafter referred to as "SC") will be the guarantor of the governance of the Programme, and the relevant decision-making Body. It will be composed of one representative of MoFEC, one of BoFED, one of BoA, one of BoWCA, one of Addis Ababa Office of the AICS, one of CIHEAM-Bari, one of OARI, one of EIAR, one of each WoARD involved in the project area. Representative from the Ministry of Agriculture and Natural Resources, and the Ministry of Women, Children Affairs will be invited as observers. The SC shall meet every six months to evaluate the progress towards the achievement of objectives, the adherence/alignment with national sector policies and to endorse Plans of Action. The SC meets, under request of any of its members, at any time decisions are required. All decisions of the SC must be unanimously taken. All costs associated with the participation to the meetings, if any, will be borne by the respective institutions.

5.2 A **Technical Committee** (hereinafter referred to as "TC"), composed by representatives of OIDA, OARI, EIAR, Addis Ababa Office of the AICS, and CIHEAM-Bari, shall be established to support the preparation of Plans of Action and for assessing the advancement of activities, for providing technical guidance, and for formulating any needed adjustments. The TC shall meet as required (at least quarterly, in the occasion of Programme Review Meetings, as described in article 5.5 below).

5.3 The Programme is under the general responsibility of BoFED, which will supervise, coordinate, monitor, audit and report on all the activities. It will cover the expenses related to personnel involved in the Programme, including the Person in Charge, as detailed in article 5.4 below.

5.4 BoFED will designate a **Person in Charge** (hereinafter referred to as "PIC") for the general management of the Grant and relevant Ethiopian funds provided under the present Agreement. The PIC will be supported by the staff of the Budget and Economic Development Planning Branch of BoFED and by the Addis Ababa Office of the AICS.

5.5 **Programme Review Meetings** shall take place quarterly and shall be attended by the PIC and members of the TC. Programme Review Meetings shall serve as a platform to review the progress of Programme implementation and suggest corrective measures if and when needed within the framework of the Plans of Action, to be approved by the SC for subsequent implementation. Programme Review Meetings should also serve as Mid-Term and Final

Review Meetings of the Programme. It is recommended that Programme Mid-Term and Final Review Meetings shall also be attended by representatives of BoFED, BoA, CIHEAM-Bari and additional experts appointed by AICS.

5.6 **Plan of Action**. Once the Grant is disbursed, the PIC, together with the AICS, shall prepare the first Plan of Action (hereinafter referred to as "PoA") in line with the provisions of the PD, to be submitted to the SC, within 60 days from the date of disbursement, for written approval. The TC shall collaborate in preparing the PoA. Subsequent Plans of Actions shall be prepared and submitted to the SC within 60 days from the end of the previous PoA's implementation period.

5.7 The **Programme Implementation Schedule** is tentatively described in the PD. It shall be revised and endorsed within the period of implementation of relevant PoAs.

ARTICLE 6

CREDITING MODALITIES OF ITALIAN FUNDS

6.1 **Bank Accounts**. The financial resources provided by AICS under the present Agreement, will be transferred to the Special Account "Italian Agency for Development Cooperation ISVCDO Project" (hereinafter referred to as "SA"). The funds allocated will be transferred by MoFEC to a bank account in local currency (Ethiopian Birr) managed by BoFED (hereinafter referred to as "OSA"). Funds will then be transferred to all other Ethiopian Implementing Agencies (hereinafter referred to as "IAs") according to the financial needs expressed in each Plan of Action, and as described in article 9.1 below.

6.2 **Instalments**. Upon entering into force of the present Agreement, AICS will transfer **Euro 1.400.000,00** for Programme implementation into the Special Account described in article 6.1 above, in one single instalment.

6.3 **Crediting procedures**. Upon entering into force of this Agreement, the following pre-conditions will have to be fulfilled prior to the startup of the crediting procedure by AICS:

a) MoFEC shall have opened the Special Account at NBE and informed the Addis Ababa Office of the AICS regarding the details of the SA.
b) MoFEC shall submit a specific funding request to the AICS through the Addis Ababa Office of the AICS for the start up of the crediting procedures.

6.4 **Taxes**

The Grant, as detailed in article 3.2 of this Agreement, 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 Programmes activities, they will be covered by the Ethiopian Party (see article 3.2 of this Agreement).

ARTICLE 7

ACTIVITIES AND FINANCIAL REPORTS

7.1 Every six months, Semi Annual Reports (hereinafter referred to as "SARs") shall be drafted by BoFED, in collaboration with all IAs as detailed in article 4.1, and consolidated during the next

Project Review Meeting. Once consolidated, SARs shall be transmitted by the PIC to the SC members no later than 45 days after the end of each semester. The Addis Ababa Office of the AICS can add comments to the SARs.

7.2 SARs shall include two separate sections, respectively reporting on the activities implemented during the previous semester, and on the relevant financial, administrative and procurement information. SARs shall include disbursement plans for all Italian funds referred to in the Agreement, as described in the respective Plans of Action. The first SAR shall cover the first six months of activity starting from the crediting date of the Grant. The last SAR shall also serve as Final Programme Report. Detailed guidelines for preparing SARs are described in the PD.

7.3 Day-to-day monitoring activities of the Programme shall be under the responsibility of BoFED in collaboration with relevant IAs as listed in article 4.1 above, and shall be performed based on the information gathered from the WoFEDs and with reference to the previous SARs.

7.4 The PIC is responsible for maintaining an updated accounting system that contains records to ensure the accuracy and reliability of Programme 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 of the Programme. Financial reports, statements of executed expenses and contracts shall be presented to the SC whenever required.

ARTICLE 8

EXTERNAL AUDITING AND MONITORING & EVALUATION ACTIVITIES

8.1 The Final Programme Report must be audited according to the International Standards of Auditing issued by the International Federation of Accountants;

8.2 The audit shall be carried out by the Office of the Federal Auditor General (OFAG) or a qualified auditor nominated by OFAG and acceptable to AICS;

8.3 The audit shall certify the correctness of expenditures occurred as well as of the procurement procedures performed in relation to the contracts whose amounts fall below the threshold for International Competitive Bidding and Limited International Bidding. Audit reports shall be made available no later than six (6) months after the last day of each fiscal year.

8.4 Parties will have the right to perform, at their own expenses, all the monitoring & evaluation, control and auditing activities that shall be deemed necessary. Joint (ongoing, final and ex-post) evaluation activities will be organized by AICS through its Addis Ababa Office and BoFED whenever deemed appropriate.

ARTICLE 9

USE OF ITALIAN FUNDS

9.1 **Funds flow**. The Grant will be managed according to the budget allocations agreed on in the PD or subsequently modified according to the procedures foreseen in this Agreement. The flow of the Grant will follow the mechanism detailed hereinafter:

9.1.1 AICS shall disburse the Grant into the SA, as described in article 6.1 above;

9.1.2 MoFEC shall transfer funds from the SA into the OSA opened and managed by BoFED;

9.1.3 The PIC shall authorise the release of funds from the OSA to selected woredas and the other involved IAs, to be used for operational costs, local procurement, tenders and the direct implementation of Programme activities, in accordance with the relevant budget provided in the Plans of Action approved by the SC.

9.1.4 Fund tranfers by BoFED from OSA into the bank accounts opened by each involved Institution for the implementation of Programme activities are regulated by the Plans of Action approved by the SC, as detailed in the PD.

9.2 **Budget lines reallocations** in respect to the Programme Budget in Euro, detailed in the PD, are allowed during the implementation of the Programme and within the limits and conditions established in the following articles. Request for reallocations shall be submitted by the PIC to the SC for approval. The Addis Ababa Office of the AICS, as member of the SC, is entitled to approve reallocations according to the following conditions:

9.2.1 Budget lines reallocations, up to a maximum of +/- 20% of the original amount of each budget line within the Budget in the PD, are allowed and do not require any amendments of this Agreement. The PIC is required to notify the SC of any such variation;

9.2.2 Budget line reallocations exceeding +/- 20% of the original amount of each budget line within the Budget in the PD are allowed prior written approval of the AICS and do not require this Agreement to be amended.

9.3 **Procurement** activities shall be performed at local level by BoFED, OARI, EIAR, selected woredas and other IPs according to the budget allocations and the following procurement procedures. They must also comply with the eligibility criteria for contractors, consultants, eligible and ineligible costs, ethical clauses, contract general principles reported in this Agreement and in Annex B.

9.3.1 The Addis Ababa Office of the AICS holds the right to review procurement decisions in order to endure that activities have been conducted in an efficient and transparent manner, and in conformity with established guidelines.

9.3.2 Procurement activities shall be performed in accordance to the following procurement thresholds, agreed on by the Addis Ababa Office of the AICS, BoFED and BoA during the implementation of the previous Italian initiative "Agricultural Value Chains Project in Oromia":

ITEMS	THRESHOLD (in Euro)	METHOD	**Addis Ababa Office of AICS Prior review**
Goods and Services	X > 500,000	International Competitive Bidding	YES
	200,000 < X ≤ 500,000	Limited International Bidding	YES
	100,000 < X ≤ 200,000	National Competitive Bidding	NO

	$30{,}000 < X \leq 100{,}000$	International Shopping	NO
	$X \leq 30{,}000$	National Shopping	NO
		Direct Contracting	NO

a) Draft bidding documents related to the procurement of goods and services for which **International Competitive Bidding (ICB)** and **Limited International Bidding (LIB)** procedures apply shall be submitted through the Addis Ababa Office of the AICS to AICS, which shall give "No Objection" to the publication of the tender notice. The PIC shall evaluate bids, prepare an evaluation report of both bids and bidding procedures, and provisionally award the contract. All documents concerning the bidding procedure, including contract drafts, shall be sent through the Addis Ababa Office of the AICS to AICS, which shall give "No Objection" to the final award and signature of the contract;

b) Regarding the procurement of goods and services falling within the thresholds of **National Competitive Bidding (NCB)**, procurement documents and documents regarding the selection of contractors and the awarding of contracts shall be subject to an "Ex-Post Review" by the Addis Ababa Office of the AICS whenever so required. A positive result of the Post Review will be a condition to consider the contract eligible for financing out of the funds provided.

9.3.3 The PIC shall review all procurement procedures, for both ICB and NCB.

9.4 **Interests and savings** generated in the Special Accounts shall be used for Programme purposes and with the same procedures outlined in this Agreement, prior approval of the SC.

9.5 **Residual funds not utilized** after the validity period of this Agreement, including possible extensions, shall be used for additional activities upon written approval of the Parties.

9.6 In the event of the unsatisfactory progress of programme activities as resulting from review missions performed by the Addis Ababa Office of the AICS, the Italian funds already disbursed and not spent shall be made available to the AICS.

9.7 **The amount of the Grant** is not increasable within the provisions of this Agreement. Hence, if the Programme costs defined by the relevant PoAs exceed those foreseen in the PD Budget, and unless this variation is absorbed by favourable variations of the exchange rate Euro/Birr, the difference shall be covered by the Ethiopian Party. Similarly, unfavourable variations of the exchange rate Euro/Birr shall be borne by the Ethiopian Party or with a reduction of activities to be agreed in the subsequent Plans of Action. Any variation of the PoAs shall be valid upon written approval of the Parties.

ARTICLE 10

OBLIGATIONS FOR THE ETHIOPIAN PARTY

10.1 The MoFEC shall ensure that the Italian funds are properly and timely used.

10.2 The MoFEC shall communicate to the Addis Ababa Office of the AICS, upon the entry into force of the present agreement, bank accounts details according to what described in article 6 of this Agreement.

10.3 The MoFEC shall make sure that all the Ethiopian bodies and institutions involved in the

Programme implementation will observe the provisions of this Agreement, in particular that financial and technical reports, necessary for funds disbursements, shall be timely submitted to AICS according to articles 6 and 7 of this Agreement.

10.4 In case there is a need for hard currency as per contract agreement for importation of goods for the projects, the Ethiopian Party shall facilitate the provision of hard currency for the contractors in line with the provisions of article 9 of this Agreement.

10.5 Office space shall be availed by OARI or EIAR within their premises in Addis Ababa (for approximately 5 people), and by zonal/woreda offices in West Shewa and East Shewa (for approximately 2 people per office), in order for the AICS and CIHEAM-Bari to perform coordination and technical assistance activities.

ARTICLE 11

OBLIGATIONS FOR THE ITALIAN PARTY

11.1 AICS shall disburse the total amount agreed according to the procedures described in article 6 of this Agreement.

11.2 AICS shall accomplish all the required activities for the supervision, monitoring and evaluation of the Programme. It shall dedicate particular attention to the efficiency for funds utilization and to the effectiveness of Programme implementation.

11.3 AICS shall report to MoFEC about the funds disbursed for the Programme within the usual quarterly reporting of the Italian Development Cooperation initiatives in Ethiopia.

11.4 In case of incompatibility between the aforementioned obligations and the obligations deriving from the European Union legislation, these latter shall prevail.

ARTICLE 12

SETTLEMENT OF DISPUTES

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.

ARTICLE 13

IMPEDIMENTS AND FORCE MAJEURE

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 recognized 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 duration of the impediment to the implementation of the Programme is shorter than six months, the use of the funds shall be suspended until MAECI authorizes resumption of activities.

b) In case the duration of the impediment to the implementation of the Programme is longer than six months, the Programme shall be suspended and the residual funds shall be maintained until the impediment finishes and MAECI authorizes resumption of the Programme activities.

ARTICLE 14

PREVENTION OF ABUSE AND ILLEGAL USE OF FUNDS

MoFEC, BoFED, BoA and the other Implementing Agencies involved in the Programme as detailed in article 4.1, shall ensure that the funds provided by AICS under this Agreement will be used strictly in accordance with the provisions of this Agreement. MoFEC 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 15

RESOLUTION OF THE AGREEMENT

15.1 MAECI reserves the right to resolve this Agreement in the following cases, due to severe fault by BoFED and MoFEC, 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 13 of this Agreement.

15.2 In case of the above mentioned severe fault, MAECI shall notify the event in writing to MoFEC, inviting it to take the measures necessary to solve the fault within maximum sixty days from the date of the notification. Passed this time limit, MAECI reserves itself the right to terminate immediately this Agreement. In this case the provisions contained in article 12 of this Agreement shall apply.

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

ARTICLE 16

AMENDMENTS TO THE AGREEMENT

16.1 This document constitutes 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.

16.2 The Parties may amend this Agreement, at any time by means of exchange of letters.

ARTICLE 17

ENTRY INTO FORCE, DURATION AND TERMINATION

17.1 This Agreement becomes effective upon signature of the parties and shall remain in force until 6 months after the completion of the programme.

17.2 The Agreement may be terminated by either Parties giving 3 (three) months written notice in advance, through the diplomatic channels, of its intention to terminate the Agreement. Funds not credited at the date of termination of the present Agreement shall be returned to the AICS.

17.3 If, for any reason, the execution of this Agreement cannot be completed in conformity with the provision of this Agreement, the Parties shall consult each other on the matter. The funds not yet credited and/or committed shall be utilized only upon a specific agreement between the Parties, otherwise they shall be returned to AICS.

In witness whereof the undersigned have signed this Agreement in English in two copies, both texts being equally authentic.

Done at ..Addis Ababa.. on this ....19.... Day of ....September....2016

AHMED SHIDE
State Minister

FOR THE MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION OF THE REPUBLIC OF ITALY

H.E. Giuseppe Mistretta
Ambassador of Italy to Ethiopia

FOR THE MINISTRY OF FINANCE AND ECONOMIC COOPERATION OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

H.E. Ato Ahmed Shide
State Minister
Ministry of Finance and Economic Cooperation

The Federal Democratic Republic of Ethiopia
Ministry of Finance and Economic Cooperation 5