



PALESTINIAN TERRITORY

WOMEN'S EMPOWERMENT AND LOCAL DEVELOPMENT

WELOD 3



PROGRAMMING 2014-2017

ACRONIMS

CSNGS	Cross-sector National Gender Strategy
EU	European Union
ILO	International Labour Organisation
LACS	Local Aid Coordination Secretariat
MAECI-DGCS	Ministero degli Affari esteri e della Cooperazione Internazionale, Direzione Generale per la Cooperazione allo Sviluppo (Ministry of Foreign Affairs and Development Cooperation- Directorate General for Development Cooperation)
MoA	Ministry of Agriculture
MoFP	Ministry of Finance and Planning
MoL	Ministry of Labour
MoNE	Ministry of National Economy
MoSD	Ministry of Social Development (Former MOSA, Ministry of Social Affairs)
MoU	Memorandum of Understanding
MoWA	Ministry of Women's Affairs
NSCGBV	National Strategy to Combat Gender Based Violence
PA	Palestinian Authority
PCBS	Palestinian Central Bureau of Statistics
PNDP	Palestinian National Development Plan
UNWOMEN	The United Nations Entity for Women

1. Fiche of the project

Country	Palestinian Territory
Title of the initiative	<i>WELOD 3 (Women's Empowerment and Local Development)</i>
Total amount funded by the Direction General	Euro 3.300.000,00, divided as follows: 1) € 1.700.000,00 – Budget Support to the PA 2) € 1.090.000,00 – Direct fund 3) € 510.000,00 – Expert fund
Millennium Objectives	O1-T1b O3-T3a
OCSE/DAC Sector	<u>Government and civil society:</u> Policies for development and economic planning; Strengthening of the civil society; Human rights; Organizations and institutions for women's equality. <u>Health:</u> Training /medical education. <u>Other infrastructures and social services:</u> social services and welfare; Policies for the employment and administrative management.
OCSE/DAC Subject	Gender equality
Codes	150: 15110; 15150; 15162; 15164 120: 12181 160: 16010; 16020
Gender Marker	G-2
Description of the initiative	In response to the requests of the local partners, the programme aims to increase the opportunities for the socio-economic development of Palestinian women and to protect their rights through two Budget Support components addressed to the Ministry of Women's Affairs (MoWA) and to the Ministry of Social Development (MoSD) together with activities directly implemented by the Italian Agency for Development Cooperation - Jerusalem office. In order to grant the local ownership and <i>institution building</i> , the program foresees the development of MoWA's specific competencies in order to promote gender mainstreaming in all Palestinian institutions and in the Local Aid Coordination Structure (LACS), the training on planning, analysis, monitoring and evaluation of National Plans and intervention sectors. The program foresees as well specific activities aimed to support the anti-violence services managed by MoSD and the creation, at MoWA, of the first <i>National Observatory on women in difficulty, gender based violence and stalking</i> . In synergy with the other two programmes of the Italian Cooperation <i>Start up Palestine</i> on economic development and <i>POSIT</i> on health, which are part of the three-year programming, the initiative will strengthen the process of Palestinian women's socio-economic empowerment through training and coaching for the creation of women's enterprises in every Governorate and awareness raising activities gender based violence cases in the health sector. At the same time a specific training on gender based violence and international instruments for the prevention of violence will be carried out in the

	Governorates. The initiative is also aimed to implement the activities related to the role of Italy as European Lead Donor in the field "Gender Equality and Women's Empowerment" (GEWE).
Sector	Gender Equality
Period	36 months
Implementing Partners	Palestinian Authority: Ministry of Women's Affairs (MoWA), Governorates, Ministry of Social Development (MoSD) Italian Agency for Development Cooperation
Funding Channel	Bilateral

2. THE PROJECT

On the basis of the result of the bilateral summit of 23 November 2012 in Rome and on the commitments undertaken by the Italian Cooperation in the framework of donors' aid, and in response to the requests of the local partners, the programme aims to increase the opportunities for the socio-economic development of Palestinian women and to protect their rights through two Budget Support components addressed to the Ministry of Women's Affairs (MoWA) and to the Ministry of Social Development (MoSD) together with activities directly implemented by the Italian Agency for Development Cooperation - Jerusalem office. In order to grant the local ownership and *institution building*, the program foresees the development of MoWA's specific competencies in order to promote gender mainstreaming in all Palestinian institutions, the training on planning, analysis, monitoring and evaluation of National Plans and intervention sectors. The program foresees as well specific activities aimed to support the anti-violence services managed by MoSD and the creation, at MoWA, of the first *National Observatory on women in difficulty, gender based violence and stalking*. In synergy with the other two programmes of the Italian Cooperation *Start up Palestine* on economic development and *POSIT* on health, which are part of the three-year programming, the initiative will strengthen the process of Palestinian women's socio-economic empowerment through training and coaching for the creation of women's enterprises in every Governorate and awareness raising activities on gender based violence cases in the health sector. Also, a synergy will be established with the Human Rights Program, through the promotion, inside Mehwar Centre of advice and guidance to separated/divorced parents on how to resolve their interpersonal conflicts and how to manage the relationship with their children and through opening an interfaculty course for the training of personnel specialized in anti-violence services, that will include also the Faculty of Law. At the same time a specific training on gender based violence and international instruments for the prevention of violence will be carried out in the Governorates. The initiative is also aimed to implement the activities related to the role of Italy as European Lead Donor in the field "Gender Equality and Women's Empowerment" (GEWE).

2.1. Financial outline of the project

The total cost of the fund is equal to Euro **3.300.000,00**

The initiative is divided in two main components:

- 1) Budget support (ex. Art. 15) for the second and the third years for a total amount of € 1.700.000 for:
 - Training activities, studies, researches, support to MoWA and MoSD for gender mainstreaming, women socio-economic empowerment and combating GBV.
- 2) Italian Cooperation Direct Implementation for a total amount of € 1.600.000, for:
 - € 1.090.000 to grant a quick and effective realization of the activities related to the start up of women's enterprises, combating GBV and the promotion of the international standards on human rights.

- € 510.000 for qualified experts to guarantee the realization of the different activities of the technical assistance and coordination of the whole program.

FINANCIAL PLAN SUMMARY							
TOTAL GENERAL GRANT							3.300.000
BUDGET SUPPORT							
RESOURCES (€uro)	1st year		2nd year		3rd year		TOTAL
	MoWA	MoSA	MoWA	MoSD	MoWA	MoSD	
			430.000	570.000	420.000	280.000	1.700.000
TOTAL BUDGET SUPPORT MoWA							850.000
TOTAL BUDGET SUPPORT MoSD							850.000
ITALIAN DEVELOPMENT COOPERATION DIRECT IMPLEMENTATION							
RESOURCES (€uro)	1st year		2nd year		3rd year		TOTAL
	Direct implemented fund	Experts fund	Direct implemented fund	Experts fund	Direct implemented fund	Experts fund	
	550.000	30.000	260.000	240.000	280.000	240.000	1.600.000
TOTAL DIRECT IMPLEMENTED FUND							1.090.000
TOTAL EXPERT FUND							510.000
TOTAL DIRECT IMPLEMENTATION ITALIAN DEVELOPMENT COOPERATION							1.600.000

2.2 Background

Since long time Italy is carrying out a strong action in favour of Palestinian women's social, cultural and economic empowerment. Thanks to this commitment, our country has been unanimously recognized as leader in the "Gender equality and women's empowerment" (GEWE) cross-cutting sector in the Palestinian Territory and officially took on the role of European Lead Donor for GEWE sector in February 2013.

The Italian Cooperation has been a pioneer in addressing the phenomenon of violence against women in the Palestinian Territory through the creation, since 2001, of *Mehwar Centre for the protection and empowerment of women and families*. The Centre became a center of excellence in the Palestinian Territory in dealing with gender based violence cases and constitutes an essential point of reference for the planning of national policies to combat violence, as well as a reference experience for the whole Middle East region.

After the creation of the Ministry of Women's Affairs in 2003, Italy was one of the first donors in supporting the gender mainstreaming policies of this Ministry through the TAMKEEN programme, thanks to which in 2005 the first 4 Tawasol centres have been created in the Governorates of Nablus, Jenin, Bethlehem and Hebron as training, information and communication spaces with a socio-economic, cultural and social goal.

The action of the Italian Cooperation has been relaunched with WELOD (Women's Empowerment and Local Development) programme from February 2009, as part of the Italian support to the Palestinian Reform and Development Plan (PRDP) 2008-2010 especially targeting "the promotion of women's participation and empowerment in the society." In a context where the aid to the PA has shifted from an emergency phase to the capacity building, the program WELOD provides MoWA and the 11 Governorates with specific technical assistance in order to develop policies and actions aimed at protecting women's rights, along with improving their social, economic and cultural opportunities through the Tawasol centers that since 2010 are present in all the eleven Governorates of the West Bank and managed by the Governorates their selves in partnership with MoWA. As stated by the Ex-Minister for Women's Affairs, Rabiha Diab, in several occasions, the Tawasol centers represent MoWA at the decentralized level, allowing to meet the strategic and practical needs of Palestinian women in a capillary way throughout the country. At the same time, the eleven governorates of the West Bank consider these centers, a unique and strategic experience to involve civil society organizations and institutions in shared and sustainable action plans for women's empowerment.

From 2013, the 2nd phase of WELOD programme has started with promoting Palestinian women's socio-economic empowerment of and combating gender based violence by creating women's qualified employment, labour market guidance, the promotion of primary and secondary prevention's policies and the reintegration into the society of women survivors of domestic violence.

3. PROJECT RATIONALE

3.1 Strategy Outline

Women's economic, political, social and cultural empowerment along with the elimination of gender based violence are part of a process that requires will, adequate resources and a long-term, concerted effort, carried out by multiple actors in different sectors.

The present proposal intends to give a strong input to women's economic empowerment through training, coaching and start-up of enterprises, in synergy with other programs of the Italian Cooperation (Private Sector development and SMEs), with the aim of promoting success and repeatable stories that can represent a model culturally new if compared to the traditional conception and representation of the role of women in the Palestinian Territory. The programme also intends to stimulate actions to combat violence expanding the services already in place and deepening the technical level of local and national institutions as per their request.

The initiative will also address the women in Gaza, through the creation of a new Tawasol center, giving an answer to the long-time request of the civil society in the Gaza Strip and through the dissemination of part of the activities to combat violence managed by MoWA, especially the "National Observatory on women in difficulty, gender based violence and stalking" and the training activities related to this.

On the other hand, the initiative will support MoWA to establish the Women Media National Observatory that will enable MoWA to foster partnerships with media institutions to address the shortage of media coverage to women causes and to help MoWA better formulate gender responsive media strategy at the national level in an attempt to encourage media institutions to better address women needs in media coverage and highlight on women issues in media channels specially VAW and other pertinent women needs at the societal level.

In order to grant the ownership, and development actions to be implemented by local institutions, the proposal foresees a significant transfer of funds to the PA on the base of Article 15 guidelines. This component is complemented by a direct management for technical assistance activities to be carried out directly with the Tawasol centres in the Governorates and for training to be carried out through involving directly the universities, as well as awareness-raising activities, social communication and visibility, monitoring, administrative and accounting control and evaluation.

The implementation through the above-mentioned mechanisms allows a greater degree of flexibility and adaptability to the context, ensuring at the same time the presence of the Office of the Italian Agency for Development Cooperation and the DGCS in phase of programming and monitoring

3.2 General Objective

Increase the socio-economic development opportunities of Palestinian women and contribute to the application of international instruments for the protection of women's rights.

3.3 Specific Objectives

S.O. 1. Strengthen the capacities of the Ministry of Women's Affairs (MoWA), the Governorates and the Ministry of Social Development (MoSD) in gender mainstreaming and combating VAW;

S.O. 2. Strengthen the process of women economic, political, social and cultural empowerment and, together, fight gender-based violence by promoting the reintegration into society of women who have experienced violence;

S.O. 3. Italian coordination of the cross-sectoral sector "Gender equality and Women's Empowerment" as EU Lead Donor.

3.4 Expected Results

- 1.1 Institutional policies (MoWA, and Governorates) for supporting the socio-economic women's empowerment are enhanced.
- 1.2 MoWA capacities in gender mainstreaming are developed.
- 1.3 MoSD capacity in protecting and rehabilitating women victims of violence is increased.
- 2.1 The professional competences of Palestinian women are increased.
- 2.2 The community is aware about the need to strengthen the women's economic empowerment, through the creation of income generating activities for women.
- 2.3 The professional competences for contrasting VAW are enhanced and institutionally recognized, and the reintegration process is facilitated.
- 3.1 The Group of European members states active in the Palestinian Territory on GEWE share the strategy for women economic empowerment and combating gender based violence.
- 3.2 Palestinian institutions are supported in gender mainstreaming policies according to the donors' field of action sectors.
- 3.3 The local and international civil society participates in the national strategic plans through informing response actions.

3.5 Direct and indirect beneficiaries

The Palestinian population is the direct and indirect beneficiary as it benefits from the awareness-raising activities and from the positive impact of all activities carried out in favour of women's socio-economic empowerment and against GBV.

Direct beneficiaries are:

- About 400 women who will take advantage from the services available at the 11 Tawasol centres and anti-violence centres, including activities for socio-economic empowerment and combating violence against women;
- About 20 children who will benefit from/of the advice and guidance services to separated/divorced parents in Mehwar Centre;
- About 200 Palestinian Women's organizations and other organizations from the civil society working with women;
- About 30 local institutions members of Tawasol centres
- The local counterparts:
 - MoWA staff, in particular the responsible persons of the departments working with Tawasol centers (Policies and Planning, Training, Complaints);
 - The 11 Governorates:
 - The 11 Tawasol centres Coordinators/Directors of the Woman and Childhood Departments;
 - The 11 Governors;
 - 11 representatives of the future Tawasol Centres Reintegration Committees;
 - 11 Directors and/or technical personnel of the Governorates' Legal Departments.
 - MoSD, through the technical support to the existing services for the protection and rehabilitation of women victims of violence, in particular:
 - 11 responsible persons of the Women and Childhood Departments of MoSD Local Directorates;
 - MoSD Local Directorates social operators.
 - The specialized personnel who will take advantage from the trainings both in the universities and in the public structures.

Indirect beneficiaries are:

The Palestinian politicians and decision makers; the personnel of the Palestinian NGOs and of the institutions who will attend the seminars realized within this initiative, all the Palestinian women who will indirectly benefit from the capacity building addressed to the governmental and non-governmental institutions, and in general the local community which will be progressively promoter of interventions, and agent of change, and an endogenous agent of control of the institutions' actions and which will benefit from the positive impact of the initiatives from a socio-economic perspective.

4. PROJECT IMPLEMENTATION

4.1 Activities to be implemented by MoWA with the Budget Support component

The activities that will be implemented by MoWA within the Budget Support component are part of the Strategic Objective 1: *Strengthen the capacities of the Ministry of Women's Affairs (MoWA), the Governorates and the Ministry of Social Development(MoSD) in gender mainstreaming and combating VAW* and will be focused on two main aspects of the Institution Building process as follows:

1) Support to the policies for women's socio-economic empowerment:

- 1.1. Strengthening of the labour market orientation points in the 11 Tawasol centres.
- 1.2. Participation of Tawasol centres to activities to combat GBV.
- 1.3. Seminars, studies, and researches on human rights in every Tawasol.
- 1.4. Campaigns on women's rights.
- 1.5. Strengthening of the antiviolenace services orientation points.

2) Training and gender planning

- 2.1 Support for the application of monitoring tools and gender markers to the national plans.
- 2.2 Gender Units' capacity building.
- 2.3 Creation of a national Observatory on women in difficulty, gender based violence and stalking.
- 2.4 Creation of women media national observatory to address shortage of media coverage to women issues at the local level.

4.1.1 Financial Plan of the Activities to be implemented by MoWA with the Budget Support

Cod.	DESCRIPTION	Total (Euro)	I year	II year
<i>Specific Objective 1</i> <i>Strengthen the capacities of the Ministry of Women's Affairs (MoWA), the Governorates and the Ministry of Social Affairs (MoSA) in gender mainstreaming and combating VAW</i>				
A.	Management and Human Resources	51.000	15.000	36.000
B.	Logistics, Transportation & Communication	5.000	2.000	3.000
A+B	Total	56.000	17.000	39.000
1.1	Support to the policies for women's socio-economic empowerment			
1.1.1	Strengthening the labor market orientation points in Tawasol centres	201.000	105.000	96.000
1.1.2	Participation of Tawasol centers in activities to combat GBV	22.000	0	22.000
1.1.3	Seminars, studies, and research on human rights in every Tawasol	21.000	3000	18.000
1.1.4	Campaigns on women's rights	42.000	12.000	30.000
1.1.5	Strengthening of the antiviolenace services orientation points	33.000	0	33.000
Total - Support to the policies for women's socio-economic empowerment		319.000	120,000	199.000
1.2	Training and gender planning			
1.2.1	Training on analysis, programming and financial planning, communication, gender monitoring and evaluation	100.000	32.000	68.000
1.2.2	Creation of a national Observatory on GBV	257.000	15.000	260.000
1.2.3	Creation of the women media national observatory	100.000	0	100.000
Total - Training and gender planning		475.000	47.000	428.000
TOTAL Budget Support MoWA		850.000		

4.2 Activities to be implemented by MoSA with the Budget Support component

The activities that will be implemented by MoSD within the Budget Support component are part of the Strategic Objective 1: *Strengthen the capacities of the Ministry of Women's Affairs (MoWA), the Governorates and the Ministry of Social Development (MoSD) in gender mainstreaming and combating VAW* and will be addressed to:

- 1) Support to MoSD for the protection and rehabilitation of women victims of violence.

In details this component will be focused on the following activities:

1) Support for the reintegration of the women's victims of violence and strengthening existing anti-VAW services:

- 1.3.1 Support to school education/vocational training, and labour market guidance as tools for the reintegration of women victims of violence
- 1.3.2 Staff capacity building and local technical assistance for the supervision of the antiviolenace centres' staff for dealing with cases management, self aid groups, support to difficult maternity, evaluation and management of the burn-out, coping strategies.
- 1.3.3 Strengthening of the outreach activities of Mehwar Centre
- 1.3.4 Set-up of antiviolenace counseling services in Jenin, Jericho and Hebron.

4.2.1 Financial Plan of the Activities implemented by MoSD within the Budget Support

Cod.	DESCRIPTION	Total (Euro)	I year	II year
Specific Objective 1				
<i>Strengthen the capacities of the Ministry of Women's Affairs (MoWA), the Governorates and the Ministry of Social Affairs (MoSA) in gender mainstreaming and combating VAW</i>				
1.3	Support for the reintegration of the women's victims of violence and strengthening existing anti-VAW services			
1.3.1	Support to school education/vocational training, and labour market guidance as tools for the reintegration of women victims of violence	202.829.	133.249	69.580
1.3.2	Staff capacity building and local technical assistance for the supervision of the antiviolence centers' staff for dealing with cases management, self aid groups, support to difficult maternity, evaluation and management of the burn-out, coping strategies	332.479	216.599	115.880
1.3.3	Strengthening of the outreach activities of Mehwar Centre	133.967	97.162	36.805
1.3.4	Set-up of antiviolence counselling services in Jenin, Jericho and Hebron.	180.725	122.990	57.735
Total - Support for the reintegration of the women's victims of violence and strengthening existing anti-VAW services		850.000	570.000	280.000
TOTAL Budget Support MoSA		850.000		

Annex 2 – Procurement Guidelines

ELIGIBILITY CRITERIA, ETHICAL CLAUSES, CONTRACT GENERAL PRINCIPLES

This Annex harmonizes the latest edition of the “*Rules and Procedures for service, supply and works contracts financed from the general budget of the European Commission in the context of cooperation with third countries*” with the fundamental principles of Italian law on procurement and development aid.

1. CONTRACTOR ELIGIBILITY

1.1 The rule on objectivity and impartiality

To avoid any conflict of interest, any natural or legal person, including entities within the same legal group, members of consortia, temporary associations, and sub-contractors, involved in the preparation of the Project shall be excluded from participating in tenders or from submitting offers aimed at the implementation of the Project.

1.2 The rule on economic, financial, professional, and technical capacity

The candidates/bidders must prove that their economic, financial, professional and technical capacity is suitable for the implementation of the contract. Unless otherwise established in the Agreement, the candidates/bidders must prove:

1.2.1 *Economic and financial standing*: the total turnover of the candidates/bidders in the last three years in the same field of the bid must be at least equivalent to the maximum budget of the contract; enterprises that have been established for less than three years may prove their economic and financial standing with any document which the contracting authority may deem appropriate.

1.2.2 *Professional and technical capacity*: candidates/bidders shall provide a full record of the activities performed during the last three years; enterprises that have been established for less than three years may prove their professional and technical capacity with any document which the contracting authority may deem appropriate.

1.2.3 Italian enterprises shall qualify for works contracts pursuant to decree of the President of the Republic n. 34/2000 (and further modifications/amendments thereof). Non-Italian enterprises shall qualify according to their respective national law.

1.3 Ground for exclusion for participation in contracts

Natural or legal persons are not entitled to participate in competitive tendering or be awarded contracts if:

1.3.1 They are in the conditions as referred to in the Italian Legislative Decree 8.8.1994, n. 490 (“Antimafia”). Italian tenderers/offerers must provide the evidence thereof by the “certificato antimafia”, issued by the competent Italian authorities. Non-Italian tenderers/offerers must provide equivalent certificates, if issuable under their respective national law.

1.3.2 They are bankrupt, or being wound up, or are having their affairs administered by the courts, or have entered into an arrangement with creditors, or have suspended their business activities, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations.

1.3.3 They are the subject of proceedings for a declaration of bankruptcy, for winding-up, for administration by the courts, for an arrangement with creditors or for any similar procedure provided for in national legislation or regulations.

1.3.4 They or their directors or partners have been convicted of an offence concerning professional conduct by a judgement which has the force of *res judicata*.

1.3.5 They are guilty of grave professional misconduct proven by any means which the contracting authority can justify.

1.3.6 They have not fulfilled obligations related to the payment of social security contributions in accordance with the legal provisions of the country where they are established.

1.3.7 They have not fulfilled obligations related to the payment of taxes in accordance with the legal provisions of the country where they are established.

1.3.8 They are guilty of serious misrepresentation in supplying the information required by the MAE-DGCS as a condition of participation in a tender procedure or contract.

1.3.9 They have been declared to be in serious breach of contract for failure to comply with obligations in connection with another contract with the MAE-DGCS or another contract financed with Italian funds.

2. CONTRACT GENERAL PRINCIPLES

2.1 Contract award and execution shall assure proper quality of performance, and respect the principles of economical convenience, efficiency, timeliness, and fairness. Contract award must also abide by the principles of free competition, equal treatment, non-discrimination, transparency, proportionality, and, whenever possible, publicity.

2.2 Upon prior agreement of the parties, economical convenience may be counterbalanced by social fairness, protection of public health, conservation of environment, and promotion of sustainable development.

2.3 Award procedures shall be cancelled if there are fewer than three eligible candidates/bidders. In presence of adequately motivated technical reasons, even less than three eligible offers may be accepted, shall the fundamental principles mentioned in the introduction be respected.

2.4 Contracts may not be modified, unless the modification is approved by the MAE-DGCS pursuant to following clauses. Contractors are not entitled to any payment or reimbursement whatsoever for activities carried out without prior authorization. If MAE-DGCS or the contracting authority so requires, contractors may be forced to restore, at their own expenses, the original state before the unauthorized modification.

2.5 Bidding documents shall specify the financial resources made available by the Italian Government for the contract to be awarded. This amount will not be considered as a

maximum amount of the auction. In case of the amount of the contract awarded by Contracting authority being higher, any additional cost will be covered by the local Government either directly or through other donors

2.6 Modifications of supply and service contracts shall be effective upon MAE-DGCS prior authorization, which may only be granted in the following cases:

2.6.1) modifications of applicable laws and regulations;

2.6.2) unforeseen and unforeseeable circumstances, including the implementation of new materials, components or technology not existing when the award procedure was commenced, provided that the modifications ameliorate the quality of the performance, without increasing the contract total amount;

2.6.3) events related to the nature or the quality of the goods or places where the contract activities take place, which occur during the contract execution and were unforeseeable when the contract was made;

2.6.4) unless otherwise provided, the above-mentioned modifications may not increase or reduce the total contract amount beyond 20%;

2.6.5) modifications, which, in the interest of the contracting authority, increase or reduce the total contract amount, necessary to improve the quality and performance of the project are allowed up to 5%, provided that the funding is available and no substantial modification is made; the modifications shall be only due to objective reasons, unforeseeable when the contract was made;

2.6.6) contractors may not refuse the above-mentioned modifications; such modifications shall be executed at the same contractual conditions;

2.6.7) contractors shall execute any non-substantial modification that the contracting authority may see fit, provided that the nature of the activity is not fundamentally altered and no additional costs are imposed.

2.7 Modifications of works contracts shall be effective upon MAE-DGCS prior authorization, which may only be granted in the following cases:

2.7.1) modifications of applicable laws and regulations;

2.7.2) unforeseen and unforeseeable circumstances, including the implementation of new materials, components or technology not existing when the project was made, provided that the modifications ameliorate the quality of the performance, without altering the initial project and without increasing the contract total amount;

2.7.3) events related to the specific nature of the contract activities which occur during the contract execution;

2.7.4) geological problems not predictable in the executive project;

2.7.5) errors or omissions of the project which prevent the contract implementation; in this case, the engineering consultants are responsible for the damages; the contractor may not refuse to perform such modifications if their value do not exceed 20% of the total contract amount;

2.7.6) modifications, which increase or reduce the total contract amount, necessary to improve the quality and performance of the project are allowed up to 5%, provided that the funding is available.

2.8 Contracts may not be assigned to a third party. In case of assignment, the contract shall be automatically terminated.

2.9 Subcontract is allowed up to an amount of 30% of the total contract amount. The bidding documents must specify if subcontract is allowed and the conditions thereof.

Upon submitting their bids, bidders must declare which supplies/services/works they intend to subcontract. Contractors must deposit subcontracts with the contracting authority at least 20 days before commencing the execution of the subcontracts. Subcontractors must be eligible for the supplies/services/works they are assigned.

2.10 Contract prices shall be firm, fixed, and non-revisable.

2.11 Contract prices shall be denominated and paid exclusively in euros. Exchange rate risk or variations may not be subject to compensation whatsoever.

2.12 The contract shall be automatically terminated if the contractors are the subject of proceedings for a declaration of bankruptcy, for winding-up, for administration by the courts, for an arrangement with creditors or for any similar procedure provided for in national legislation or regulations.

2.13 In case of malice or grave negligence, contractors' liability may not be limited.

2.14 Contract execution shall be governed by the law of the beneficiary state.

2.15 Disputes arising between the contractors and the contracting authority shall not be submitted to the jurisdiction of the Italian courts.

2.16 Bidding documents shall include the above-mentioned principles.

2.17 The Italian party reserves the right to apply the fundamental principles of Italian law, should any legal gap arise.

3. *ELIGIBLE AND INELIGIBLE COSTS*

3.1 The costs included in the contract(s) shall be eligible if they are actual, economic, and necessary for carrying out the Project pursuant to Project document.

3.2 In any case, the following items shall not be considered eligible:

- a) voluptuary or luxury goods (e.g. perfumes, cosmetics, art objects, spirits, sports goods, etc.);
- b) goods, services and civil works directly or indirectly connected to police or military activities;
- c) non-income / non-profit taxes (including VAT) and import duties;
- d) provisions for outstanding debts and future losses of the beneficiary or the final users;
- e) interests owed by the beneficiary or the final users to any third party.

4. *ETHICAL CLAUSES*

4.1 Any attempt by candidates or bidders to obtain confidential information, enter into unlawful agreements with competitors or influence the contracting authority during the process of examining, clarifying, evaluating, and comparing tenders will lead to the rejection of his candidacy or tender and may result in administrative penalties;

4.2 Without the contracting authority's prior written authorisation, contractors and their staff or any other company with which the contractor is associated or linked may not, even on an ancillary or subcontracting basis, supply other services, carry out works or supply equipment for the Project. This prohibition also applies to any other Projects that

could, owing to the nature of the contract, give rise to a conflict of interest on the part of the contractors.

4.3 When putting forward their candidacy or participating in a tender, candidates or bidders must declare that they are affected by no potential conflict of interest, and that they have no particular link with other bidders or parties involved in the Project. Should such a situation arise during the performance of the contract, the contractors must immediately inform the contracting authority.

4.4 Civil servants or other officials of the public administration of the beneficiary country, regardless of their administrative situation, must not be engaged as experts by the tenderers unless the prior approval of the MAE-DGCS has been obtained.

4.5 Contractors must at all times act impartially and as a faithful adviser in accordance with the code of conduct of their profession. They must refrain from making public statements about the Project or services without the contracting authority's prior approval. They may not commit the contracting authority in any way without its prior written consent.

4.6 For the duration of the contract, contractors and their staff must respect human rights and undertake not to offend the political, cultural and religious mores of the beneficiary state. In particular, tenderers who have been awarded contracts shall respect core labour standards as defined in the relevant International Labour Organisation conventions (such as the conventions on freedom of association and collective bargaining; elimination of forced and compulsory labour; elimination of discrimination in respect of employment and occupation; abolition of child labour).

4.7 The contractors may accept no payment connected with the contract other than that provided for therein. The contractors and their staff must not exercise any activity or receive any advantage inconsistent with their obligations to the contracting authority.

4.8 The contractor and their staff are obliged to maintain professional secrecy for the entire duration of the contract and after its completion. All reports and documents drawn up or received by the contractor are confidential.

4.9 The contract shall govern the contracting parties' use of all reports and documents drawn up, received or presented by them during the execution of the contract.

4.10 The contractors shall refrain from any relationship likely to compromise their independence or that of their staff. If contractors cease to be independent, the contracting authority may, regardless of injury, terminate the contract without further notice and without the supplier having any claim to compensation.

4.11 The MAE-DGCS reserves the right to suspend or cancel Project financing if corrupt practices of any kind are discovered at any stage of the award process and if the contracting authority fails to take all appropriate measures to remedy the situation. For the purposes of this provision, "corrupt practices" are the offer of a bribe, gift, gratuity or commission to any person as an inducement or reward for performing or refraining from any act relating to the award of a contract or implementation of a contract already concluded with the contracting authority.

4.12 More specifically, all tender dossiers and contracts for works, supplies and services must include a clause stipulating that tenders will be rejected or contracts terminated if it emerges that the award or execution of a contract has given rise to unusual commercial expenses. Such unusual commercial expenses are commissions not mentioned in the main

contract or not stemming from a properly concluded contract referring to the main contract, commissions not paid in return for any actual and legitimate service, commissions remitted to a tax haven, commissions paid to a recipient who is not clearly identified or commissions paid to a company which has every appearance of being a front company.

4.13 Contractors undertakes to supply the MAE-DGCS on request with supporting evidence regarding the conditions in which the contract is being executed. The MAE-DGCS may carry out whatever documentary or on-the-spot checks it deems necessary to find evidence in cases of suspected unusual commercial expenses.

4.14 Contractors found to have paid unusual commercial expenses on Projects funded by the MAE-DGCS are liable, depending on the seriousness of the facts observed, to have their contracts terminated or to be permanently excluded from receiving MAE-DGCS funds.

4.15 Failure to comply with one or more of the ethics clauses may result in the exclusion of the candidate, bidder or contractor from other MAE-DGCS contracts and in penalties. The individual or company in question must be informed of the fact in writing.

4.16 It is the obligation of the contracting authority to ensure that the procurement procedure is concluded in a transparent manner, based on objective criteria and disregarding any possible external influences.