

Grant Agreement
between
The Swedish International
Development Cooperation Agency,
Sida
and
Institute for Development of Freedom
of Information (IDFI)
regarding Core Support

Sida Contribution No. 13382

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Version 1.3 of September 2019

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Specific Conditions

This grant agreement (the Agreement) has been entered into between:

- (1) The Swedish International Development Cooperation Agency, organisation number 202100-4789 (Sida), represented by the Embassy of Sweden in Tbilisi, 15 Kipshidze street, 0160, Tbilisi, Georgia and
- (2) Institute for Development of Freedom of Information (IDFI), a non-governmental organisation duly established in Georgia under registration number №001226 from June 18, 2009, VAT Number: 204569617 (the Cooperation Partner), Official Address: 4 B. Kraveishvili Street, Tbilisi, 0108, Georgia,

jointly referred to as the Parties.

1 Scope and background

- 1.1 The Cooperation Partner has submitted an application, including budget (the Budget) and objectives to Sida dated July 2019, attached hereto as Annex B (the Application) for core financial support to its operations (the Core Activities) as described in the strategic plan titled Institute for Development of Freedom of Information Strategic Plan 2019-2022 (the Strategic Plan).
- 1.2 Sida has decided to award a grant to be used exclusively for the implementation of the Core Activities during the period from 1 January 2020 to 31 December 2022 (the Activity Period).
- 1.3 The Cooperation Partner has the legal capacity and unrestricted right to execute and deliver this Agreement and to perform all of its obligations under this Agreement.
- 1.4 The Parties have agreed to enter into an Agreement, consisting of these Specific Conditions and the following annexes, all of which form an integral part of this Agreement and are listed in order of priority. In the event of discrepancies between the Specific Conditions and the Annexes, the Specific Conditions shall prevail. In the event of discrepancies between the General Conditions and the other Annexes, the General Conditions shall prevail.

Annexes:

Annex A: General Conditions applicable to Grants from Sida to NGO:s, regarding project/programme support and core support (ver 1.3_20190903)

Annex B: Application, including Budget

Annex C: Strategic Plan

Annex D: Procurement Provisions

Annex E: Terms of Reference for Supplementary Audits

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- 1.5 The Parties shall cooperate and regularly communicate with each other on all matters relevant to the implementation of the Core Activities and this Agreement. The Parties shall hold meetings if or when requested by either Party.

2 Objectives of the Core Activities

- 2.1 The overall objectives of the Core Activities are Supporting Democratic and Good Governance in Georgia through evidence-based research, monitoring and advocacy by a) Promoting Open Governance; b) Strengthening the Anti-Corruption System; c) Social and Economic Policy; d) Rule of Law; e) Facilitating the Decentralization Process; f) Supporting the Process of Democratic Transition in Georgia; g) Media and Freedom of Expression; h) Internet and Innovations.

3 Implementation of the Core Activities

- 3.1 The Cooperation Partner shall implement the Core Activities according to its Strategic Plan and under its own responsibility and in accordance with the Agreement.
- 3.2 During the implementation of the Core Activities, the Cooperation Partner shall exercise the necessary diligence, efficiency and transparency in line with sound financial management, cost-efficiency and best practise principles, such as results-based management including learning and adaptation.
- 3.3 The Cooperation Partner shall identify, assess and mitigate any relevant risks associated with the implementation of the Core Activities, including the risk of corruption and other irregularities, and any other potential negative effects.
- 3.4 The Cooperation Partner must, without delay, inform Sida of any circumstances likely to hamper or delay the implementation of the Core Activities.
- 3.5 Forwarding of Grant funds from the Cooperation Partner to implementing partners not party to this Agreement, for the implementation of parts of the Core Activities (Implementing Partners) is permitted as set out in Article 9 of the General Conditions.

The applicable selection criteria as well as the selection procedure are set out in the Cooperation Partner Policy on Sub-grant. The Cooperation Partner shall also make such information available to Implementing Partners on its website, or if relevant via other media.

The Cooperation Partner is to inform Sida when forwarding of funds are planned, the purpose and to which extent this will be made.

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[Signature]

4 The Grant

- 4.1 Sida undertakes to finance the Core Activities by way of grant up to a maximum amount of SEK 9 100 000 (Swedish kronor nine million one hundred thousand) (the Grant) subject to Swedish Parliamentary appropriations.
- 4.2 The Grant shall be used exclusively to finance the actual costs of the implementation of the Core Activities in accordance with the Strategic Plan during the Activity Period.
- 4.3 The Cooperation Partner is responsible for obtaining any additional resources which may be required to duly implement the Strategic Plan. This shall be reflected in the Budget and be included in the reporting.
- 4.4 The Grant shall be recorded as a revenue in the Budget and in the Accounting records of the Cooperation Partner.

5 Disbursements

- 5.1 The Grant shall be disbursed, in accordance with Article 5 in the General Conditions, in annual instalments based on the financial need of the Core Activities for the upcoming period. Financial need refers to the budgeted expenditure for the upcoming period, less any funds available for the Core Activities from all other sources during the same period.
- 5.2 The financial need shall be documented through an updated cash balance statement for the Cooperation Partner and a reference to the latest approved work plan and Budget. A cash balance statement shall show the opening balance, total amount spent for the period and the unspent balance.
- 5.3 The Cooperation Partner shall ensure that the financing provided by Sida under the Agreement shall be used exclusively to cover expenditures allocated for the Core Activities, as detailed in the Application and further detailed in the approved work plan and Budget.
- 5.4 All disbursements are conditional upon the Cooperation Partner's continued compliance with the requirements of the Agreement, including the timely fulfilment of reporting obligations, progress in relation to Core Activities' objectives and expected results, as well as actual financial needs in accordance with approved work plans including budgets. Except for the Activity Period's first year, the first disbursement each year is subject to Sida's receipt and approval of the narrative report, financial and audit report. The Cooperation Partner will, in addition to the statutory audit report, submit an additional review according to agreed upon procedures ISRS 4400.
- 5.5 Sida may suspend disbursements in addition to the provisions in articles 10 and 16 of the General Conditions if Sida deems that significant new circumstances or

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developments have arisen or changes have occurred which put Sida's continued support into question.

6 Reporting and other documentation

6.1 The following shall be submitted by the Cooperation Partner to Sida:

a) Its annual **narrative report** no later than February 25.

The narrative report shall include the content specified in article 2 of the General Conditions.

b) Its annual **financial statements** no later than February 25

The annual financial statements normally consist of a balance sheet, cash flow for the year and income statement including notes, and the director's report/statutory administration report.

c) Its statutory annual **audit report of the annual financial statements**, management letter and management response according to the requirements in article 7 below, shall be submitted to Sida by March 25 each year.

d) An **unaudited financial report per year** March 25 each year. The unaudited financial report shall include all income and shall specifically display all funding sources, including Grant funds allocated by Sida, it shall include also subcategories to the budget lines in the budget annexed to the agreement. It shall also contain a comparison of actual costs for the Core Activities for the current reporting period with the budgeted costs for the same period. The unaudited financial report shall include information on interest and/or unspent Grant funds. The unaudited financial report shall be signed by Executive Director of the Cooperation Partner. Deviations between the approved budget and the expenses charged/capitalised shall be highlighted with explanatory information.

The report shall include the total amount of funds that has been forwarded to Implementing Partners, if applicable. The unaudited financial reports shall include an appendix with information on the Implementing Partners which have received funds during the year, if applicable.

e) An updated **work plan and budget** covering the period from January to December shall be submitted to Sida by January 30 each year. The work plan and budget shall include the content listed in article 1 of the General Conditions.

6.2 If the Cooperation Partner is unable to meet the deadlines set out above, Sida shall be informed immediately.

6.3 All work plans, budgets and reports shall be drafted in English and are subject to Sida's written approval unless otherwise agreed by the Parties.

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- 6.4 Reallocation between budget lines above 10% shall be subject to Sida's written approval.

7 Annual Audit

- 7.1 The Cooperation Partner shall ensure that the annual financial statements are subject to a statutory annual audit.
- 7.2 The audit shall be carried out by an external, independent and qualified auditor. The annual audit shall be conducted in accordance with international standards on auditing issued by the International Federation of Accountants, IFAC or national audit standards deemed equivalent by Sida. The signing auditor shall not be contracted for the assignment for more than a 7 year period.
- 7.3 Sida reserves the right to approve the Cooperation Partner's selection of the auditor and may require that the auditor shall be replaced if Sida find that the auditor has not performed satisfactorily or if there is any doubt to the auditor's independence or professional standard.
- 7.4 The cost of the annual audit shall be included in the Budget. The Cooperation Partner shall submit the audit report to Sida upon countersigning by Cooperation Partner's Executive Director.
- 7.5 The auditor's report shall express an opinion on whether the annual financial statements are in accordance with Cooperation Partner's accounting records and give a true and fair view of the financial position of Cooperation Partner. The scope of the audit shall include any additional areas to be reviewed by the auditor if required by Sida in accordance with Annex E.
- 7.6 The auditor shall submit a management letter, which shall contain both significant and other audit findings and recommendations made during the audit process. It should also state which measures that have been taken as a result of previous audits and whether measures taken have been adequate to deal with reported shortcomings.
- 7.7 Based on the auditor's findings during the review process and the recommended actions as stated in the audit report, the Cooperation Partner shall prepare and submit a management response to Sida. The management response shall stipulate planned actions, a time frame for implementation at the Cooperation Partner as well as the function in charge of the implementation at the Cooperation Partner.
- 7.8 The Cooperation Partner shall in all agreements entered into with Implementing Partners, include a condition that stipulates a requirement to carry out annual audits. These audits shall be carried out in accordance with ISA 800/805 for project support or in accordance with ISA 700 for core support including management letter and management response or national standards on auditing if deemed equivalent by the Cooperation Partner to international standards on auditing. The Cooperation Partner shall verify that funds forwarded to other parties have been audited, and that the Cooperation Partner has acted on the information that is on hand in the auditing



report. Substantial deficiencies shall be indicated in the report to Sida. The selection of auditor and the terms of reference shall be approved in writing by the Cooperation Partner.

- 7.9 The Cooperation Partner is responsible for ensuring adequate audit procedures at the Implementing Partner as follows:
- Documented control of the auditor's independence and professional standards;
 - Documented control of whether the audit reporting from the auditor is in accordance with the agreement; and
 - Documented assessment of the auditor's reporting and adequate follow-up of the received information.

8 Evaluations

- 8.1 Evaluations of the Core Activities shall be carried out in accordance with the requirements specified in Article 3 of the General Conditions.
- 8.2 A **mid term evaluation** focusing on progress to date shall be carried out by July 2021. Sida shall draft the terms of reference for the evaluation and submit them to the other Party for approval. The costs of the evaluation shall be covered by Sida over and above the Grant.

9 Annual meetings

- 9.1 The Parties shall hold annual meetings, tentatively by April 30 each year in order to discuss the implementation of the Core Activities including *inter alia* the results achieved, lessons-learned and adaptations made during the Activity Period. The meetings shall be called and chaired by the Cooperation Partner. The Cooperation Partner shall provide all relevant discussion material two weeks in advance of the meeting.
- 9.2 Unless otherwise agreed, the Parties shall discuss the latest narrative report and financial statements, as well as the work plan and budget for the upcoming period or any other relevant document. The Parties shall also review any recommendations from evaluations, where applicable.
- 9.3 The Cooperation Partner shall record main issues discussed, points of view expressed and decisions made, in minutes from the meeting. The Cooperation Partner shall submit the minutes to Sida no later than two weeks after the meeting for comments. These agreed minutes shall be signed by both Parties.
- 9.4 The Parties shall hold additional meetings if and when requested by either Party. Details regarding agenda and procedures will be agreed upon by the Parties.

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10 Financial management

- 10.1 The Cooperation Partner shall keep accurate accounts of the Core Activities' income and expenditure using an appropriate accounting- and double-entry book-keeping system in accordance with the applicable accounting- and bookkeeping requirements and regulations in the jurisdiction of the Cooperation Partner.
- 10.2 The accounts shall be kept up to date at least on a monthly basis. Bank reconciliations and cash reconciliations shall be completed at least every month, and shall be documented by the Cooperation Partner.
- 10.3 The Cooperation Partner shall keep the accounting records for at least 7 years after the end of the Activity Period. This shall include *inter alia* vouchers, receipts, contracts, procurement documents and bank statements.

11 Procurement

- 11.1 The Cooperation Partner is responsible for the procurement related to the implementation of the Core Activities.
- 11.2 Procurement shall be carried out in accordance with the procurement principles on non-discrimination, equal treatment, transparency, openness and predictability, proportionality and mutual recognition. Procurement shall be conducted in accordance with this Agreement and the Cooperation Partner's own procurement regulations, IDFI Procurement Policy, internal order no 20180919/02 dated September 19, 2018, and IDFI Policy on Tenders, internal order no 20160301/03 dated March 01, 2016 shall apply.
- 11.3 Procurement documentation, including all published procurement notices, shall be prepared in the English language. The Parties may agree to the use of additional languages in a specific procurement.
- 11.4 At the request of either of the Parties, consultations may be held on any matter relating to procurement.
- 11.5 Sida has at any time during the Activity Period the right to carry out checks on procurements or initiate a procurement audit of conducted procurements involved in the Core Activities. The Cooperation Partner shall provide Sida with all necessary documentation and information upon request.

12 Special provisions

The Cooperation Partner shall not use the Grant for its global projects, on activities beneficiaries of which can be other countries than Georgia.

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13 Notices

- 13.1 All communication to Sida concerning the Agreement shall be directed to Embassy of Sweden in Tbilisi at the following address/e-mail address: kakha.khimshiashvili@gov.se
- 13.2 All communication to the Cooperation Partner concerning the Agreement shall be directed to Giorgi Kldiashvili, Executive Director at the following address/e-mail address: g.kldiashvili@idfi.ge
- 13.3 Sida's contribution number and agreement title shall be stated in all correspondence regarding this Agreement, including disbursement requests and repayment of unused funds.

14 Validity Period of the Agreement

- 14.1 The Agreement shall enter into force at the date of the last signature and remain valid until December 31 2023, unless it is terminated in accordance with the provisions of the General Conditions, or until the return of any unused funds to Sida and the fulfilment of the reporting requirements of this Agreement, at which time this Agreement expires.
- 14.2 Termination or expiry of the Agreement shall not release the Parties from any liability arising from any act or omission that has taken place prior to such termination or expiry.

15 Applicable law and settlement of disputes

- 15.1 This Agreement shall be governed by the substantive law of Sweden, without regard to its conflict of law rules.
- 15.2 Any dispute, controversy or claim arising out of or in connection with this Agreement, or the breach, termination or validity thereof, that cannot be settled amicably, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce.

The arbitral tribunal shall be composed of a sole arbitrator. The seat of arbitration shall be Stockholm and the language to be used in the proceedings shall be English.

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[Signature]

16 Signatures

16.1 This Agreement has been signed in two (2) original copies in the English language. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.

Place: Tbilisi, Georgia

Place: Tbilisi, Georgia

Date: 2019-12-30

Date: 2019-12-30



for the Swedish International Development
Cooperation Agency (Sida)

for Institute for Development of Freedom of
Information (IDFI),

Erik Elles

Giorgi Kldiashvili

Head of Development Cooperation

Executive Director

Embassy of Sweden in Tbilisi

IDFI