AGREEMENT

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF ITALY

AND

THE GOVERNMENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

For the implementation of the Programme:

"Italian Contribution to the Health Sector Development Programme (HSDP) – 2010 - 2012"

The Government of the Republic of Italy (hereinafter referred to as "GOI") and the Government of the Federal Democratic Republic of Ethiopia (hereinafter referred to as "GOE") hereinafter referred to as the "Parties", have decided to enter into this Agreement (hereinafter referred to as the "Agreement"):

WHEREAS Italy, together with Ethiopia and other Partners, is engaged in the framework of the Global Campaign for the achievement of the Millennium Development Goals and has signed, in August 2007, the "International Health Partnership (IHP) Global Compact" and, in August 2008, the "Ethiopia IHP Country Compact". These processes are the follow up of the Paris Declaration principles i.e. National ownership, Alignment with national systems, Harmonization between agencies, Managing for results and Mutual accountability with the aim of increasing the aid effectiveness in the health sector;

WHEREAS the Minutes of the Annual Review Meeting (hereinafter referred as to "ARM") of the Ethio – Italian Country Programme, held in Addis Ababa on April 21st, 2009 confirmed that Ethiopia is globally considered one of the most performing countries in the process of donors' harmonization and aid-flows alignment.

WHEREAS in the ARM the Italian Development Cooperation is committed to support and actively participate in the harmonization process and, with specific regard to the Health Sector, is strongly motivated to sustain and contribute to the process;

WHEREAS under the Ethio-Italian Cooperation Framework 2009-2011 (hereinafter referred to as CF) signed in Addis Ababa on April 21st, 2009 by the Ministry of Finance and Economic Development (hereinafter referred to as MoFED) for the Ethiopian side and by the Italian Ministry of Foreign Affairs for the Italian side, it was agreed that the health sector will continue, considering the good level of effectiveness, innovation and sustainability, to enforce the process of harmonization among Development Partners and alignment with the Government Procedures;

WHEREAS under the CF, it is agreed that the amount of 17,148,400 Euro in grant will be allocated to the health sector and will be channelled to support mainly the following:

a) the Multi-donor Trust Fund, administered by the World Bank, denominated "Protection of Basic Services II Fase" (hereinafter referred to as PBS II), where Italy offers a contribution to the Sub-Programme B which is the Component dedicated to the Health sector;

b) the MDG fund, directly managed by the Federal Ministry of Health and, the Health Information System;

c) the Health Pooled Funds to: 1. UNICEF for the Health Population and Nutrition and to 2. UNFPA for Regional HIV/AIDS Prevention and Control Office;

WHEREAS for the year 2010 and 2011, it is agreed that the amount of 8,200,000 Euro in grant will be allocated to the following:

a) MDG fund, directly managed by the Federal Ministry of Health using GOE procedures;

b) Health Service Delivery at regional level as support to the Regional Health Bureaus of Oromia and Tigray;

c) Technical assistance

WHEREAS throughout appraisal activities jointly carried out in January and February 2010 by the experts of the Directorate General for Development Cooperation of the Italian Ministry of Foreign Affairs (hereinafter referred to as "MAE/DGCS") and by the Federal Ministry of

Health and the Tigray and Oromia Regional Authorities, the Programme Implementation Document (hereinafter referred to as “PID”) for the initiative named “Italian Contribution to the Health Sector Development Programme (HSDP) - 2010 - 2012” (hereinafter referred to as the “Programme”) has been prepared, endorsed by MoFED and sent to the Embassy of Italy in Addis Ababa with a request for financing on April 27, 2010;

WHEREAS the Board of the Italian Development Cooperation has approved the financing of the Programme on June 17, 2010.

The Parties hereby agree as follows:

ARTICLE 1

SCOPE AND CONTENTS OF THE AGREEMENT

1. The present Agreement is aimed at:

   - establishing the mutual obligations of the Parties concerning the implementation of the Programme;

   - defining crediting, disbursement, procurement, monitoring, evaluation and reporting procedures.

2. This Agreement consists of the present text, the PID hereto attached in Annex A, the MDG Fund “Joint Financing Arrangement” hereto attached in Annex B, the “Health Harmonization Manual” hereto attached in Annex C and the “Eligibility criteria, ethic clauses and contract general principles” document hereto attached in Annex D.

ARTICLE 2

PROGRAMME OBJECTIVES

The **General Objective** of the Programme is to improve the health status of Ethiopian population according to HSDP and in line with the health Millennium Development Goals.

The **Specific Objective** of the Programme is the increase of the coverage and the improvement of the quality of promotive, preventive, and curative health services and strengthening the capacity of generating and using strategic information (HMIS) in the Country by contributing to the sector budget support via the MDG Fund, ,contributing to the development of Human Resource for Health (HRD) and improving the delivery of quality health services.

The Programme contributes to the MDG 4, Target 4A, MDG 5, Targets 5A and 5B and MDG 6, Targets 6A, 6B and 6C, adopted by the Universal Access Plan of the Government of Ethiopia.

ARTICLE 3

FINANCIAL CONTRIBUTIONS BY THE PARTIES

In order to carry out the activities agreed between the Parties in the PID, the financing resources assigned to the Programme will be as follows:

By GOI:

The total financial contribution of the GOI for the Programme consists in a grant (hereinafter referred to as the "Grant") of Euro 8,200,000, divided according to the following components:

Component 1 – Euro 2,900,000, financed under the Channel 1b option of the HSDP[1], for the MDG Fund as Sector Budget Support at MOH;

Component 2 - Euro 3,500,000 financed under the Channel 2 option of the HSDP divided according to the following sub-components:

a) Euro 1,150,000 to Oromia Health Bureau for Health Service Delivery;

[1] Channel 1b, 2 and 3 are defined in the Annex C, Health Harmonization Manual

b) Euro – 2,350,000 to Tigray Health Bureau for Health Service Delivery.

Component 3 – Euro 1,800,000 financed under the Channel 3 option of the HSDP divided as follows:

a) Euro 1,200,000 for Technical Assistance;

b) Euro 600,000 for Operational Costs.

By GOE

For the Component 1 (Channel 1b), the GOE shall ensure appropriate management of funds according to the MDG Fund Joint Financing Arrangement, in Annex B;

For the Component 2 (Channel 2), the funds provided by GOI, are meant to complement the funds already provided by MOH, RHBs of Oromia and Tigray respectively. Thus, the GOE shall ensure that the MoH, Regional Health Bureaus of Oromia and Tigray provide regular human, financial and logistic resources necessary for the execution of the activities specified in the PID;

For the Component 3 (Channel 3), no contribution is foreseen by GOE.

Moreover VAT and other taxes, duties, clearing and storage charges and any other levies to be paid in Ethiopia for the execution of the programme activities shall be borne by GOE.

ARTICLE 4

INSTITUTIONS AND BODIES INVOLVED IN THE IMPLEMENTATION OF THE AGREEMENT

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

1. For the GOE side:

   The MoFED, representing the GOE as counterpart of the GOI for this Agreement;

   The MOH as the Executing Agency of the Programme at federal level for the Programme Components 1 and 2;

The Regional Health Bureaus (hereinafter referred to as RHBs) of Oromia and Tigray which act as delegated Executing Agencies for the Programme at regional level for the Components 2a and 2b respectively;

The National Bank of Ethiopia (hereinafter referred as NBE) acting as administrator of the following "Special Accounts":

- For the Component 1, an account denominated "Ministry of Health MDG Pool Fund" in USD into which the signatory Development Partners shall transfer agreed funds;

- For the Component 2, an account denominated "MOH Italian Contribution to HSDP" in Euro currency;

The Regional Commercial Banks (hereinafter referred as RCB), acting as administrators of the Regional Special Accounts in Ethiopian Birr opened by the concerned Regional Health Bureaus upon MOH's request.

2. For the GOI side:

The MAE/DGCS, representing the GOI for the Agreement and acting as Financing Agency of the Programme. Regarding the Component 3 of the Grant (Technical Assistance), it acts both as Financing Agency and Executing Agency.

The MAE/DGCS is represented in Ethiopia by the Italian Embassy – Italian Cooperation Office (hereinafter referred to as UTL) which is locally responsible for the bilateral cooperation activities between Italy and Ethiopia.

The Parties having properly informed all the above-mentioned Institutions and Bodies will provide them with a copy of the present Agreement. The Parties will ensure that such Institutions and Bodies will fulfil, for what concerns to each of them, the obligations of the Agreement.

ARTICLE 5

GOVERNANCE OF THE PROGRAMME

The Project shall operate within the regular framework of the HSDP. For what concerns governance of Component 1, this will follow exactly the mechanisms agreed by all Development Partners in the Annex B of this Agreement.

1. The **TAMU**. In order to facilitate an effective implementation of the Programme, a Technical Assistance, Research and Monitoring Unit (hereinafter referred to as TAMU) shall be established in support of the MOH's and RHBs' operations. Among other activities, the TAMU will support the MOH and the RHBs in research and studies' activities. The TAMU will be staffed with Italian experts designated by MAE/DGCS, in agreement with the MoH, local experts and support personnel, constituting the TAMU's Team. The TAMU shall be located outside the MoH facilities and the relevant equipment and running costs, office rent and personnel salaries, shall be financed through the relevant funds specifically provided for under the Component 3. In order to optimize costs and improve effectiveness, the TAMU will utilize office premises, equipment and vehicles belonging to the "Italian Contribution to HSDP" and the "Italian Contribution to PBS II – Sub-programme B" initiatives. Tasks, responsibilities and staff of TAMU are described in the Chapter 3.1 of the PID.

2. The **PIC**. The General Director of the Policy, Planning and Finance General Directorate of the MoH (hereinafter referred to as the "PPF/GD") will be designated by the MoH as the Person in Charge of the management of the funds of the Component 2 provided under the present agreement. The PIC will be the direct counterpart of the TAMU's Italian Expert (hereinafter referred to as the "IE") and will be supported by TAMU's Team. Concerning the day-by-day management of activities financed under Component 2, the PIC will act in regular consultation and agreement with the IE. In particular, the PIC endorses the Plans of Action (hereinafter referred to as the "PoA") , their changes and the Reports, if complying with the PID, for approval by the IE and subsequent transmission to MAE/DGCS, when necessary, after being reviewed by UTL;

3. The **MOH**. The MoH will act as Executing Agency for the Components 1 and 2 through its PPF/GD.

4. The **RHBs**. The RHBs of Oromia and Tigray will act as Sub-executing Agencies and will carry out the activities to be implemented at local level with the support of the TAMU.

5. The **Steering Committee**. The Steering Committee (hereinafter referred to as "SC") will be the guarantor of the governance of the Programme and the relevant decision making body. It will be constituted by 6 members representing MoFED, UTL, RHB of Oromia and Tigray, PPF/DG and TAMU. All the decisions of the SC must be unanimously taken. SC meets whenever necessary, under request of one of its members or at any time decisions are required.

6. The **Programme Review Meetings**. Programme Review Meetings (hereinafter referred to as "PRM") shall be called by the SC. The SC members shall attend the PRM which shall review the progress in the implementation of the Programme. A PRM will take place six months after the beginning of the Programme activities, at mid term and at the termination of the Programme and, in any case, at least once a year.

The Programme Implementation Schedule shall be detailed within the relevant PoAs.

The relevant Programme management structure is described in detail, including tasks and responsibilities, in the PID.

ARTICLE 6

CREDITING MODALITIES

The GOI under this Agreement commits itself to provide financial resources as indicated in the Article 3.

1. **Bank Accounts**. The financial resources provided by the GOI for the Component 1, under the present Agreement, will be transferred to the Special Account “Ministry of Health MDG Pool Fund”.

   The financial recourses provided by the GOI through the Component 2 under the present Agreement, will be transferred to the Special Account “MOH – Italian Contribution to the HSDP”. The funds under this component (sub-components 2a and 2b) will be transferred by MoH to the Regional Commercial Banks accounts, opened by Regional Health Bureaus as described in Article 4 of the present Agreement.

   The financial recourses for Component 3 of the Italian Grant will be directly executed and managed by MAE/DGCS according to its internal disbursement, procurement and reporting procedures.

2. **Instalments**. Upon entering into force of the present Agreement, MAE/DGCS will transfer the funds, in two instalments, according to the following scheme:

	COMPONENTS	1st instalment	2nd instalment	Total	Channel		Remarks
1	Contribution to MDG Fund	2,900,000	0	2,900,000	1b	2,900,000	Managed by MoH according to JFA
2a	Oromia HB for Service delivery	500,000	650,000	1,150,000	2	3,500,000	Managed by Oromia HB under the direction of PPF/GD
2b	Tigray HB for Service delivery	1,250,000	1,100,000	2,350,000			Managed by Tigray HB under the direction of PPF/GD
	Sub-total instalments for the Component 2	**1,750,000**	**1,750,000**	**3,500,000**			
3	Technical Assistance	600,000	600,000	1,200,000	3	1,800,000	Managed by MAE/DGCS
	Operational costs	300,000	300,000	600,000			
	TOTAL Components 1, 2 & 3	**5,550,000**	**2,650,000**	**8,200,000**			

Channel 1b - **EURO 2,900,000** for the MDG Fund as for the Sector Budget Support at Federal Level. This amount shall be directly transferred to the Special Account "Ministry of Health MDG Pool Fund" and will be managed by MoH using Government's procedures as for This amount will be transferred in one single instalment at the entering into force of this Agreement. For Channel 1b is not foreseen a second instalment.

Channel 2 **– EURO 3,500,000** for the Health Service Delivery at regional level.

This amount shall be transferred to the Special Account of "MoH Italian Contribution to HSDP" and then:

> **Euro 1,150,000** transferred by MoH and managed by the Regional Health Bureau of Oromia in two instalments: 1) the first one of Euro **500,000** and 2) the second one of **Euro 650,000**.

And

Euro 2,350,000 transferred by MoH and managed by the Regional Health Bureau of Tigray in two instalments: 1) the first one of **Euro 1,250,000** and 2) the second one of **Euro 1,100,000.**

The instalments for Channel 2 will be as follow:

First instalment – Euro 1,750,000;

Second instalment – Euro 1,750,000.

Channel 3 – **EURO 1,800,000** of which 1) **Euro 1,200,000** dedicated to the Technical Assistance and 2) Euro 600,000 dedicated to funds to be spent locally. The above mentioned funds are disbursed by the GOI and directly managed according to MAE/DGCS procedures.

3. Crediting procedures

Crediting NBE of first installment under Channels 1b and 2.

Upon entering into force of this Agreement, the following pre-conditions have to be fulfilled prior to the start up of the crediting procedure by MAE/DGCS of the first instalment:

a) MoH and RHBs shall have opened respectively the SAs and the RCB accounts and informed the UTL regarding the details of the Banks accounts.

b) MoH shall have nominated the PIC

c) MAE/DGCS shall have recruited the IE, the Monitoring and Coordinating expert and the Administration expert;

d) The MoH assisted by the TAMU, shell have prepared, according to the Budget and to the relevant provisions of the PID, the PoA for the first year of operation of the Component 2. Such PoA should be consistent with the allocation for the first year and should indicate the amounts to be spent by Region and by component. Such PoA shall be endorsed by the PIC and forwarded to the IC for approval.

e) The PIC shall submit a specific first instalment request countersigned by the IE and based on the above mentioned PoA, to the MAE-DGCS through the Italian Embassy for the start up of the crediting procedures.

The crediting by MAE/DGCS to NBE of the second instalment, for what concerns the Channel 2, according to the Budget detailed in Chapter 2 of the PID, shall take place:

a) Not within the same Italian Fiscal Year (from January to December) of the crediting of the previous instalment.

b) Not before 30% of the amount of the previous instalment has been spent and at least 50% of the previous instalment (Euro 1,750,000) has been committed.

c) After an Instalment Request Report (hereafter referred as "IRR") has been approved by the SC and submitted to UTL by the PIC through the IE. The IRR follows the same structure of the Semi-Annual Reports (hereafter referred to as "SAR") as detailed in article 7.1 of this Agreement.

d) The IRR must show that at least 30% of the amount of the previous instalment (Euro 1,750,000) has been spent for eligible purposes and at least 50% committed for eligible purposes.

e) The IRR must include the second PoA, approved by the SC.

f) After MAE/DGCS has verified the correctness and comprehensiveness of the IRR, in line with the provisions of article 7 of this Agreement.

ARTICLE 7

ACTIVITIES AND FINANCIAL REPORTS

For what concerns activities and financial reports under the Channel 1b funds (MDG Fund), refer to Annex B (Joint Financing Arrangement, Chapters 10, 11 and 12) of the present Agreement.

For what concerns activities and financial reports under the Channel 2 funds:

1. The Plan of Action – Before the receipt of the first instalment of the Component 2, the PPF/GD and the RHBs, with the support of the TAMU, will prepare the Plan of Action (hereinafter referred to as "POA") of the first instalment, in line with the provisions of chapter 3.4 of the PID. The POA shall be submitted to the PIC for endorsement and subsequently approved by the IE. The second PoA shall be based on unspent funds of the first instalment and the funds of the second instalment. It shall be prepared and approved following the same procedure of the first POA and it shall serve as requirement for the crediting of the second instalment, according to the provisions of Article 6 of this Agreement.

2. Every six months, Semi Annual Reports shall be prepared by the RHBs and PPF/GD. If complying with the PID, the reports will be endorsed by the PIC, and subsequently transmitted to the IE for approval and transmission to MAE/DGCS through the UTL. The IE and the UTL can add to the SARs their own comments.

3. The SARs shall include two sections reporting the description of the activities carried out (first section) and the relevant financial, administrative, procurement information (second section).

4. The IRR shall be used to request planned instalments and follows the same structure of the SARs. In case that the IRR does not correspond to the time of the submission of the SAR, the IRR shall consolidate the previous semi annual report and include information over the additional reporting period on activities and disbursement, according to the PoA and the PID.

5. Day-by-day monitoring activities of the Programme will be responsibility of the RHBs and the PIC, assisted by TAMU.

6. The PIC is responsible for maintaining an updated accounting system that contains records and controls to ensure the accuracy and reliability of Programme financial information and reporting. The accounting system shall also ensure that supporting documents (statements of expenditure, bidding documents, contract documents etc.) are properly identified and that approved/amended budgetary lines are not exceeded. The original documents must be kept in the respective PPF/GD and RHBs offices and will be made available to the TAMU upon request. The accounting system and/or record keeping must track the advances received and the expenditure records by the Programme. Financial reports, statement of the executed expenses and contracts shall be presented to SC whenever required.

ARTICLE 8

EXTERNAL AUDITING AND EVALUATION ACTIVITIES

Parties will have the right to perform, at their own expenses, all the evaluation, control and auditing activities that shall be deemed necessary in addition to those already foreseen in the PID. Joint (ongoing, final and ex-post) evaluation activities can be organized by MAE/DGCS through its UTL office and MOH whenever deemed appropriate. For what concerns the auditing and evaluation activities of the Component 1, those are described in the MDG Fund Joint Financing Arrangement, at the chapter 12, Annex B, of this Agreement.

ARTICLE 9

UTILIZATION OF THE GRANT

Reallocation of funds

1. Component 1, having only one budget line, is not subject to reallocation of funds.

2. For the Component 2 of the Grant, budget lines reallocations in respect to the Programme budget in Euro, detailed in chapter 2 of the PID, are allowed during the preparation of each PoA and within the limits and subject to the conditions established in the following articles. Requests for reallocations will be submitted by the PIC to the TAMU for no-objection advice according to the following conditions:

   a) Budget lines reallocations, up to a maximum of +/- 25% of the original agreed amount of each budget line within the PID Budget, are allowed and do not require this Agreement to be amended. The TAMU is allowed to approve reallocations which do not require this Agreement to be amended according to the conditions in the present Article 9.2.

   b) Budget lines reallocations exceeding the +/- 25% of the original budget line amounts of the PID and within the total PID budget shall be submitted, through UTL, to MAE/DGCS in Rome for prior written approval. Budget reallocations approved by MAE/DGCS do not require this Agreement to be amended.

   c) All Budget line reallocation shall be carefully reflected in the Project Reporting documents mentioned in the Article 7 hereto.

3. For what concerns the funds of the Component 3 the MAE/DGCS will follow its own reallocation procedures.

Procurement procedures

4. For what concerns the funds of the Component 1 the procurement procedures will be those of the GOE established for the management of the MDG funds.

5. For what concerns the funds of the Component 2 the procurement procedures will be those indicated in the Chapter 3.3 of the PID.

6. For what concerns the funds of the Component 3 the MAE/DGCS will follow its own procurement procedures.

The procurement procedures must also meet the eligibility criteria for contractors, eligible and ineligible costs, ethical clauses, contract general principles reported in Annex D of this Agreement.

Interests and savings

Any interest generated in the SA and in the RCBs and/or savings shall be used for the same purposes and with the same procedures outlined in this Agreement.

ARTICLE 10

OBLIGATIONS FOR ETHIOPIA

1. MoFED shall ensure that the Italian funds are properly and timely accounted within the budget for the due fiscal year.

2. The MoFED shall communicate to the UTL, upon the entry into force of the present Agreement, bank accounts details according to what described in article 6 of this Agreement.

3. MoFED shall make sure that all the Ethiopian bodies and institutions involved in the Project implementation will observe the provisions of this Agreement, in particular that financial and technical reports, necessary for funds disbursements, shall be timely submitted to MAE/DGCS according to articles 6 and 7 of this Agreement.

4. In case there is a need for hard currency as per contract agreement for import of goods for the projects, MoFED, shall facilitate the provision of hard currency for the contractors in line with the provisions of this Agreement.

ARTICLE 11

OBLIGATIONS FOR ITALY

1. GOI shall disburse the total amount agreed according to the procedures described in article 6 of this Agreement.

2. GOI shall accomplish all the required activities for the supervision, monitoring and evaluation of the Programme. It shall dedicate particular attention to the efficiency for funds utilization and to the effectiveness of programme implementation, according to the PID.

3. GOI shall report to MoFED about the funds disbursed for the Programme, including funds under Component 3, within the usual quarterly reporting of the Italian Development Cooperation initiatives in Ethiopia.

ARTICLE 12

SETTLEMENT OF DISPUTES

Any dispute between the Parties arising out of the implementation of this Agreement shall be settled amicably by consultations or negotiations between the Parties through diplomatic channels.

ARTICLE 13

IMPEDIMENTS AND FORCE MAJEURE

1. In case of impediments to implement this Agreement due to case of force majeure such as war, flood, fire, typhoon, earthquake, labour conflicts and strikes, civil unrest acts of any government, unexpected transportation difficulties and other cases which will be recognised by both Parties upon agreement as force majeure according to practice or in case of peril or unsafe conditions for the expatriate personnel, the following provisions shall apply:

2. In case that the duration of the impediment to the implementation of the Programme is less than six months, the use of the funds shall be suspended until MAE/DGCS authorises resumption of activities.

3. In case the duration of the impediment to the implementation of the Programme is greater than six months, the Project shall be suspended and the residual funds shall be maintained until the impediment finishes and MAE/DGCS authorises resumption of the Programme activities.

ARTICLE 14

PREVENTION OF ABUSE AND ILLEGAL USE OF FUNDS

MoFED, MOH and RHBs shall ensure that the funds provided by GOI under this Agreement will be used strictly in accordance with the provisions of this Agreement. MoFED, MOH and RHBs commit themselves to take all reasonable measures to ensure an efficient administration of the aforementioned funds and prevent any abuse and illegal use thereof.

ARTICLE 15

RESOLUTION OF THE AGREEMENT

1. MAE/DGCS reserves the right to resolve this Agreement in the following cases, due to severe fault by MoFED, MoH and RHBs i.e.:

   a) Unmotivated and prolonged delays in the use of the funds such to threat the achievement of Programme objectives.

   b) The use of the funds for reasons different than those included in this Agreement and its annexes or its amendments.

   c) Severe mismanagement of the funds.

   d) In the event of failure to implement, or to report on, the program in a manner consistent with the terms of this Agreement.

   e) In case of impediment or force majeure as per article 13 of this Agreement.

2. In case of the above mentioned severe fault, MAE/DGCS shall notify the event in writing to MoFED and MOH, inviting them to take the measures necessary to solve the fault within maximum sixty days from the date of the notification. Passed this time limit, MAE/DGCS reserves itself the right to terminate immediately this Agreement. In this case the provisions contained in article 12 of this Agreement shall apply.

3. In the cases mentioned above, MAE/DGCS may decide unilaterally the termination of this Agreement notifying, through Verbal Note, MoFED with at least three months in advance. In all cases, after such notification, MoFED shall stop all activities of the Programme, unless otherwise agreed between the two Parties.

ARTICLE 16

AMENDMENT TO THE AGREEMENT

1. This document and its annexes constitute the entire Agreement between the Parties and may be altered or varied only by prior written agreement of the Parties and in full respect of its articles. No Party shall be bound by any express or implied term, representation, warranty, promise or the like not recorded herein or otherwise created by operation of law.

2. The Parties may amend this Agreement, including its Annexes, at any time by means of exchange of Verbal Notes between the Parties. The amendment shall come into force on the date of the second Verbal Note through which the Parties inform each other upon the completion of the relevant internal procedures.

ARTICLE 17

ENTRY INTO FORCE, DURATION AND TERMINATION

1. This Agreement shall come into force on the date of the latest of the Verbal Notes through which the Parties inform each other upon the completion of the relevant internal procedures and shall remain in force until the complete use of the Grant.

2. The Agreement may be terminated by either Parties giving 3 (three) months written notice in advance, through the diplomatic channels, of its intention to terminate the Agreement.

In witness whereof the undersigned, being duly authorized by their respective Governments, have signed and sealed this Agreement in the English language in duplicate, both texts being equally authentic.

Done at ………….………… on this ……..…. Day of …………………………..2010

FOR THE GOVERNMENT OF THE REPUBLIC OF ITALY	FOR THE GOVERNMENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA