

AGREEMENT AMONG

**THE MINISTRY OF AGRICULTURE FORESTRY AND RURAL DEVELOPMENT (MAFRD)
OF REPUBLIC OF KOSOVO**

AND

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

AND

**THE CENTRE INTERNATIONAL DE HAUTES ETUDES AGRONOMIQUES
MEDITERRANEENNES- ISTITUTO AGRONOMOICO MEDITERRANEO OF BARI
(CIHEAM/IAMB)**

**TO STRENGTHEN THE COLLABORATION IN THE FRAMEWORK OF AGRICULTURE
DEVELOPMENT FOR THE IMPLEMENTATION OF THE PROJECT**

***"STRENGTHENING THE KOSOVO MINISTRY OF AGRICULTURE FORESTRY AND
RURAL DEVELOPMENT FOR THE IMPROVEMENT OF THE VEGETABLE PRODUCTION
ACCORDING TO EU STANDARDS"***

WHEREAS

1. The Kosovo Ministry of Agriculture, Forestry and Rural Development intends to increase and improve the agricultural production, the food control and the capacity of extensions services in the whole national territory.
2. The Kosovo Ministry of Agriculture, Forestry and Rural Development is implementing the Agriculture and Rural Development Plan of the years 2009-2013 (ARDP) which requires a Technical Assistance in order to develop adequate conditions to establish a national service for biologic agriculture, complying with the EU regulations in order to support Kosovo on its road from "potential Candidate" to "Candidate Country" of the EU.
3. The Ministry has stressed the importance to support the Departments and Services created by the ARDP that still have to become fully effective; and to implement further actions to allow

farmers to fully respond to the demand of goods that is foreseen in the strategy.

4. On the 11th of July 2008, during the Donor's Conference, the Italian Government through the Italian Ministry of Foreign Affairs (MFA) – General Directorate for Cooperation and Development (DGCD) – pledged a support to the *Medium Term Expenditure Framework 2008-2011*

5. The Italian Government identified the agricultural sector as a strategic factor to give support in the framework of the ARDP 2009-2013;

6. The CIHEAM, an Intergovernmental Organization composed by 13 countries, which operates in Italy through IAMBari (Mediterranean Agronomic Institute of Bari), implementing training, research and cooperation activities in the area of soil and water management, integrated pest management, organic agriculture and rural development, has previously given assistance to the Ministries of Agriculture in several Balkan countries for the improvement of fruit and vegetable plant production following integrated approaches and organic methods

7. The long lasting collaboration existing between the CIHEAM/IAMBari and the MFA/DGCD for activities related to training and cooperation for development in the Mediterranean and Balkan area.

8. That CIHEAM/IAMBari assisted the Kosovo Ministry of Agriculture, Forestry and Rural Development for the formulation of the project "*Strengthening the Kosovo Ministry of Agriculture, Forestry and Rural Development for the Improvement of the vegetable production according to EU standards*" (hereinafter "the Project")

9. The Kosovo Government through the Ministry of Agriculture, Forestry and Rural Development (hereinafter referred to as "the Beneficiary") has expressed (see Note of August 13th, 2008) its agreement to the project document proposed by the CIHEAM/IAMBari.

10. The MAFRD presented the project proposal to the Italian authorities for obtaining their financial support.

11. The Italian General Directorate for Cooperation and Development agrees to grant funds to Government of Kosovo/MAFRD, through CIHEAM/IAMBari, for the implementation of the Project in Kosovo.

12. The MFA/DGCD positively evaluated the project document and identified in the CIHEAM/IAMBari the implementing agency for the Project (annexed to the present Agreement).

13. The MFA/DGCD assigned to the CIHEAM/IAM-Bari a sum of € 2,2 millions for the implementation of the Project and the CIHEAM/IAMBari accepted that contribution (see the letter of 24 October 2008) and will implement the Project under the terms of this Agreement and following its own financial regulations and rules

BASIC PROVISIONS

THEREFORE the MAFRD, the MFA/DGCD and the CIHEAM/IAMBarì hereby agree as follows:

Objective of the Agreement

ARTICLE I

1. The MFA/DGCD has granted to Government of Kosovo/MAFRD the sum of € 2,200,000.00, which results from the approved Project document, enclosed in the annex and integral part of this Agreement, and the CIHEAM-IAMBarì shall use these funds to cover the expenses for the all activities identified in the Project Document.
2. The MAFRD should provide necessary technical and administrative assistance (VISA, customs procedures, tax exemption on material imported from Italy, etc.), human resources (a national coordinator, representative/s in the steering committee, technicians) and the necessary logistic for project implementation.
3. CIHEAM-IAMBarì shall manage the fund as well as the abovementioned activities in accordance with its financial regulations, rules and administrative instructions/directives, with the technical support of internal and external staff.
4. All financial accounts and statements shall be expressed in euros and there shall be no accounting or reporting in other currencies. For the purpose of recording receipts and/or payments, all transactions shall be converted into euros at the official rate of exchange applicable on the date of receipt and/or payment.

Purpose of the Agreement

ARTICLE II

The fund shall be utilized by the CIHEAM/IAMBarì for the purpose of meeting the actual costs as specified in the Project document (Annex).

Implementation of the Agreement

ARTICLE III

1. The CIHEAM/IAMBarì shall start and conduct activities object of this Agreement, upon the receipt of funds in accordance with Article I. It is understood that no activity under this project

can be implemented *in loco* unless the necessary funds for that activity have been received in advance by the CIHEAM/IAMBarì.

2. The CIHEAM/IAMBarì undertakes not to make any commitment for additional services not foreseen in the project document without the written approval of the MFA/DGCD.

ARTICLE IV

The ownership of equipment, materials, supplies and all other property financed from this projects fund shall vest in the CIHEAM/IAMBarì. Unless otherwise stated in the Project document, following the operational completion of the Project, the ownership of equipment, materials and supplies, as well as other property necessary for the activities of the Project, shall be transferred to the MAFRD/Kosovo Republic, at the end of the activities.

ARTICLE V

The project shall be subjected to an internal and an external auditing procedures laid down in the financial regulations, rules and administrative instructions and directives of the CIHEAM/IAMBarì.

ARTICLE VI

1. In addition to any reports specified in Annex, the CIHEAM/IAMBarì shall provide the MFA/DGCD with the following statements and reports in the format normally used by the CIHEAM/IAMBarì for accounting and financial reporting:

- (a) A Technical Protocol for project implementation approved by the Steering Committee and signed by the CIHEAM/IAMBarì and the MAFRD, with in Annex an Operational Working Plans and related budget (Inception Report), to be submitted within three months to the MFA/DGCD for the final approval. The Technical Protocol will be finalize by the CIHEAM/IAMBarì expert appointed as project coordinator in loco.
- (b) A Technical Report and a detailed Financial Statement, drawn up pursuant to the procedures in Article V of this Agreement, showing income, expenditure for each item of the approved budget. The Technical Report will be provided every four months after the approval of the first operational plan.
- (c) A final Technical Report and a certified final Financial Statement, drawn up pursuant the procedures in Article V of this Agreement. The Report will be provided within six months from the end of the financial period in which the last disbursement of funds for the project will be made by the CIHEAM/IAMBarì, showing a breakdown of expenditure for each item of the approved budget.

2. The CIHEAM/IAMBarì shall give due notification of any meetings hold during and at the completion of the project. The MFA/DGCD as well as MAFRD shall be invited to participate in such meetings in accordance with the CIHEAM/IAMBarì's policies and procedures. The costs for the Italian participation shall be borne by the MFA/DGCD .

ARTICLE VII

1. The CIHEAM/IAMBarì shall notify the MFA/DGCD when the activities, for which the financial resources were allocated, have been completed. The date of such notification shall be deemed to be the date of operational completion of the Project.

2. Notwithstanding the completion of the project, the CIHEAM/IAMBarì shall continue to hold unutilised payments until all commitments and liabilities incurred in the implementation of the project have been satisfied and project activities brought to an orderly conclusion.

ARTICLE VIII

1. Upon achievement of the Project as specified in Article VII, the fund shall remain operational until all expenditures incurred by the CIHEAM/IAMBarì have been satisfied.

2. Upon submission of a final financial statement in accordance with Article VI (c), any balance, remaining unexpended after such commitments and liabilities have been satisfied , shall be disposed of by CIHEAM/IAMBarì in consultation with the MAFRD and MFA/DGCD.

ARTICLE IX

Any dispute over the interpretation of application of any provision herein contained shall be settled through consultations or negotiations.

ARTICLE X

The Agreement may be amended through a written exchange of Verbal Notes between MFA/DGCD, MAFRD and CIHEAM/IAMBarì. Such Notes shall become an integral part of the Agreement.

ARTICLE XI

The MAFRD and CIHEAM/AMBarì will ensure appropriate visibility of the Italian funding, by promoting partnership and adequate initiatives.

CIHEAM/IAMBarì will afford appropriate recognition to Italy for the Contribution, with acknowledgement in reports, as well as in other materials and communications, issued by CIHEAM/IAMBarì with regard to the Project.


ARTICLE XII

This Agreement shall enter into force upon signature.

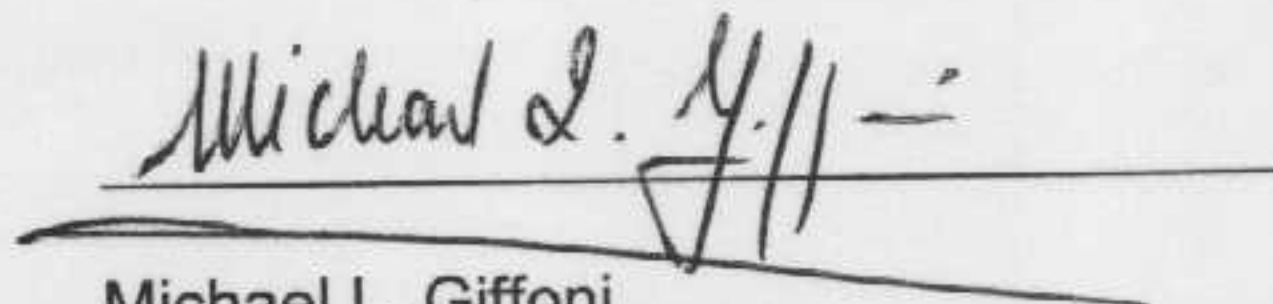
IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present original Agreement in three copies in English: Translation into Albanian and Serbian language will also be provided.

For the **MAFRD**

For the **MFA/DGCD**

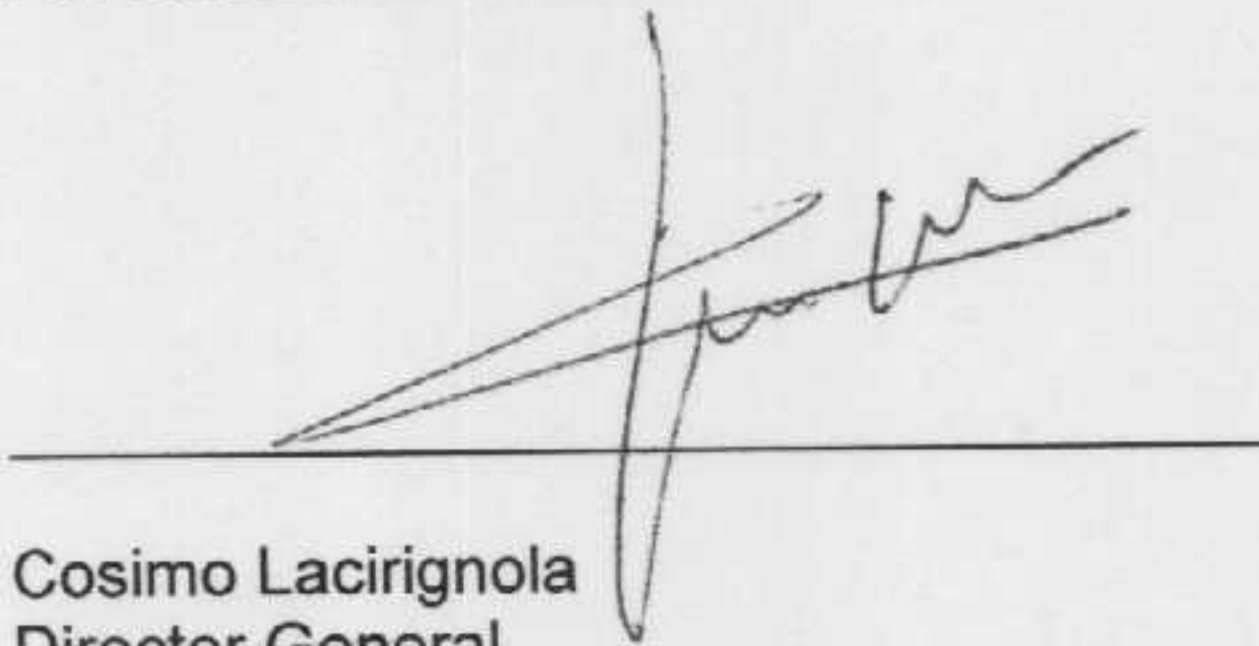


Fikrim Damka
Deputy Minister of MAFRD



Michael L. Giffoni
Ambassador of Italy

For **CIHEAM/IAMBari**



Cosimo Lacirignola
Director General

Date: Pristina, July 9, 2009