

AGREEMENT
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF FINLAND
AND
THE GOVERNMENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
ON
THE COOPERATION IN SUPPORT TO COMMUNITY-LED ACCELERATED WASH IN
ETHIOPIA, CoWASH, PHASE IV, 2021-2024

The Government of the Republic of Finland ("Finland"), represented by the Ministry for Foreign Affairs of Finland, and the Government of the Federal Democratic Republic of Ethiopia ("Ethiopia"), represented by the Ministry of Finance (MoF), jointly referred to as "the Parties",

have, on the basis of the Agreement on General Terms and Procedures for the Development Cooperation between Finland and Ethiopia signed on 9th March 1989, and on the basis of the dialogue between the representatives of the two Governments regarding the development and cooperation in the Community-Led Accelerated Water, Sanitation and Hygiene in Ethiopia, Phase IV, CoWASH IV, ("the Programme") agreed as follows:

ARTICLE I
Scope and Objective

1. The Programme shall be implemented in accordance with the Programme Document and the Budget, dated October 2020 and attached as Annex I to this Agreement, as well as in accordance with the Annual Work Plans and budgets to be mutually agreed upon.
2. The overall objective of the Programme is to contribute to the One WASH National Programme (OWNP II), established to address the challenges faced by the water supply, sanitation and hygiene (WASH) sector in Ethiopia. OWNP II objectives are aligned with the second Growth and Transformation Plan (GTP II).
3. The impact of the CoWASH IV is 'Improved public health and well-being, social development and climate resilience in the communities'. The Programme continues to apply the "Community Managed Project" CMP approach. Its outcome is 'Increased and sustained coverage of safe water supply, sanitation and hygiene in rural areas of selected woredas, as defined in the Programme Document.

ARTICLE II
Principles of Co-operation

1. Respect for human rights, democratic principles, good governance and the rule of law shall form the basis for the co-operation between Finland and Ethiopia and constitute the essential elements of this Agreement.
2. The Programme shall be implemented in accordance with the principles of transparency and open dialogue.

ARTICLE III **Competent Authorities and Implementing Agency**

1. The Ministry for Foreign Affairs of Finland (MFA), represented in Ethiopia by the Embassy of Finland, and the Ministry of Finance (MoF) of Ethiopia shall be the Competent Authorities in matters relating to this Agreement.
2. At the federal level the Ministry of Finance will be responsible for the Financial Management and reporting of the COWASH IV program, where as the responsibility for the implementation of the Programme lies with the Ministry of Water, Irrigation and Energy (MOWIE). MoWIE is to be delegated by the MoF in matters pertaining to the implementation of the Programme and not affecting the overall responsibilities of Ethiopia.
3. At the regional level Bureaus of Finance & Economic Cooperation (BoFECs) will be responsible for Financial Management and reporting, where as the Bureaus of Water are responsible for the implementation of the activities at the regional level as defined in the Programme Document.

ARTICLE IV **Financing by Finland**

1. The total contribution of Finland (hereinafter referred to as "the Finnish contribution") to the implementation of the Programme in 2021 – 2024 shall, on a grant basis and subject to annual parliamentary approval in Finland, be a maximum of eighteen millions four hundred thousands Euros (EUR 18,400,000). However, the Finnish contribution shall only be used up to the actual amount necessary to cover the costs resulting from the implementation of the Programme as specified in the Programme Document.
2. The Finnish contribution is channeled through the Ministry of Finance and as Technical Assistance. Of the total Finnish contribution, a maximum amount of fourteen million two hundred and four thousand Euros (14,204,000 EUR) shall be disbursed through Ministry of Finance for the purposes specified in the Programme Document. Of the total Finnish contribution a maximum amount of four million and one hundred ninety six thousand Euros (4,196,000 EUR) shall be channelled through the Technical Assistance Provider for the purposes specified in the Programme Document.

ARTICLE V **Financing by Ethiopia**

1. Ethiopia shall cover the costs amounting approximately to seven hundred fifty seven millions and five hundred seventy five thousands Birr (757,575,000 ETB) which in Euros equals twenty millions four hundred and seventy five thousands Euros (20,475,000 EUR, with the rate of the 37 ETB to 1 EUR) as a contribution to the implementation of the Programme as specified in the Programme Document. Moreover the community contribution is estimated as seventy seven millions seven hundred thousands Birr (ETB 77,700,000), equivalent to approximately two million and one hundred thousand Euros (2,100,000 EUR).
2. All financial and other resources required for the implementation of the Programme exceeding the Finnish contribution shall be provided by Ethiopia.

ARTICLE VI Procurements

1. Finland shall procure the supporting technical assistance services prescribed in the Programme Document in accordance with the relevant Finnish legislation, and shall conclude a contract with a Technical Assistance Provider to be agreed upon with Ethiopia. The selection of TA Provider will be conducted by an evaluation committee established from the representatives of the government of Ethiopia and the government of Finland. Final result will be presented to the National Steering Committee for endorsement.
2. For procurements carried out in Ethiopia by the Technical Assistance Provider the relevant Ethiopian legislation on procurements shall be applied. For procurements carried out in Finland by the Technical Assistance Provider the relevant Finnish legislation on procurements will be followed. The specific instructions for procurements by the Technical Assistance Provider shall be determined in the Programme Implementation Manual (PIM) to be approved by the National Steering Committee.
3. For procurements carried out in Ethiopia by Implementing Agencies the relevant Ethiopian legislation on procurements shall be applied. The specific instructions for procurements by the Implementing Agencies shall be determined in the Programme Implementation Manual to be approved by the National Steering Committee.
4. No offer, gift, payment or benefit of any kind, which would or could be construed as an illegal or corrupt practice, shall be accepted, either directly or indirectly, as an inducement or reward for the award or execution of procurement contracts.
5. All procurements shall be made in accordance with generally accepted principles and good procurement practices. Invitations to tender as well as procurement contracts shall, respectively, include a clause on the possibility of the tender being rejected and the contract being cancelled, in case any illegal or corrupt practices have been connected with the award or execution of the contract. Furthermore, the damage or loss caused to the buyer shall, in case of the cancellation of the contract, be compensated by the supplier.

ARTICLE VII Information

1. The Parties shall:
 - (a) promptly inform each other of any event or situation which might affect the implementation of the Programme; and
 - (b) ensure that all relevant authorities and organisations are informed of this Agreement and the Programme.
2. Both Parties shall have the right to disseminate information about the Programme and its results, including this Agreement, to the general public and other interested parties in accordance with their respective national legislation on disclosure of information, taking into consideration, as far as possible, the need for privacy of the beneficiaries of the Programme.

3. Any publication or other material produced in connection with the Programme shall mention that the Programme is being or has been implemented with the financial contribution of Finland and within the framework of the Finnish development co-operation.

ARTICLE VIII

Monitoring and Reporting

The implementation of the Programme shall be reported in the manner specified in the Programme documentation attached to this Agreement. The reports shall be prepared in accordance with the mutually agreed principles.

ARTICLE IX

Auditing

Ethiopia shall permit the representatives of Finland to carry out any inspection or audit in respect of the implementation of the Programme. Such an inspection or audit may also be initiated by Ethiopia. Regular audits and inspections carried out in accordance with the Programme Document shall be financed from the Programme Budget. The costs of any additional inspections or audits initiated by Finland shall be covered by Finland. Respectively, when such an audit or inspection is initiated by Ethiopia, the costs shall be covered by Ethiopia.

ARTICLE X

Suspension

1. Both Parties shall have the right, after consulting the other Party, to suspend in whole or in part the financing of the Programme if:

- (a) the financing by the other Party is not forthcoming in accordance with this Agreement and the Programme Document;
- (b) any other obligation under this Agreement, the Agreement on General Terms and Procedures for Development Co-operation or the Programme Document is not fulfilled;
- (c) the management of the Programme is deemed to be unsatisfactory;
- (d) a condition has arisen which interferes or threatens to interfere with the implementation of the Programme or the attainment of the objectives and purposes of the Programme; or
- (e) the suspension is warranted by a fundamental change in the circumstances under which the Programme was started.

2. Finland shall have the right, after consulting the other Party, to suspend in whole or in part the financing of the Programme if the other Party has failed to fulfil one of the essential elements referred to in Article II of this Agreement.

3. The suspension shall cease as soon as the event or events which gave rise to suspension have ceased to exist.

4. Finland reserves the right to claim repayment in full or in part including the interest accrued to the Finnish contribution if the funds found to be misused or not satisfactorily accounted for.

ARTICLE XI Commodities

1. Commodities procured in or imported into Ethiopia under this Agreement for the purposes of the Programme shall be at the exclusive disposal of the Programme.
2. The commodities procured and facilities provided in previous CoWASH Phases (I, II and III and the Covid-19 response extension) will be available for CoWASH Phase IV.
3. The commodities shall become the property of Ethiopia upon the completion of the Programme, unless otherwise agreed by the Parties.

ARTICLE XII Liability

1. Ethiopia shall bear all the risks arising from the implementation of the projects and programmes under this Agreement. Ethiopia shall be responsible for dealing with claims which may be brought by third parties against Finland, Consulting Agencies (including the Technical Assistance Provider) or any member of their Personnel or against a person employed by Finland. Ethiopia shall hold Finland, Consulting Agencies (including the Technical Assistance Provider) or any member of their Personnel or a person employed by Finland harmless in respect of claims and liabilities arising in connection with the implementation of the projects and programmes.
2. Paragraph 1 above shall not apply where a claim or liability arises from gross negligence, wilful misconduct or criminal conduct established by a court of Ethiopia.
3. Ethiopia shall be entitled, in the event any claim is brought under paragraph 1 above, to exercise and enforce any right of set off, counterclaim, insurance, indemnity, contribution or guarantee to which Finland, Consulting Agencies (including the Technical Assistance Provider) or a member of their Personnel or a person employed by Finland may become entitled.

ARTICLE XIII Special Provisions

1. Other obligations of the Parties are specified in the Programme Document.
2. The Parties shall have the right to carry out an evaluation during the implementation of and after the completion of the Programme.
3. The implementation of the Programme shall also be governed by the provisions of the Agreement on General Terms and Procedures for Development Co-operation, unless otherwise provided for in this Agreement.
4. Any remaining balance of the Finnish contribution shall, at the completion of the Activities or upon the termination of this Agreement, be returned to Finland or, in consultation with Finland, be reallocated to other activities of Ethiopia.

5. In case Finland and Ethiopia have agreed that the Finnish contribution or part of the Finnish contribution may be forwarded to a third party, Ethiopia shall enter into an agreement with the third party in question. Such agreement shall contain necessary provisions concerning the appropriate use of the Finnish contribution funds such as provisions on financial management, accounting, procurement, monitoring, reporting and auditing as well as sanctions for possible misuse of contribution funds or corruption. With respect to Finland, Ethiopia is fully responsible for the part of the Finnish contribution it has forwarded to a third party.

6. The Parties have a zero-tolerance policy towards sexual exploitation and abuse and sexual harassment as well as discrimination and abuse of authority. Such zero-tolerance policy applies to all levels of Programme implementation. Robust and prompt action will be taken in response to any such allegations.

7. Consistent with UN Security Council Resolutions relating to terrorism, including UN Security Council Resolution 1373 (2001) and 1267 (1999) and related resolutions, the Parties are firmly committed to the international fight against terrorism, and, against the financing of terrorism. The Parties are also committed to full compliance with other sanctions regimes, including targeted financial sanctions and other measures, adopted by the Security Council under Article 41, Chapter VII of the United Nations Charter.

It is the policy of Finland to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities designated by the UN. To those ends, the Parties will take appropriate steps to ensure that funding provided by Finland is not provided to, or otherwise used to provide assistance or support to, persons or entities, terrorists or terrorist organizations, or any other legal person or government agency listed on the Consolidated United Nations Security Council Sanctions List (as amended from time to time). Ethiopia shall inform Finland immediately if, during the course of this Agreement, Ethiopia receives allegations that any such funds have been so used.

ARTICLE XIV

Entry into Force, Termination, Amendments and Settlement of Disputes

1. This Agreement shall enter into force on the 20th day after its signature and remain valid until all the obligations under this Agreement have been duly fulfilled by the Parties, unless terminated earlier by either Party by giving a notice in writing to that effect three months prior to the termination. The Program duration is 4 four years from the start of the Implementation.

2. Should either Party consider it desirable to amend any provision of this Agreement, it may request consultations with the other Party through its Competent Authority. Any amendment shall be agreed upon in writing between the Competent Authorities.

3. Any dispute arising from the implementation or interpretation of this Agreement shall be settled amicably by negotiations and consultations between the Competent Authorities of the Parties through diplomatic channels.

ARTICLE XV

Contact Details of Competent Authorities

1. For the purposes of this Agreement, the contact details of the Competent Authorities are:

For Finland:
 Finland's Ambassador to Ethiopia
 Embassy of Finland in Ethiopia
 Fitawrari Damtew St, Sub-City Kirkos, Kebele 10 House No 436
 Addis Ababa, Ethiopia
 P.O. Box 1017
 Tel: (+251) 114 704 390

For Ethiopia:
 Federal Democratic Republic of Ethiopia
 Ministry of Finance
 King George VI Street
 Addis Ababa, Ethiopia
 P.O.Box 1037
 Tel: (+251)111 555075

Done in Addis Ababa on 19th November 2020 in two originals in the English language.

FOR FINLAND




 Outi Holopainen (Ms.)

 Ambassador to Ethiopia

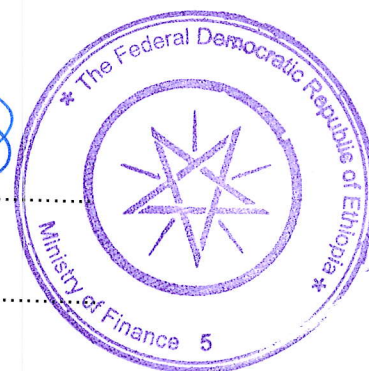


FOR ETHIOPIA



 Yasmin Wohabrebbi (Ms.)

 State Minister
 State Minister of Finance



ANNEXES

Programme Document and Budget, dated October 2020