AGREEMENT

between

ITALIAN AGENCY FOR DEVELOPMENT COOPERATION

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 30th, 2017
AGREEMENT ("Agreement") dated October 30th 2017 between ITALIAN AGENCY FOR DEVELOPMENT COOPERATION ("AICS") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank") (individually, a "Party" and collectively, the "Parties").

WHEREAS:

(A) The Federal Republic of Ethiopia ("Recipient") requested the World Bank and the AICS to provide financing for the Women Entrepreneurship Development Project ("Project"), which objective is to increase the earnings and employment of Micro and Small Enterprises ("MSEs") owned, or partly owned, by women entrepreneurs in targeted cities and consists of three inter-related components: (1) Access to Microfinance, (2) Entrepreneurial Skills; (3) Project Management, Monitoring and Evaluation, and Impact Evaluation.

(B) The World Bank and the Recipient signed a Financing Agreement dated June 12, 2012, ("World Bank Financing Agreement") pursuant to which the World Bank is providing financing (Credit No. 5112-ET) in an amount equivalent to SDR 32,200,000 ("World Bank Financing") to the Recipient for its implementation of the Project. The Project is described in detail in Schedule 1 of the World Bank Financing Agreement, as amended.

(C) Italian Ministry of Foreign Affairs and International Cooperation of the Republic of Italy ("MAECI") and the Recipient signed a Technical Agreement dated November 20, 2015, ("Italy's Financing Agreement") pursuant to which Italy agreed to provide financing in an amount equivalent to EURO 15,000,000 ("Italy's Financing") to the Recipient for its implementation of the Project and which Italy Financing will be provided directly by Italy to the Recipient to finance contracts separate from contracts financed by the WB Financing. AICS has been instituted by Italian law 125/2014 as an autonomous agency, operational from January 1st 2016 and in charge of identification, formulation, implementation, financing and monitoring of development cooperation projects under the political guidance of the Italian Ministry of Foreign Affairs and International Cooperation.

(D) AICS and the World Bank consider it desirable to coordinate the administration of their respective financings (collectively the "Parties’ Financings") for the activities and costs related to the Project and advise each other of relevant matters concerning the Project, the Recipient’s performance under the Project, and other matters of common interest.

(E) The World Bank has agreed to provide Services defined below and with respect to Project implementation by the Recipient using financing from the AICS.

(F) In 2015, the World Bank and the Directorate General for Development Cooperation of the Italian Ministry of Foreign Affairs and International Cooperation, following internal approval of all relevant offices of MAECI, agreed, through exchange of letters, to dedicate part of the residual funds of the Italian contribution to the PBS II initiative for the services set forth in this Agreement. Accordingly, US$300,000 was temporarily deposited in the Italy Donor Balance Account TF029037 in order to be transferred to the relevant World Bank account for Project Number P122764 upon signature of this Agreement.

NOW THEREFORE, the Parties hereby agree as follows:
ARTICLE 1
Definitions

Section 1.01. Definitions. As used in this Agreement, the following capitalized terms have the meanings set forth below:

(a) “Fee” means the fee to be paid by the AICS to the World Bank for Services, in accordance with Section 3.02 of this Agreement;

(b) “Financing” means: (i) the World Bank Financing described paragraph (B) of the Preamble to this Agreement; and (ii) the Italy's Financing described in paragraph (C) of the Preamble to this Agreement.

(c) “Financing Agreement” means: (i) the World Bank Financing Agreement described in paragraph (B) of the Preamble to this Agreement; or (ii) the Italy's Financing agreement described in paragraph (C) of the Preamble to this Agreement, and “Financing Agreements” means, collectively both the World Bank Financing Agreement and the Italy's Financing Agreement.

(d) “Project” means the Women Entrepreneurship Development Project described in paragraphs (A) and (B) of the Preamble to this Agreement.

(e) “Recipient” means the Federal Democratic Republic of Ethiopia.

(f) “Services” means the services to be provided by the World Bank as set out in Section 3.01 of this Agreement and for the Fee to be paid by the AICS in accordance with Section 3.02 of this Agreement.

ARTICLE 2
Exchange of Information; Consultation

Section 2.02. General Information Sharing. Each Party will, subject to its policies on disclosure of information, share with the other Party in a timely manner, information and documents related to the Project and its progress. Neither Party will publicly disclose any information received by it from the other Party on a confidential basis, under this Agreement or any agreement to which it is a party, without obtaining the prior written consent of the providing party. No information or documentation received by either Party from the other party pursuant to this Agreement or any agreement may be: (a) relied upon by the Party receiving the information as a basis to initiate any administrative, civil or criminal action; or (b) attributed to the disclosing Party. Nothing in this Agreement will prevent either Party from using the information provided to develop independently its own evidence for use in support of corrective or remedial actions (such as sanctions).

Section 2.03. Missions. Each Party will: (a) promptly notify the other Party in advance, of any proposed mission it plans to conduct for the Project; and (b) afford a reasonable opportunity to the other Party to participate in such mission, subject to the no-objection of the Recipient. The Party conducting the mission will notify the other Party of the main findings and results of the mission.

Section 2.04. Contractual Events. Each Party will, subject to its policies on disclosure of information, promptly notify the other Party of any of the following events in relation to the Project:

(a) any event of which the notifying Party becomes aware and which, in its opinion, is likely to materially interfere with, or seriously hinder or impair, the implementation of the Project, or to adversely and materially interfere with the performance by the Recipient of its obligations under the Financing Agreement to which the notifying Party is a party (including allegations or indications of a sanctionable practice made to the notifying Party, or complaints made by third parties to the World Bank’s Inspection Panel);
(b) a determination by the notifying Party that: (i) an event of suspension, cancellation or acceleration has occurred under its Financing Agreement, and the measures it intends to take or has taken as a consequence of such event; or (ii) the disbursement of an amount of its Financing was made for any expenditure or in any amount not eligible for financing under its Financing Agreement, or was not justified by the evidence furnished pursuant to its Financing Agreement, and the measures it intends to take or has taken as a consequence of such event; or (iii) it intends to request a refund of any amount withdrawn under its Financing; and

(c) any notice given by the Recipient to the notifying Party, of the Recipient’s intention to cancel any unwithdrawn amount, or prepay any withdrawn amount, of the notifying Party’s Financing and any amount of such Financing actually cancelled or prepaid.

Section 2.05. Amendments; Project Changes; Extensions. Without prejudice to its independent right of action under its Financing Agreement, and subject to its policies on disclosure of information, each Party will notify the other Party of any:

(a) proposed: (i) material amendment to the notifying Party’s Financing Agreement; or (ii) material changes to the Project; or (iii) action which might result in the termination of said Financing Agreement;

(b) extension of the deadline for withdrawal of amounts of the notifying Party’s Financing; or

(c) (i) findings: (A) of any investigations by the notifying Party under its policy and procedures on sanctionable practices, relating to the Project; or (B) by the World Bank’s Inspection Panel relating to the Project; and (ii) actions related to such findings undertaken or planned to be undertaken by the notifying Party.

Section 2.06. Implications for Co-financing Arrangements. If any of the events or actions referred to in Section 2.04 or 2.05 of this Agreement occurs or is taken, the Parties will discuss the potential implications of such event or action on the Parties’ co-financing arrangements under this Agreement, including the Services to be provided by the World Bank, with a view to taking appropriate steps to address these implications.

ARTICLE 3
World Bank Services; Fees

Section 3.01. World Bank Services.

(a) The World Bank will carry out the following (“Services”) in relation to the Recipient’s implementation of Component/Part I (Access to Microfinance) of the Project and in accordance with World Bank’s policies and procedures applicable to the activities for which these Services are performed:

(i) Provide support to ensure that sub-credits are provided in the manner outlined in the Project Credit Facility Operations Manual (dated February 2015).

(ii) Measure and report progress against all Project indicators outlined in the Project Results Framework (dated October 2012).

(iii) Coordinate the provision of technical assistance in supporting the capacity development of the Participating Financial Institutions.
(iv) Coordinate and conduct regular Project implementation support activities, including monthly Project Implementation Committee ("WIC") meetings, bi-annual Project Implementation Support Missions ("ISMs"), and other related activities as needed, ensuring that the AICS in represented and included in all regular Project implementation support activities.

(v) Prepare and circulate monthly minutes, and action plans, of WIC meetings and prepare and circulate Implementation Status and Results ("ISR") reports following each ISM.

(vi) Review interim financial reports and audit reports prepared by the Recipient for Component/Part 1 of the Project, which reports will set out the utilization of both AICS Financing, World Bank Financing, and other funding sources in one harmonized report, showing each source of funding and also the expenditure apportioned to each financier.

(vii) Review disbursement requests submitted by Development Bank of Ethiopia for use of funds in the Project Credit Facility and provide comments to AICS on such requests.

(viii) Upon request by AICS, facilitate the provision of regular or existing Project reporting by the Recipient to AICS.

(ix) Furnish to AICS the following: (A) Prepare information on the aggregate profile of beneficiaries of Project sub-credits (average loan size, business sector, business size, etc.), and other information related to Project sub-credits and borrowers as requested; and (B) ISRs in order to facilitate access to key Project information.

(b) The Recipient shall be responsible for the execution/implementation of the Project: using the proceeds made available to the Recipient under the Italy's Financing Agreement; and in accordance with the World Bank's applicable policies and relevant procedures, including but not limited to, Project implementation, financial management, fund flow, auditing, procurement, environmental and social safeguards and fraud and corruption.

(c) AICS acknowledges that the World Bank is not a party to the Italy's Financing Agreement and has no responsibility or liabilities with respect to any terms or conditions under the AICS Financing Agreement.

(d) AICS agrees that the World Bank's role in the Project is limited to the Services and the World Bank shall have no responsibility for any activities outside of the scope of the Services.

Section 3.02. Fees. The World Bank accepts to provide the Services in accordance with its relevant policies and procedures and as specifically set forth in this Agreement and upon payment of a fee of three hundred thousand United States Dollars (US$300,000) to be transferred as set out in paragraph (F) of the preamble to this Agreement.

Section 3.03. The above-mentioned payment to the Association shall be made in United States Dollars, in immediately available funds, without any deductions whatsoever for taxes, duties, charges or other withholdings, into such bank account as the Association may designate.

ARTICLE 4
Independent Right of Action; No Financing Commitment; Privileges and Immunities; Degree of Care

Section 4.01. Independent Right of Action. Notwithstanding any provision of this Agreement, each Party reserves the right to enforce its rights and perform its obligations under its Financing Agreement,
and nothing in said agreements will be deemed to preclude or limit the right of either Party to exercise its contractual remedies under the terms set out in its Financing Agreement.

Section 4.02. **No Waiver of Privileges and Immunities.** Nothing in this Agreement will operate or will be construed as a waiver, renunciation or any other modification (express or implied) of any of the privileges, immunities or exemptions of either Party under its organizational documents, or any international convention, or any applicable law, including, without limiting the generality of the foregoing, the privileges, immunities and exemptions of the World Bank under the Articles of Agreement of the IBRD and the Articles of Agreement of the IDA, respectively.

Section 4.03. **Degree of Care.** The Parties will each exercise the same care in the discharge of their functions under this Agreement as it exercises with respect to the administration and management of its own affairs, and will have no further responsibility in respect thereof to the other Party.

**ARTICLE 5**

**Entry into Force and Effect; Termination; Dispute Resolution**

Section 5.01. Upon signature of this Agreement by both Parties, and without prejudice to the payment of the fee referred to in Section 3.02, this Agreement shall enter into force and effect.

Section 5.02. This Agreement shall remain in full force and effect until December 31, 2019.

Section 5.03. This Agreement may be modified from time to time by further agreement in writing between the Parties. This Agreement may be terminated at any time upon ninety (90) days’ advance notice given in writing by either party to the other party. Before giving such notice, the Parties shall agree on the most practical and effective means of limiting the impact of such termination on the implementation of the Project.

Section 5.04. Notwithstanding termination or expiration of this Agreement, the provisions of this Agreement relating to (i) the obligations spelled out in Section 4.02 on Privileges and Immunities; and (ii) the obligation of AICS to pay to the World Bank remuneration for the services performed prior to the date of termination or expiration of the Agreement, as well as reimbursement of any reasonable costs related to the termination of the Agreement by AICS, shall continue in full force and effect.

Section 5.05. The Parties hereto shall endeavor in good faith to resolve any differences and disputes under, or in connection with, this Agreement by amicable settlement.

**ARTICLE 6**

**Miscellaneous**

Section 6.01. The World Bank shall, in its sole discretion, determine the composition of the its personnel assigned to perform the Services under this Agreement.

Section 6.02. This Agreement may be made publicly available subject to each Party’s policies and procedures on access to information.

Section 6.03. Communications, including notices for the purposes of this Agreement shall be addressed to the following:
Section 6.04. **Conflicts.** In the event of any conflict between the provisions of this Agreement and the provisions of the Financing Agreements, the provisions in the Financing Agreements will prevail.

**IN WITNESS WHEREOF,** the authorized representatives of the Parties have executed this Agreement in duplicate in the English language.

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**ITALIAN AGENCY FOR DEVELOPMENT COOPERATION**

By:

Ginevra Letizia
Director of the Italian Agency for Development Cooperation Office in Ethiopia

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By:

Carolyn Turk
Country Director for Ethiopia, Sudan, and South Sudan, Africa Region