

AGREEMENT
BETWEEN
THE DIRECTORATE GENERAL FOR DEVELOPMENT COOPERATION
OF THE ITALIAN MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION
AND
THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

Whereas the Directorate General for Development Cooperation of the Ministry of Foreign Affairs and International Cooperation (hereinafter referred to as “the Donor”) hereby agrees to provide a contribution in support of the Food and Agriculture Organization of the United Nations (hereinafter referred to as “FAO”) to carry out project GCP/ETH/095/ITA entitled “Technical Assistance to Inclusive and Sustainable Value Chain Development in Oromia and SNNP regions” (hereinafter referred to as “the Project”);

Whereas the Italian Agency for Development Cooperation (hereafter referred as “AICS”), established by Italian Law no. 125 of 11 August 2014, was created for the implementation of development cooperation policies. AICS acts as the Donor’s implementing agency and, subject to the guidance and supervision of the Donor, carries out the technical and operational activities related to the preliminary phase, development, financing, operation, and monitoring of cooperation initiatives;

Whereas FAO is prepared to receive and administer the Contribution for the implementation of the Project, as defined in Article 1 of this Agreement;

Whereas the FAO Director-General may, under Financial Regulation 6.7, accept voluntary contributions and establish trust funds to cover them, provided that the purposes of such contributions are consistent with the policies, aims and activities of FAO;

Whereas FAO and the Government of Italy concluded an agreement on 19 April 1982 (hereinafter referred to as “the Framework Agreement”) to strengthen their cooperation for the purpose of implementing mutually agreed programmes and projects and achieving FAO’s objectives;

Whereas the Donor approved on 21 December 2017 a contribution of EUR 4 000 000 through Nota Verbale No. 596 of 27 February 2018, in support of the above-mentioned Project;

Whereas it has been agreed between FAO and the Donor that FAO shall be responsible under the terms of this Agreement for the management of the funds contributed by the Donor to meet the costs of the Project;

Now therefore, the Donor and FAO, hereinafter jointly referred to as “the Parties” and individually also as “the Party”, agree as follows:

Article 1. Scope of the Agreement

- 1.1 The Donor undertakes to contribute funds in the amount of EUR 4 000 000 (four million Euro) (hereinafter referred to as “the Contribution”) to FAO for the implementation of project GCP/ETH/095/ITA “Technical Assistance to Inclusive and Sustainable Value Chain Development in Oromia and SNNP regions”, in accordance to the Project Document attached hereto.
- 1.2 Unless otherwise provided in this Agreement, the provisions of the Framework Agreement, and any subsequent amendment thereto, will apply to this Agreement.

Article 2. Contribution and Financial Arrangements

- 2.1 Upon signature of the present Agreement, the AICS, will deposit the Contribution in one instalment in the following bank account:

Account Name:	Food Agr Org – TF EUR
Bank Name:	Citibank
	33 Canada Square
	London, United Kingdom, E14 5LB
SWIFT/BIC:	CITIGB2L
IBAN Number:	GB96CITI18500817853858
Currency Type:	EUR
Reason for payment:	GCP/ETH/095/ITA

The Contribution shall be paid in three yearly instalments as follows:

- first instalment of EUR 1 000 000 (one million Euro) upon signature of this Agreement and submission of the payment request by FAO;
- second instalment of EUR 1 500 000 (one million five hundred thousand Euro) upon submission of the payment request by FAO after 12 months from the signature of this Agreement; and
- third instalment of EUR 1 500 000 (one million five hundred thousand Euro) upon submission of the payment request by FAO after 24 months from the signature of this Agreement.



The disbursements of the second and of the third installments will be subjected to the approval by AICS of the annual narrative progress reports and of the interim annual financial reports (see Article 4).

- 2.2 AICS shall inform FAO, by electronic means, when the Contribution is paid with remittance information to the address TC-ADG@FAO.org providing the following information: donor's name, FAO country office, Project symbol and title, donor reference. This information shall also be included in the bank remittance advice when funds are remitted to FAO.
- 2.3 Upon receipt of funds, FAO shall acknowledge receipt to AICS by electronic means to the address agenzia.cooperazione@cert.esteri.it, as confirmation that the remitted funds have been received by FAO.
- 2.4 FAO shall not be required to commence or continue the provision of Services until the respective payments referred to above have been received by FAO and it shall not be required to assume any liability in excess of the funds received by FAO.
- 2.5 The contribution will be received and recorded based on the United States dollar value at the United Nations rate of exchange prevailing on the date of receipt of the Contribution. If a loss in the value of the Contribution is recorded, FAO shall inform the Donor with a view to determining whether any further financing could be provided by the Donor. Should such further financing not be available, the assistance to be provided to the Project may be reduced, suspended or terminated by FAO.
- 2.6 FAO shall maintain a separate account in United States dollars for the Contribution made available under this Agreement showing all income and expenditures. Expenditures incurred in a currency other than United States dollars shall be converted into United States dollars at the United Nations operational rate of exchange on the date of the transaction.
- 2.7 The Contribution shall be used exclusively for the purposes indicated in the Project Document.
- 2.8 If unforeseen increases in expenditures or commitments are expected or assessed (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), FAO shall submit to the Donor on a timely basis a supplementary estimate showing the further financing that will be necessary. The Donor shall consider making available to FAO the additional funds required, compatibly with its budget allocations, without any binding obligation, or decide to adapt the Project budget according to needs and priorities in consultation with FAO and major partners.

Article 3. Administrative and support services

- 3.1 In accordance with the decisions, policies and procedures of FAO Governing Bodies reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to a provision for indirect costs (Project Support Costs – PSC) incurred by FAO to provide administrative and operational services relating to the Project. This provision shall not exceed 13 percent of the total direct costs of the project budget.

Article 4. Reporting

4.1 FAO shall provide the Donor and AICS with the following reports in accordance with FAO accounting and reporting procedures.

- (i) A narrative progress report of the Project at the end of each year of implementation for the duration of this Agreement, within three months after the end of the year.
- (ii) An interim annual financial report at the end of each year of implementation for the duration of this Agreement, prepared in FAO standard format, within three months after the end of the year.
- (iii) A final narrative report, prepared in accordance with FAO reporting procedures, outlining: implementation of activities; progress achieved towards the results; and key challenges/constraints faced, within three months after the completion of the Project.
- (iv) Semi-annual financial reports will be prepared in FAO standard format by FAO headquarters and will be provided within three months from the end of the reporting period.
- (v) A Final Certified Financial Statement (FCFS) of income and expenditure, prepared in FAO standard format, to be provided nine months after the completion of the project.

In addition, an inception report, proposing a more detailed and updated project operational strategy and budget, will be presented within three months from funds transfer. On AICS' request, FAO will present more detailed information regarding specific project operational and strategic issues.

Article 5. Evaluation

5.1 All FAO programmes and projects are evaluated in accordance with FAO Evaluation Policy. FAO in consultation with AICS and other stakeholders will define the purpose, use, timing, financing mechanisms and terms of reference for evaluating the Project including an evaluation of its Contribution to an outcome, which is listed in the Evaluation Plan. The evaluation can be led and managed by FAO Office of Evaluation or carried out by external independent evaluators. The evaluation process will be based on the results of regular monitoring according to the project Logic Framework and its indicators.

5.2 FAO will involve AICS and major national partners during the evaluations process and share with the donor the evaluation report which is a public document. For monitoring and evaluation purposes, AICS has the right to send its representatives on field missions in the areas covered by the Project at the Donor's own costs. The Donor will provide FAO with thirty-day notice of any field missions in the areas covered by the Project.

Article 6. Equipment

- 6.1 All material, equipment and supplies purchased by FAO will be used exclusively for the execution of the Project and shall be purchased, utilized and disposed of in accordance with FAO's rules and administrative practices. The ultimate destination of equipment procured under this Project will be decided by FAO in consultation with the Donor and the Government of the country where the Project is implemented, or benefitting from it.

Article 7. Audit

- 7.1 The Contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules, policies and procedures of FAO. Should the annual Audit Report of the External Auditors to FAO governing bodies contain observations relevant to the Contribution, such information shall be made available to the Donor.

Article 8. Use of Logos

- 8.1 The Parties agree not use in any press release, memo, report or other published disclosure related to this Agreement any of the other Parties' name, emblem and logo without prior written agreement by the Party concerned.
- 8.2 FAO will collaborate with the Donor and proactively look for ways to build support for development and raise awareness of Donor's funding. FAO will explicitly acknowledge Donor's support, in written and verbal communications about activities related to the Project, to the public or third parties, including in announcements, and through use, where appropriate, of Donor's logo in accordance with Donor standards, unless otherwise agreed in advance by the Donor and in all cases subject to security and safety considerations of FAO.

Article 9. Confidentiality

- 9.1 Neither Party shall communicate to any other person or entity any confidential information which shall be made known to it by the other Party in the course of the implementation of this Agreement nor shall it use these information to private or company advantage. This provision shall survive the expiration or termination of this Agreement.
- 9.2 Each Party will keep the negotiations and the contents of this Agreement confidential, unless the other Party has given its prior written permission for disclosure.



Article 10. Intellectual Property Rights

- 10.1 Intellectual Property Rights in materials developed under this Agreement, such as information, software and designs, will be vested in FAO, including, without any limitations, the right to use, publish, translate, sell or distribute, privately or publicly, any item or part thereof.

Article 11. Force Majeure

- 11.1 If at any time during the course of this Agreement it becomes impossible for the Parties to perform any of their obligations for reasons of Force Majeure, that Party shall promptly notify the other in writing of the existence of such Force Majeure. The Party giving notice is thereby relieved from such obligations as long as Force Majeure persists.
- 11.2 For the purpose of this Agreement, the term "Force Majeure" shall mean any unforeseeable exceptional situation or event beyond the Parties' control which prevents either of them from fulfilling any of their obligations under this Agreement, was not attributable to error or negligence on their part (or of their personnel, agents, or other representatives, or authorized subcontractors), and proves insurmountable in spite of all due diligence.

Article 12. Termination of the Agreement

- 12.1 Either party may give the other notice of termination of this Agreement. Such termination shall enter into effect three months after notice has been received, subject to the settlement of any outstanding encumbrances. In that event, the Parties will agree on measures required for the orderly conclusion of ongoing activities.

Article 13. Prevention of Corruption and Fraud

- 13.1 Both the Donor and FAO are firmly committed to preventing and detecting fraudulent and corrupt practices. Consistent with the UN Charter, the Standards of Conduct for the International Civil Service, the United Nations Staff Rules and Regulations, and FAO Financial Rules and Regulations and procurement rules, FAO will use reasonable efforts to ensure that the utilization of the Contribution conforms to the highest standard of ethical conduct and that every part of the Organization, as well as all individuals acting on behalf of FAO, observe the highest standard of ethics and integrity.
- 13.2 In accordance with FAO's regulations, rules and directives, any allegations of fraud and corruption in connection with the implementation of the Project are required to be reported to the Office of Inspector General (OIG) in a timely manner. Credible allegations will be investigated by OIG in accordance with its regulations, rules, policies and procedures. FAO will, in a timely manner and consistent with its regulations,

rules, policies and procedures, provide details to the Donor of the outcome of substantiated allegations of fraud and corruption, along with details of action taken by FAO.

- 13.3 Following the conclusion of any investigation which identifies fraud or corruption involving any activities funded in whole or in part with a Contribution made under this Agreement, FAO will:
- a. Use reasonable efforts to recover any part of the Contribution, which OIG has established as being diverted through fraud or corruption; and
 - b. As required by the Donor, and following consultations between the Parties, reimburse to the Donor any part of the Contribution which FAO has recovered further to subsection (a) above, or credit it to a mutually agreed activity.
- 13.4 Any information provided to the Donor in relation to any matters arising under the Article shall be treated by the Donor as strictly confidential.
- 13.5 Any action further to the above paragraphs shall be consistent with FAO regulations, rules and directives.

Article 14. Applicable law, Privileges and immunities, and Settlement of disputes

- 14.1 This Agreement shall be subject to the general principles of law to the exclusion of any national system law. Such general principles of law shall include the UNIDROIT General Principles of International Commercial Contracts 2010.
- 14.2 Any dispute, controversy or claim arising out of this Agreement shall be resolved amicably through consultations, or through such other means as agreed between the Parties.
- 14.3 Nothing contained in this Agreement, or in any document related thereto, shall be construed as: (i) a waiver of any of the privileges and immunities enjoyed by FAO under national and international law; (ii) the acceptance by FAO of the applicability of any single national law to FAO, and (iii) the acceptance by FAO of the jurisdiction of the courts of any country over disputes arising from assistance activities under the Project.



Article 15. Notice

- 15.1 Any notice or correspondence required under this Agreement, between FAO and the Donor, shall be addressed as follows:

To AICS:

Ms Laura Frigenti
Director
Italian Agency for Development Cooperation
(AICS)

Via Salvatore Contarini, 25
00135, Roma, Italia

Tel. +39 06 3691 6257

segreteria.aics@esteri.it

To FAO:

Mr Daniel Gustafson,
Deputy Director-General (Programmes)
and Officer-in-Charge, TC
Food and Agriculture Organization of the
United Nations (FAO)

Viale delle Terme di Caracalla
00153 Rome – Italy

TC-ADG@FAO.org

Article 16. Amendment

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

Article 17. Entry into Force and Duration

- 17.1 This Agreement shall enter into force upon the signature of this Agreement by the Parties hereto, on the date of the last signature, and shall be in force until completion of the activities of the Project.

Article 18. Completion of the Arrangement

- 18.1 FAO shall notify the Donor when all activities related to the Project have been completed in accordance with the Project Document.
- 18.2 Notwithstanding the completion of the Project, FAO shall continue to hold unutilized funds from the Contribution until all commitments and liabilities incurred in implementation of the Project have been satisfied and Project activities brought to an orderly conclusion.
- 18.3 Upon submission of the Final Certified Financial Statement (FCFS) of income and expenditure, unutilized funds shall be returned to the Donor unless differently agreed with FAO.

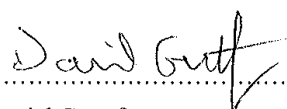


IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English language in two originals, one for each Party, with each text being equally authentic.

**For the Directorate General for
Development Cooperation
of the Ministry of Foreign Affairs
and International Cooperation**




**For the Food and Agriculture Organization
of the United Nations**


Daniel Gustafson
Deputy Director-General (Programmes)
and Officer-in-Charge,
Technical Cooperation Department

Date: 03/07/2018

Date: 9/3/2018

**Acknowledged by the Italian Agency for
Development Cooperation**




Date: 03/07/2018