

AGREEMENT BETWEEN

THE _____ REGIONAL STATE /
THE BUREAU OF FINANCE AND ECONOMIC DEVELOPMENT,

AND

_____ CREDIT AND SAVING INSTITUTION

ON THE IMPLEMENTATION OF THE COMMUNITY MANAGED PROJECTS IN
PHASE -1 OF COWASH

Established in the framework of Community Led Accelerated Wash Program (COWASH COMPONENT- 2), Phase - I, for the implementation of which the _____ (**name of region**) Bureau of Finance and Economic Development as the Financier has signed a Funding Agreement that forms the basis of this BoFED-_____ MFI (**name of MFI**) Agreement.

Preamble

The Government of the Federal Republic of Ethiopia and the Government of the Republic of Finland jointly implement Phase-I of the “Support to Community-Led Accelerated WASH in Ethiopia” during 2011 – 2014 for three years in accordance with the intergovernmental Agreement signed on _____, 2011. Based on this intergovernmental agreement a financial agreement has been signed for the implementation of Component two of COWASH in _____ (**name of region**). The activity period of this Agreement will be from the _____ 2011 to the 31st of July 2014.

The overall objective of the program is accelerated implementation of the Universal Access Plan (UAP) through the adoption and implementation of Community Managed Projects (CMP), as outlined in the Wash Implementation Framework (WIF). The purpose of component two is strengthening the regional capacity for implementation of the Window Two financing mechanism in ‘new’ Regions where applicable.

The Fund shall be financed by the _____ (name of region) for the construction of community or institutions managed water points. The Regional Government contribution for _____ years is _____. The Finish Government contribution for component 2 in _____ (name of region) shall be a maximum of _____ Euros.

The final beneficiaries of the Fund are the rural communities represented by Water, Sanitation & Hygiene Committees (WASHCOs) or Parent Teacher committees (for schools) and health committees (for health institutions). WASHCOs are responsible for the sustainable management of the water points, including collection of water fees, regular preventive maintenance and corrective repairs, as well as for any future reinvestments.

Woreda Administration, representing all Woreda level stakeholders, has a crucial role as the provider of technical and logistical support and training to the final beneficiaries. The Programme continues to provide its technical assistance to the CMP through the Regional and Zonal Advisors that will be located at the Regional Water Resources Development Bureau.

Whereas the Ministry for Foreign Affairs of Finland and the Ministry of Finance and Economic Development of Ethiopia have agreed on the implementation of the Phase I Community- Led Accelerated WASH project in Ethiopia (hereinafter referred to as the Program). The Phase-I Program Document and Agreement for the implementation of Component two formulates the details of the agreement implementation. Therefore, the following has been agreed upon:

Article I - The Parties

The Bureau of Finance and Economic Development representing the Federal Ministry of Finance and Economic Development, hereinafter referred to as “BoFED”

And

_____ (name of MFI) **Credit and Saving Institution** (hereinafter referred to as "___ CSI")

Have agreed on the following terms regarding the implementation of the CMP activities during the Phase - I of the Program:

Article II - Purpose of the Agreement

This Agreement is entered into with a view to ensuring efficient and transparent implementation of the CMP activities as foreseen in the Project Document of Phase I and the Community Managed Project Guideline.

Article III - Rights and Obligations of the BoFED

The BoFED is entitled to receiving all and any information regarding the use of resources of the Fund.

The BoFED shall, on signing this Agreement, act on behalf and upon expressed consent of the Woreda Administrations in the pertinent Woredas where the Fund activities will be implemented as per this agreement

1. Ensure that the Woreda level authorities hereinabove mentioned have the human, material and financial resources necessary for carrying out the said activities.
2. Receive all the time or regularly fund requests from the Regional Water Resources development Bureau with a letter showing the list of CMP woredas with their corresponding amount of CMP money.

3. Instruct DECSI head quarter to transfer funds to CMP woredas according to the list of CMP woredas with their corresponding CMP money as they received from the Regional Water Resource Development Bureau
4. Organize periodic quarterly review meetings with ____CSI to review the ____CSI performance in the fund transfer
5. Prepare quarterly reports on the implementation of the Fund to _____ (**name of region**) within 4 weeks after the end of the quarter
6. facilitate that the Ethiopian auditors to the Fund, approved by pertinent authorities, have full access to all necessary information regarding the COWASH accounts in Ethiopia
7. provide annually an auditor's statement on the management of the CMP funds
8. Notwithstanding the provisions of the sub article 1 of this Article hereof BoFED is responsible for the use of funds according to annual work plans.

BoFED may

9. Instruct __CSI to freeze the CMP and WASHCO accounts at any moment, if it deems necessary.
10. Suspend transfers to Woreda CMP accounts in case the Woreda Administration in a Woreda referred to in Article III sub Paragraph 1 does not provide the WASHCO's with technical support necessary for successfully carrying out the Fund activities.

Article IV - Rights and Obligations of ____CSI

____CSI undertakes money transfer from BoFED to the final beneficiaries upon the instruction of BoFED at the Regional level, as well as that of the Woreda WASH Team (WWT) at the Woreda level, as and when it may be required to do so. To this end ____CSI shall

1. open CMP accounts in its Head Quarter, Branch and sub branch offices in the pertinent Woredas,
2. transfer funds from its head office CMP account to the Woreda CMP accounts
3. open one savings account in the name of each WASHCO represented by an authorized signatory and receive the initial up-front deposition and collected water fees on the said savings account
4. open a frequent use non-interest gaining savings account for each WASHCO for channeling the CMP funds, and closing that account at the end of the water point construction
5. allow WASHCO withdraw or transfer funds from the non-interest gaining savings account to facilitate payments related to the construction of water points upon demonstration of the required withdrawal authorization letter from the Woreda WASH Team
6. be accountable for the funds transferred to accounts in ____CSI network
7. guarantee availability of funds transferred to its custody at any moment
8. prepare consolidated CMP reports per branch and sub branch offices, consolidate reports on its head office transactions related to CMP, following the reporting formats provided by BoFED

9. Maintain a separate ledger by project at its sub-branch level and reconcile monthly with the woreda
10. submit all reports further to BoFED within 3 weeks time after the completion of the quarter
11. provide full access to information on Fund and WASHCO accounts to the local auditors to the Fund and BoFED & Woreda Finance and Plan Offices
12. upon request of BoFED, freeze CMP accounts, as well as WASHCO accounts at all levels
13. actively and in close cooperation with BoFED and Water Resource Development Bureau develop mechanisms and credit products that will in the future serve the water users' groups for re-investment purposes

The ___CSI may

14. receive ex-ante on-the-job training in each Zone and Woreda where CMP activities are implemented
15. Upon submittal of the quarterly report ___CSI may invoice 3% commission and direct transfer costs such as cable expense.

Article V - Sharing of Information

1. Both Parties shall promptly inform each other of any event or situation that might affect the carrying-out of the Fund activities or which may necessitate an agreement on a modification or an alteration in the scope, character or execution of the Fund activities or in other aspects of this Agreement
2. The information referred to in the previous paragraph shall be communicated in writing, giving a full account of the relevant reasons for and causes of such an event or situation and proposing any necessary changes, adjustments or other measures to be taken.

Article VI- Entry into force, amendments, settlement of disputes and termination

1. This Agreement shall enter into force on the date of its signature by the Parties and witness thereof and remain valid until the end of July 2014 unless terminated as hereunder provided.
2. If any of the two Parties considers it desirable to amend any provision of this Agreement it may request consultations with the other Party. Any amendments shall be agreed upon in writing.
3. All disputes arising out of the implementation of the Agreement shall be amicably settled by mutual negotiations between the Parties.
4. This Agreement may be terminated by any of the Parties hereto by giving a three months' prior written notice to that effect to the other Parties, subject to clear

auditors’ report approved by all the Parties and showing that there are no further claims whatsoever remaining from any of the Parties.

- 5. Notwithstanding the provisions of Paragraphs 1 and 4 of this Article, the Agreement will automatically be terminated upon expiry of the Agreement between the BoFED and ____CSI

In witness whereof the undersigned being duly authorized by their respective Authorities have signed and sealed this Agreement in three originals in English in _____ (capital of the region) on _____.

For the BoFED of _____ (**name of region**)

For the ____CSI Head Office

Witnessed by
