



## **Memorandum of Understanding**

BETWEEN

THE DIRECTORATE GENERAL FOR DEVELOPMENT CO-OPERATION  
OF THE ITALIAN MINISTRY OF FOREIGN AFFAIRS

AND

THE PALESTINIAN MINISTRY OF FINANCE

ON THE PROJECT:

**WOMEN'S EMPOWERMENT AND LOCAL DEVELOPMENT  
WELOD 3**

### **Preamble**

The Directorate General for Development Co-operation of the Ministry of Foreign Affairs of the Italian Republic (hereinafter "DGCS") and the Ministry of Finance – Palestine<sup>1</sup> (hereinafter "MOF"), hereinafter referred to as the "Parties", have decided to enter into this Memorandum of Understanding, hereinafter referred to as the "Memorandum of Understanding", for the implementation of the initiative "WELOD 3".

WHEREAS a strong relationship is established between the Italian Government and Palestine, in particular through the implementation of significant bilateral cooperation;

WHEREAS in the Joint Steering Committee held in Rome on November 23<sup>rd</sup> 2012 a pledge has been issued by the Italian Government specifically for the implementation of cooperation projects in the Gender Equality and Women's Empowerment (GEWE) sector;

WHEREAS Palestine within its "National Development Plan 2013-2015 – Establishing the State, building our future" has highlighted the importance to support women's education and economic empowerment, along with ensuring gender mainstreaming,

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<sup>1</sup> This designation shall not be construed as recognition of a State of Palestine by the Italian Government and is without prejudice to the position of the Italian Government on this issue

women's political participation and combating violence against women;

WHEREAS the Palestinian Ministry of Women's Affairs (hereinafter "MoWA"), within its "Cross-Sectoral National Gender Strategy 2011-2013" has highlighted the importance to:

- Reduce all forms of violence against women in the occupied Palestinian territory (S.O. n. 3);
- Facilitate women's active political involvement and to activate their role in decision-making (S.O. n. 5);
- Increase protection of women's health (S.O. n. 7);
- Improve women's participation in the labor market and increase their participation in economic decision-making (S.O. n. 8);
- Mainstream gender concerns and issues in the work of Palestinian governmental ministries (S.O. n. 9);

WHEREAS the DGCS, the MoWA and Ministry of Social Affairs (hereinafter "MoSA") have agreed to allocate the above mentioned pledge for activities on MoWA and MoSA Institution Building with a particular focus on the support of women's socio-economic empowerment and combating violence against women (hereinafter VAW);

WHEREAS the DGCS strives to comply with the Paris Declaration Principles of Aid Effectiveness, including strengthening Palestine's ownership of the development process by providing technical cooperation that support GEWE sector capacity development requirements.

The Parties hereby agree to implement the Project according to the following:

#### **Article 1. Purpose of the Memorandum of Understanding**

- 1.1 This Memorandum of Understanding establishes the mutual obligations of the Parties concerning the financing and the implementation of the Project;
- 1.2 In this context, it defines modalities and procedures for management, crediting, disbursement, procurement, monitoring, evaluation and reporting related to the Project.

#### **Article 2. Parts of the Memorandum of Understanding**

- 2.1 This Memorandum of Understanding consists of 14 Articles and two annexes:
  - Annex 1 - Project Document;
  - Annex 2 - Procurement Guidelines.

- 2.2 The above-mentioned Annexes will be considered an essential and substantial part of the Memorandum of Understanding. In case of inconsistency, the articles herein shall prevail over the annexes.

### **Article 3. Project description**

- 3.1 The Project aims at strengthening the institution building of MoWA, MoSA and the 11 Governorates of the West Bank through the 11 Women's Empowerment Centres (Tawasol), by providing trainings, awareness raising activities, studies and researches, creation and improvement of services to increase women's socio-economic opportunities and protection from violence.

#### **3.2 General Objective**

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

#### **3.3 Specific Objectives**

As described in the Project Document, within the time span of the intervention, and within the fields agreed with MoWA and MoSA, the Project wants to achieve the following:

- Strengthening the capacities of the MoWA, the Governorates and the MoSA in gender mainstreaming and combating VAW;
- Strengthening women's economic, political, social and cultural empowerment along with fighting gender-based violence by promoting the reintegration into the society of women who have experienced violence;
- Italian coordination of the cross-sectoral sector "Gender equality and Women's Empowerment" as EU Lead Donor.

- 3.4 The overall grant for the implementation of the Project has been calculated in € 3.300.000. Part of this grant amounting to € 1.700.000 will be transferred to MoF as earmarked budget support (BS) for the benefit of MoWA (€1.170.000) and MoSA (€530.000). The remaining part of the grant, amounting to € 1.600.000 will be managed directly by the DGCS;
- 3.5 All the transactions on the Grant component shall be recorded in financial reports issued respectively by MoWA and MoSA (according to Art. 5 and Art. 9 of the present MoU);
- 3.6 All the financial reports shall be audited by an independent Chartered Accountant in accordance with internationally accepted audit standards (IFAC and INTOSAI). The cost of auditing services will be borne by DGCS, MoF will be the contracting authority. Terms of reference for the Auditor selection will be drafted by MoWA and MoSA with ITA technical assistance and then submitted to MoF and DGCS for approval.

## Article 4. Management structure and procedures

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

4.1.1 **For Palestine side:**

- (a) The Ministry of Finance (MoF), acting as the Palestinian counterpart for this Memorandum of Understanding, ensuring that all Palestinian bodies involved in the project will fulfill their obligations;
- (b) The Ministry of Women's Affairs (MoWA), acting as the Executing Agency for equipment supply, training, and awareness raising activities in women's socio-economic empowerment, and for the establishment of the National Observatory on women in difficulty, gender based violence and stalking;
- (c) The Ministry of Social Affairs (MoSA), acting as the Executing Agency for equipment supply, training, awareness raising activities on gender based violence and running services to protect women from domestic violence.

4.1.2 **For the Italian side:**

- (a) The Direction General for Development Cooperation (hereinafter DGCS), acting as:
  - the Italian Counterpart for this Memorandum of Understanding, ensuring that all Italian bodies involved will fulfill their obligations;
  - the financing body;
  - the provider of the Italian technical assistance (ITA), through the pool of locally based Italian experts part of the project control system.
- (b) The Consulate General of Italy (hereinafter CGI)/Development Cooperation Unit (hereinafter UTL) that will contribute to the supervision the overall project implementation.

4.2 The Parties, having properly informed all the above-mentioned Institutions will provide them with a copy of the present Memorandum of Understanding. The Parties will ensure that such Institutions will fulfill, for what concerns each of them, the obligations of the Memorandum of Understanding.

4.3 The Project will be implemented on the basis of an annual Operational/Financial Plan, prepared by MoWA, MoSA and ITA in accordance to the activities planned and described in the Project Document (Annex 1).

4.4 Two bodies will be created for Project management purpose:

a) **Operational Team (OT)** composed by:

- two Italian Experts appointed by DGCS;
- the MoWA Planning Unit Officer assigned to the Project;
- the MoSA Planning Unit Officer assigned to the Project.

This Team will provide technical assistance for the workout of the Operational Plans, involving all different responsible staff, and for the operational and administrative management of the Project, and will organize the regular meetings for Project monitoring and evaluation.

More specifically the OT will be responsible of:

- preparing the Operational Plans, submitting and presenting them to the Advisory Committee (see below) for discussion, revision and endorsement;
- producing technical and financial progress reports (mid-term and final) on activity implementation and resource utilization.

b) **Advisory Committee (AC)**, composed by:

- a representative of MoWA;
- a representative of MoSA;
- a representative of MoF;
- two representatives of the Italian side, one from the Consulate General of Italy in Jerusalem and the other from UTL.

This structure will provide the overall supervision of the project, provide guidelines, approve annual Operational/Financial Plans prepared by the MoWA, MoSA and ITA and measure the impact of the initiative against expected targets. Staff members of the OT might participate in the AC meetings, following specific request by AC group.

- 4.5 The AC may take benefit of inputs and proposals coming from different stakeholders, such as: Ministry of Labour/PFESP, Ministry of National Economy, Ministry of Health, Women Business Associations and Cooperatives' Associations, Governorates/Tawasol centres and other Bodies/Institutions and any other institution and/or body working on the project priorities.
- 4.6 AC meeting will be held on a six month basis and will approve annual operational plans provided by the MoWA and MoSA. Additional meetings may be called by the AC Chairpersons upon Memorandum of Understanding of the other members. Decisions will be taken by consensus based on voting procedures.
- 4.7 Procurement procedures of the Project related to the execution of the quarterly work plans:
- 4.7.1 The procedures adopted for procurement related to the execution of the project shall be carried out under the responsibility of MoWA and MoSA with the support and assistance of the DGCS's appointed experts;
- 4.7.2 Purchases of goods and services not exceeding Euro 40.000 (forty thousand Euros) under the present MoU will abide to the rules and procedures of the PA.

- 4.7.3 Procurement activities, for the amount exceeding Euro 40.000 (forty thousand Euros) shall abide to the rules and procedures in their most recent version adopted by the European Commission in the context of co-operation initiatives (Annex 2).

#### **Article 5. Disbursement procedures of the earmarked Budget Support funds**

- 5.1 The financial resources of Euro 1.700.000 will be transferred to MoF as earmarked budget support for the benefit of MoWA (€1.170.000) and MoSA (€530.000). The Italian side will provide formal communication to the MoF, after this Memorandum of Understanding becomes effective, as per its Article 14.
- 5.2 Funds will be transferred by DGCS to a dedicated Single Treasury Account (STA) to be opened by MoF **at the Arab Bank of Almassyoun Branch n. 9090-100084-593 and named "STA WELOD 3"**.
- 5.3 The MoF will in turn transfer the funds to two Special Accounts at **the Arab Bank of Al Irsal Branch n. 9340-230815-530 and of Al Irsal Branch n. 9340-230807-530, opened by/for MoWA and MoSA, and named respectively "Special Account WELOD 3 MoWA" and "Special Account WELOD 3 MoSA"**.
- 5.4 The Special Accounts will be managed respectively by MoWA and MoSA; according to the Annual Operational Plans, MoWA and MoSA will prepare a quarterly detailed work plan for the proposed monthly expenditures. Expenditures will be performed upon request from MoWA and MoSA of approval by ITA of Development Cooperation Unit of the quarterly work plan.
- 5.5 Expenditures will be performed through bank drafts with mandatory double signature of:

For the activities implemented by MoWA:

- H.E Ms. Hayfa Al Agha, Minister of MoWA, or Mr. Bassam Dar Abu Rabi, Deputy Minister;
- Mr. Nasha't Al Hamadneh, Director of Human and Financial Resources Affairs of MoWA.

For the activities implemented by MoSA:

- H.E Mr. Shawki Al-Issa, Minister of MoSA;
  - Mr. Mohammad Khalil Abo Hmaid, Deputy Minister of MoSA, or Ashraf Abed Al Fattah Al Barghothy, Financial Manager.
- 5.6 Upon signature of the present Memorandum of Understanding, fulfillment of conditions set in the project document, and completion

of DGCS internal procedures, the DGCS will transfer the funds into two installments:

- a first installment of Euro 1.000.000,00 to be transferred as follows:
  - € 750.000 to MoWA
  - € 250.000 to MoSA
- a second and last installment of Euro 700.000,00 to be transferred as follows:
  - € 420.000 to MoWA
  - € 280.000 to MoSA

#### **5.7 Release of the first installment**

This release will be performed after the signature of this Memorandum of Understanding, and following a specific request from the MoF, containing the bank account details, as per above paragraph 5.2.

#### **5.8 Release of the second installment**

This release will be performed:

- not before at least 80% of the first installment has been committed by each of the Executing Agencies (MoWA and MoSA) and 50% of the first installment has been disbursed;
- after the submission by MoWA and MoSA of the first Progress Report, as described at Art. 9, and the issuing of its approval by the DGCS, following analysis and endorsement by the AC.

5.9 The First Progress Report shall be complemented by a Report audited by an independent Chartered Accountant in accordance with internationally accepted audit standards (IFAC and INTOSAI).

5.10 MoWA and MoSA will have responsibility on accounting system, financial management, expenditure tracking and records filing of the respective grant component, and will provide to the MoF and DGCS full accessibility to all documents, for financial reconciliation purpose.

5.11 Interest accrued on DGCS funding shall be fully accounted for in the two Special Accounts and tracked in the financial records. These funds can only be used for the benefit of the Project, for implementing activities, after formal Memorandum of Understanding between the Parties.

5.12 At Project conclusion, Final Reports, as described at Art. 9, will be prepared by MoWA and MoSA and submitted to the MoF and DGCS, after analysis and endorsement by the AC.

5.13 Also the Final Report shall be complemented by a Report audited by the selected independent Chartered Accountant. The cost of such auditing will be borne by the DGCS, as part of the technical assistance provided;

- 5.14 After completion of the Project any unused funds shall be returned to the DGCS.
- 5.15 MoWA, MoSA and DGCS may, either jointly or separately, and at any time during the duration of this Memorandum of Understanding or any renewal or extension thereof, evaluate the implementation of the Project. The cost of such evaluation shall be borne by the Party initiating such evaluation.

#### **Article 6. Budget reallocations**

- 6.1 Increasing or decreasing a budget line allocation by less than 10% of its original figure, is allowed through a decision of the AC that shall timely communicate in writing the approved reallocation to the DGCS.
- 6.2 Reallocations equal to or exceeding 10% of a budget line original figure will require a written approval by the DGCS and an amendment to the present Memorandum of Understanding.
- 6.3 All Budget line reallocations shall be carefully reflected in the Project reporting documents.

#### **Article 7. Obligations of the DGCS**

- 7.1 To assure, through assigned staff, Project monitoring, control and evaluation.
- 7.2 To support, where needed, planning and training activities organizing technical assistance missions.
- 7.3 To provide a total grant fund of Euro 1.700.000 to MoF as earmarked budget support. The grant fund as earmarked budget support will be allocated as reported in the Project Document (Annex 1) for the benefit of MoWA (€1.170.000) and MoSA (€530.000).
- 7.4 The fund of €1.700.000 will be transferred to the two Special Accounts opened by MoWA and MoSA, into two instalments, as described at Art. 5.6.
- 7.5 The remaining part of the technical assistance fund, amounting to €1.600.000 will be directly managed by the DGCS.



## Article 8. Obligations of the MoF

- 8.1 To open the project dedicated STA bank account, as described in Art. 5.2.
- 8.2 To oversee the management of the financial resources provided to the project by the present Memorandum of Understanding, ensuring that funds will be used according to criteria of transparency, competitiveness and good governance.
- 8.3 To assure that the MoWA and MoSA will:
  - Open the respective Special Accounts as described in Art. 5.3;
  - Submit to the AC all Technical and Financial Reports forecasted by this Memorandum of Understanding, to be forwarded to the DGCS.
- 8.4 To facilitate a fruitful collaboration between Palestinian institutions involved in the Project and DGCS, including the possibility of DGCS personnel to access the Project areas and the Project technical documentation for monitoring and evaluation purposes.

## Article 9. Reporting

- 9.1 The First Annual Progress Report of the earmarked budget support component is composed by the following set of documents:
  - 9.1.1 Related to activities financed through the earmarked budget support mechanism and implemented in the first year:
    - (a) The **First Annual Technical Report** of the earmarked budget support component on the activities performed; this report should include:
      - the list of actions initially planned for the first year, as per endorsed in the First Annual Operational Plan, detailing activities, components and beneficiaries;
      - a detailed description of implemented activities and achieved results, in comparison to the First Annual Operational Plan and according to agreed indicators;
      - The list of technical issues/problems faced in the period by the Project and the related implemented solutions.
    - (b) The **First Annual Financial Report** of the earmarked budget support component on the expenditures performed and/or committed (i.e. contracts and/or service level Memorandum of Understandings, consistent to the content and the procedures of this Memorandum of Understanding). This report should include:
      - a copy of the approved budget of the first year, as per endorsed First Annual Financial Plan, split according to budget items, detailing planned expenditures per activity, component and beneficiaries;

- the list of performed expenditures, split according to budget items, detailing payments per activity, component, beneficiaries and the calculated balance on the first instalment;
  - an official financial statement of “**Special Account WELOD 3 MoWA**” and “**Special Account WELOD 3 MoSA**”, provided by **Arab Bank of Al Irsal Branch**;
  - the list of financial issues/problems faced by the Project, together with the related implemented solutions
- (c) The **First Annual Procurement Report** of the earmarked budget support component, related to the purchase of goods and/or services. Such a report should illustrate the number of procurement processes implemented, as well as the bidding procedures followed, their outcome and a list of issues/problems faced, with the related implemented solutions.

9.1.2 Related to **planned** activities financed through the earmarked budget support mechanism and **implemented** in the second year:

- (a) The **Second Annual Operational Plan** containing the list of actions planned for the second year, and endorsed by the AC, detailing activities, components, beneficiaries;
- (b) The **Second Annual Financial Plan** presenting the budget of the second year, as endorsed by the AC, split according to budget items, detailing planned expenditures per activity, component and beneficiaries. This budget will be composed by:
  - the balance of the previous (first) instalment, plus;
  - the second instalment.

9.2 The **Final Report** will be composed by the following:

- (a) The **Final Technical Report** on activities performed; this report will include:
  - the overall comparison between Project expected results and the achieved ones;
  - the list of actions initially planned in the endorsed Second Annual Operational Plan, detailing activities, components and beneficiaries;
  - a detailed description of implemented activities and achieved results, in comparison to the Second Annual Operational Plan and according to agreed indicators;
  - The list of all technical issues faced by the Project in the period and related implemented solutions.
- (b) The **Final Financial Report** on expenditures performed. The Final Financial Report should include:
  - a copy of the approved budget of the second year, as per endorsed second Financial Plan, split according to budget

- items, detailing planned expenditures per activity, component and beneficiaries;
- the list of performed expenditures, split according to budget items, detailing payments per activity, component and beneficiaries and the calculated total balance;
- an official financial statement of “**Special Account WELOD 3 MoWA**” and “**Special Account WELOD 3 MoSA**”, provided by **Arab Bank of Al Irsal Branch**;
- the list of financial issues/problems faced by the Project, together with the related implemented solutions;
- The Second Final Procurement Report, related to the purchase of goods and/or services in the second year. Such a report should illustrate the number of procurement processes implemented in the period, as well as the used bidding procedures, their outcome and a list of issues/problems faced, with related implemented solutions.

#### **Article 10. Impediments and Force Majeure**

- 10.1 In case of impediments to the implementation of the project due to causes of *force majeure* recognized by both Parties according to practice (such as war, flood, fire, typhoon, earthquake, labour conflicts and strikes, acts of any government, or other causes) or in case of peril or unsafe conditions for the expatriate personnel, the following provisions shall apply:
- 10.1.1 Within the first 6 (six) months of impediment the Project activities shall be suspended and the residual funds shall be frozen until the impediment finishes and the DGCS authorizes resumption of the Project’s activities;
- 10.1.2 In case the duration of the impediment is greater than 6 (six) months, the Parties shall agree on the destination of the residual funds, which can be made available after exchange of letters between the Parties, notifying each other the conclusion of the internal approval procedures.

#### **Article 11. Suspension of the disbursement by DGCS**

- 11.1 The DGCS reserves the right to terminate this MoU in the following events:
- 11.1.1 In case of serious non-fulfilment by the MOF and/or by the MoWA and/or MoSA; this includes the following events:
- Untimely Project beginning, i.e. within the first semester after reception of the first instalment
  - Extended unmotivated delays in the utilization of the DGCS granted funds, jeopardizing Project implementation

- Utilization of DGCS granted funds for implementing activities not pertinent to the Project, as described in this MoU and in its Annex
- Serious faults in the management of the DGCS granted funds, detected by the independent Chartered Accountant as per Art. 5, or by DGCS experts.

11.2 In cases of impediments as per Art. 10.

11.3 In any case, the Special Account shall remain operational until all expenditures incurred by MOF have been satisfied.

**Article 12. Settlement of disputes, amendments and Entry into force and duration**

12.1 Any dispute between the Parties arising out of the implementation of this MoU shall be settled amicably by consultations or negotiations between the Parties.

12.2 The Parties may modify this MoU, including its Annex, at any time. Any modification must be set in written form such as an exchange of letters.

12.3 This MoU shall enter into force after exchange of letters between the Parties, notifying each the conclusion of the internal approval procedure i.e. the reception of the second letter.

12.4 This MoU shall remain into force until the project's completion taking into account availability of funds.

In witness thereof the undersigned, duly authorized, have signed the present Memorandum of Understanding.

Done in RAHALLAH... on 17/07/2014 in two originals, each in English language, both texts being equally authentic.

For and on behalf of DGCS

FEDERICA MOGHERINI  
Minister of Foreign Affairs



For and on behalf of MoF

Dr. RIAD MALKI  
Minister of Foreign Affairs

