

AGREEMENT

Between

THE GOVERNMENT OF THE ITALIAN REPUBLIC

Represented by the Embassy of Italy

And

THE GOVERNMENT OF THE LEBANESE REPUBLIC

Represented by the Lebanese Ministry of Agriculture

Concerning

The national program for the improvement of olive oil's quality and actions against the diffusion of drupes Phytoplasma

The Italian Government and the Lebanese Government, hereinafter referred to as the "Parties",

CONSIDERING the Development Cooperation Agreement between the two Parties, signed on June the 24th, 2002;

WHEREAS the Italian Government has committed to support Lebanon in the framework of the recovery, reconstruction and reform process and through bilateral agreements signed in November 2006, November 2007, October 2008 whereby new funds were allocated;

WHEREAS the Ministry of Agriculture has called for the technical assistance of the Italian Embassy - Development Cooperation Office in the implementation of activities related to "The national program for the improvement of olive oil's quality and actions against the diffusion of drupes Phytoplasma" (letters Ref n. 3863/3 and n. 3828/3, signed by the Ministry of Agriculture and dated 2 July 2010 and 9 July 2010);

WHEREAS discussions have taken place between representatives of both Parties on possible ways to support agriculture sector in Lebanon, and priority issues were identified;

MINDFUL THAT the Government of the Italian Republic agrees to contribute funds to the Lebanese Ministry of Agriculture for the implementation of the project "The national program for the improvement of olive oil's quality and actions against the diffusion of drupes Phytoplasma" as described in annex 1;

WHEREAS the Ministry of Agriculture is prepared to receive and administer the funds for the implementation of the project as described in annex 1;

Have agreed as follows:

ARTICLE 1
DEFINITIONS

In this Agreement, unless the context otherwise requires, the following terms shall have the following meaning:

1. "Parties" means the Government of the Lebanese Republic and the Government of the Italian Republic



2. "GOI" means the Government of the Italian Republic
3. "MOA" means the Ministry of Agriculture
4. "Project" means the Project on "The national program for the improvement of olive oil's quality and actions against the diffusion of drupes Phytoplasma"
5. "Agreement" means the present Agreement between the Government of the Italian Republic and the Government of the Lebanese Republic.
6. "GOP" means the General Operation Plan.
7. "DGCS" means the General Directorate for Development Cooperation of the Ministry of Foreign Affairs -of the Italian Republic;

ARTICLE 2
OBJECTIVE

The Parties wish to collaborate to contribute to the improvement of food security of the country through the requalification of agriculture productions following the international standards and to promote national actions aiming to fight the spread of Phytopathologies that threat the productivity of the drupes (almond).

ARTICLE 3
PROJECT CONTEXT

The Project "The national program for the improvement of olive oil's quality and actions against the diffusion of drupes Phytoplasma", mentioned in the preamble and described in Annex 1 as per above, shall improve the ministerial management capacities of the MOA to improve the qualitative and quantitative production of olive oil in 4 productive regions in the country following the European commercial standards and the establishment of a national laboratory for the certification of the high quality olive oil. The Project also intends to equip MOA with instruments capable to monitor the phytopathologies that threat the national production of the drupes, developing the research on the vector insect of the *Candidatus Phytoplasma Phoenicium*.

ARTICLE 4
ROLE & CONTRIBUTION FROM THE MOA

The MOA undertakes to contribute to the project through:

1. Designating a Technical Committee (TTS) and a Steering Committee as (SC) per Annex 1
2. Designating a Project Manager (PCU) to manage the Project activities mentioned in Article 3 and as defined in Annex 1
3. Providing the necessary premises, facilities and logistics to host the Project.
4. Facilitating, where needed, meetings and other arrangements touching upon the GOI's activities and coordination role in the relevant fields.

5. Keeping all documentations/records pertaining to the support mentioned here-above for a minimum of five years after the completion of the Project for auditing purposes carried out by the GOI.

ARTICLE 5
THE FUND

1. The Italian Government decided to grant, for the purposes described in Annex 1, an amount of 1.775.400,00 (One Million Seven Hundred Seventy-five and Four Hundred Euro) as budget support to the Lebanese Government, to sustain the activities of technical assistance to the MOA and for monitoring, evaluation and visibility exercise.

(a) Upon the date of receipt of the second notification of the completion of the internal procedures by each Party, the first installment of 177.540,00 Euro (one hundred seventy-seven thousand and five hundred forty) shall be transferred to the MOA. The fund shall be deposited in the dedicated bank account communicated by the MOA to the GOI.

(b) The second installment of 1.597.860,00 Euro (one million five hundred ninety-seven eight hundred sixty) shall be transferred upon approval of the GOP by the DGCS.

(c) The MOA shall communicate to the GOI the Bank details and address, once the Agreement is signed.

(d) The fund shall be exclusively used towards the implementation of the Project.

2. All financial accounts and statements shall be expressed in Lebanese Pounds. The exchange operations will be duly registered and would be part of the Financial Statements.

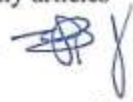
ARTICLE 6
UTILIZATION OF THE FUND

1. The fulfillment of the responsibilities required from the MOA pursuant to this Agreement and the annexed project document shall be dependent on receipt by the MOA of the fund as set out in Article 5, paragraph 1, above.

2. If unforeseen increases in expenditures or commitments occur during the project implementation (whether owing to inflationary factors or unforeseen contingencies), the MOA shall promptly submit to the GOI a supplementary estimate showing in detail the nature and amount of these additional requirements and consult with it in order to resolve the problem either by reducing the activity by a proportioned amount or through seeking additional resources to meet the aforementioned increases.

3. Any interest income arising from each fund shall be credited to the MOA account and shall be utilized upon written agreement by the GOI solely to cover additional activities of relevance to the project objectives and tasks.

4. No proceeds from the Fund shall be used for the payment of any duty and tax (import duty, levy, fee of any kind) levied under the law of Lebanon or any luxury items or any articles that could be utilized for military purposes.



5. MOA or other implementing entities of their choice will select contractors according to the contract procedures for EC external action (latest edition), adapted by Italian Law 49/87 as indicated in Annex 2.

In case of work contracts exceeding 1,000,000.00 Euro, services contracts exceeding 200,000.00 Euro and supplies contract exceeding 150,000.00 Euro, MOA or other implementing entities will select executing Italian companies according to the same procedures. An ex-ante cost evaluation of the foreseen intervention will be performed by MOA or other implementing entities and agreed upon by DGCS (including price analysis of the estimated unit prices). All the bids exceeding the starting price, based on the performed cost evaluation as clearly indicated in the tender documentation, will be discarded. In case none of the bids satisfies the selection/award criteria of the tender procedure, or there are fewer than three eligible candidates/bidders, or no bid achieves the minimum threshold during the technical evaluation, or the total price of all bids received exceeds the maximum amount available for the contract, MOA or other implementing entities will re-launch a new tender not restricted to Italian companies.

In order to manage the control on procurement activities, MAE/DGCS will follow the "decentralized ex-post" management procedures as indicated in the contract procedures for EC external action.

ARTICLE 7 **ADMINISTRATION AND REPORTING**

The MOA shall provide the GOI with the following reports:

- (a) a General Operational Plan (GOP) to be submitted no later than three weeks after the date of receipt of the second notification of the completion of the internal procedures by each Party;
- (b) a Six months activity plans to be submitted together with the GOP (the first) and no later than two weeks after the end of first semester (the second one);
- (c) a narrative report and financial statement of project implementation to be submitted every 4 months no later than fifteen days after the end of the reporting period (for a total of 3 reports);
- (d) ¹² a final financial and narrative report summarizing project activities and impact of activities as well as all financial data within three months after the date of completion of the activities or termination of the Agreement.

ARTICLE 8 **EQUIPMENT**

Ownership of equipment, material and supplies financed under the Project, following operational completion of the Project, shall be transferred to MOA:

The GOI reserves the right to recover the equipment or their equivalent value from the MOA or the local administrations that will benefit from the project, in case of misuse of the equipment acquired for the purpose agreed upon in the context of the Agreement.



ARTICLE 9
MONITORING AND EVALUATION

A joint monitoring/appraisal/evaluation of the activities financed under the aforesaid Project shall be undertaken by the GOI and the MOA. The local costs of the monitoring/appraisal/evaluation of the activities shall be borne by the Project.

The Donor reserves itself the right to conduct independent monitoring/evaluation. Monitoring and evaluation costs will be borne by the Donor.

ARTICLE 10
AUDITING

The Lebanese branch of a prime internationally renowned auditing company shall be selected following the procedure established in the Article 6 and shall conduct an audit of all procurement procedures and financial transactions related to the implementation of the Program when 100% of the budget is spent. Audit costs shall be borne by the project. The audit reports will be forward to DGCS as soon as they will be issued.

ARTICLE 11
VISIBILITY

The official logo and name of the GOI shall be used by the MOA along with its own one in view of providing proper visibility to the Program activity. The MOA shall acknowledge the fund of the GOI to the Program in any advertising or publicity connected with the Program. The MOA keeps the right to use solely its logo where needed with the written agreement of the GOL.

ARTICLE 12
ANTI-CORRUPTION

The Parties shall not offer to any third party neither seek, accept nor get promised directly or indirectly for themselves or for another party any gift or benefit which would or could be construed as an illegal or corrupt practice.

ARTICLE 13
ENTRY INTO FORCE AND DURATION

The Agreement shall enter into force on the date of receipt of the second notification of the completion of the internal procedures by each Party.
It will remain in force until fulfilment of all obligations of the Parties, including all project activities stated under this Agreement.



ARTICLE 14
COMPLETION OF THE AGREEMENT

1. The MOA shall notify the GOI when all activities relating to the Project have been completed.
2. Irrespective of the completion of the Project, the MOA shall continue to hold unutilized funds until all commitments and liabilities incurred in the implementation of the Project have been satisfied and project activities brought to an orderly conclusion.
3. The part of the fund which has not been used upon completion of the Project, as reported in the final financial report, shall be refunded to the GOI unless otherwise agreed by the Parties.
4. The MOA shall guarantee that the funds will be solely used in fulfillment of the objectives of the present Agreement, taking any possible action to assure the transparent and efficient use of the funds. The MOA shall further take any step to prevent any abuse and illicit use of the Italian Fund. In the event that the funds have been misused and at variance with the scope of the present Agreement, the MOA shall refund the amount incorrectly spent.

ARTICLE 15
TERMINATION OF THE AGREEMENT

1. The Agreement may be terminated in the following cases:
 - a. In the event of non compliance, non execution or breach by one of the two Parties of the obligations agreed upon by this Agreement, the other Party may terminate the Agreement, after written notice, with immediate effect.
 - b. In the event resulting from force majeure (natural disaster, etc.) which permanently prevents the execution of the Agreement, either Party may terminate the Agreement from the moment when it becomes impossible to carry it out.
2. In case of premature termination of the Agreement, the MOA shall submit to the GOI a final report and a final financial statement. The balance paid by the GOI and all material purchased with the GOI funds which have not been committed to the Project shall be returned to the GOI within three months following the premature termination.
3. The letters exchanged to this effect and which are relevant to any of the cases mentioned in the present article shall become an integral part of the Agreement.

ARTICLE 16
SUSPENSION OF THE ACTIVITIES

1. In the event of conflict, natural disaster or riots which temporarily impede the implementation of the Programme, the activities shall be suspended until the conditions to resume the Project are re-established.
2. Should any dispute arise in relation to this Agreement, the GOI retains the right to suspend unilaterally the execution of the Agreement until a solution has been found between the Parties pursuant to art. 17.
3. Should the cause of the suspension persist beyond a reasonable lapse of time, the GOI

shall terminate the Agreement through diplomatic channels by giving the MOA a thirty days notice.

4. The letters exchanged to this effect shall become an integral part of the Agreement.

ARTICLE 17
DISPUTE RESOLUTION

1. Any dispute, controversy or claim arising out of or in relation to this Agreement, or the breach, termination or invalidity thereof, shall be settled amicably by negotiation between the Parties.

ARTICLE 18
COMMUNICATION

All communication and information relating to the project activities as well as the report and other documentation shall be addressed to:

The Ministry of Agriculture
Embassies street, Bir Hassan
Beirut, Lebanon

The Italian Embassy:
Rue du Palais Presidentiel
29022633 - Baabda
P.O. Box 57 – Baabda
Beirut – Lebanon

ARTICLE 19
AMENDMENT OF THE AGREEMENT

The Parties may, at any time, amend and/or add to the present Agreement (including Annexes) after mutual consent that must be officially expressed by written forms (Note Verbale).

ARTICLE 20
ANNEXES

The present Agreement is composed of 20 (twenty) Articles and two Annexes. The Annexes are the following:


1. Annex 1: Technical Description.
2. Annex 2: Eligibility criteria, ethical clauses, contract general principles.

The Annexes constitute an integral part of the Agreement.



IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English language in two originals.

Done in Beirut, on 26/11/2010



GIUSEPPE MORABITO
Ambassador of the Italian Republic



HUSSEIN AL HAJJ HASSAN
Minister of Agriculture