

Grant Agreement
between
The Swedish International
Development Cooperation Agency,
Sida
and
Integrity Action
regarding Core Support

Sida Contribution No. 140557

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), and

Integrity Action, a charity duly established in England and Wales under registration number 1120927 (the Cooperation Partner), The Leather Market, Unit 12.1.2, Weston Street, London, SE1 3ER 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 9 April 2020 and 24 June 2020, attached hereto as Annex B (the Application) for core financial support to its operations (the Core Activities) as described in the strategic plan titled *Ambition for Open Citizen Feedback* (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 October, 2020 to 30 September 2024 (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 (B1), including Strategy (B2) and Budget (B3)

Annex C: Integrity Action Procurement Policy, Section 7 from *Financial Policies and Procedures Handbook* dated July 2019

- 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

- I. The overall objectives of the Core Activities are Achieve: Achieve results for citizens that maximise quality, durability and inclusivity
- II. Amplify: Collaborate to amplify results and fuel further innovation
- III. Convince: Build a robust case for open citizen feedback to inspire its mainstreaming

2.1 The full Strategic Plan is included as Annex C to this Agreement.

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 Application. The Cooperation Partner shall also make such information available to Implementing Partners on its website, or if relevant via other media.

4 The Grant

4.1 Sida undertakes to finance the Core Activities by way of grant up to a maximum amount of SEK 28,000,000 (Swedish kronor twenty-eight million) (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 semi-annual instalments based on the financial need of the Core Activities for the upcoming period, indicatively 3 500 000 SEK each six months. 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 second disbursement each year is subject to Sida's receipt and approval of the narrative report, financial and audit report. The first year's second disbursement (financial year 1 October – 30 September) is subject to Sida's receipt and approval of the narrative report, financial and audit report of the final year of the previous agreement, with activity period ending 30 September 2020.
- 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 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 31 January.

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

b) Its annual **financial statements** no later than 31 January.

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 31 January each year.

d) An **unaudited financial report per year** 31 January 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 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 the Head of Finance. 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 October to September shall be submitted to Sida by 30 September each year. The work plan and budget shall include the content listed in article 1 of the General Conditions.

f) Integrity Action shall submit its updated strategy to Sida for approval whenever it is revised.

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 or Swedish and are subject to Sida's written approval unless otherwise agreed by the Parties.

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 approval by Cooperation Partner's Board of directors.
- 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.
- 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.

When forwarding funds to a third party, Integrity Action is responsible for the funds being followed up according to this Agreement. These requirements shall be passed

on to all subsequent subagreements. If the separate funds do not exceed SEK 284 000, Integrity Action may apply the following instead of a specific project audit in their agreements with third parties: Integrity Action shall 1) request and review an organisational audit from the third party showing income received from Integrity Action, and, 2) request and review the third party's annual certified statements for the agreement made between Integrity Action and the third party. The report signed by the responsible third party shall contain income and expenditure against agreed budget. Integrity Action shall conduct sample review of receipts against the expenditure. The review shall include third party's adherence to procurement and anti-corruption procedures explained within this Agreement. Sida shall be given the opportunity to visit Integrity Action and to inspect property, goods, accounts, other documents etc. Integrity Action shall cooperate with and assist Sida in the process of monitoring, evaluation, review, audit or similar.

- 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 31 March 2022. The Cooperation Partner shall draft the terms of reference for the evaluation and submit them to the Sida 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 in April 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.

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, contained within the Financial Policies and Procedures (see Annex C), 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

- 12.1 The Cooperation Partner cannot use funds provided by Sida to cover costs for core activities in non-ODA countries.
- 12.2 Sida's funds cannot be used to build up financial unrestricted reserves,. If the unrestricted reserves has increased between 2020-10-01 and 2024-09-30 Integrity Action shall be able to prove, in their final audited financial report for the agreements activity period, that Sida funds has not been used to the increase of the unrestricted reserve.

13 Notices

- 13.1 All communication to Sida concerning the Agreement shall be directed to the designated programme officer at Sida, Department for International Organisations and Policy Support, Unit for Democracy and Human Rights.
- 13.2 All communication to the Cooperation Partner concerning the Agreement shall be directed to Jasmina Haynes at the following address/e-mail address: jasmina.haynes@integrityaction.org
- 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 or on 1st October 2020. and remain valid until 31 March 2025, 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.

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: Stockholm Place: London
Date: 24 September 2020 Date: 5th October 2020



for the Swedish International Development
Cooperation Agency (Sida)

Staffan Smedby

Head of Unit

INTEM/DEMO



for Integrity Action,

Jasmina Haynes

CEO