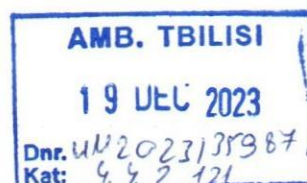


Grant Agreement  
between  
The Swedish International  
Development Cooperation Agency,  
Sida  
and  
Global Compact Network Georgia  
regarding  
  
Leadership for Sustainable  
Development in Georgia Phase II

Sida Contribution No. 16848

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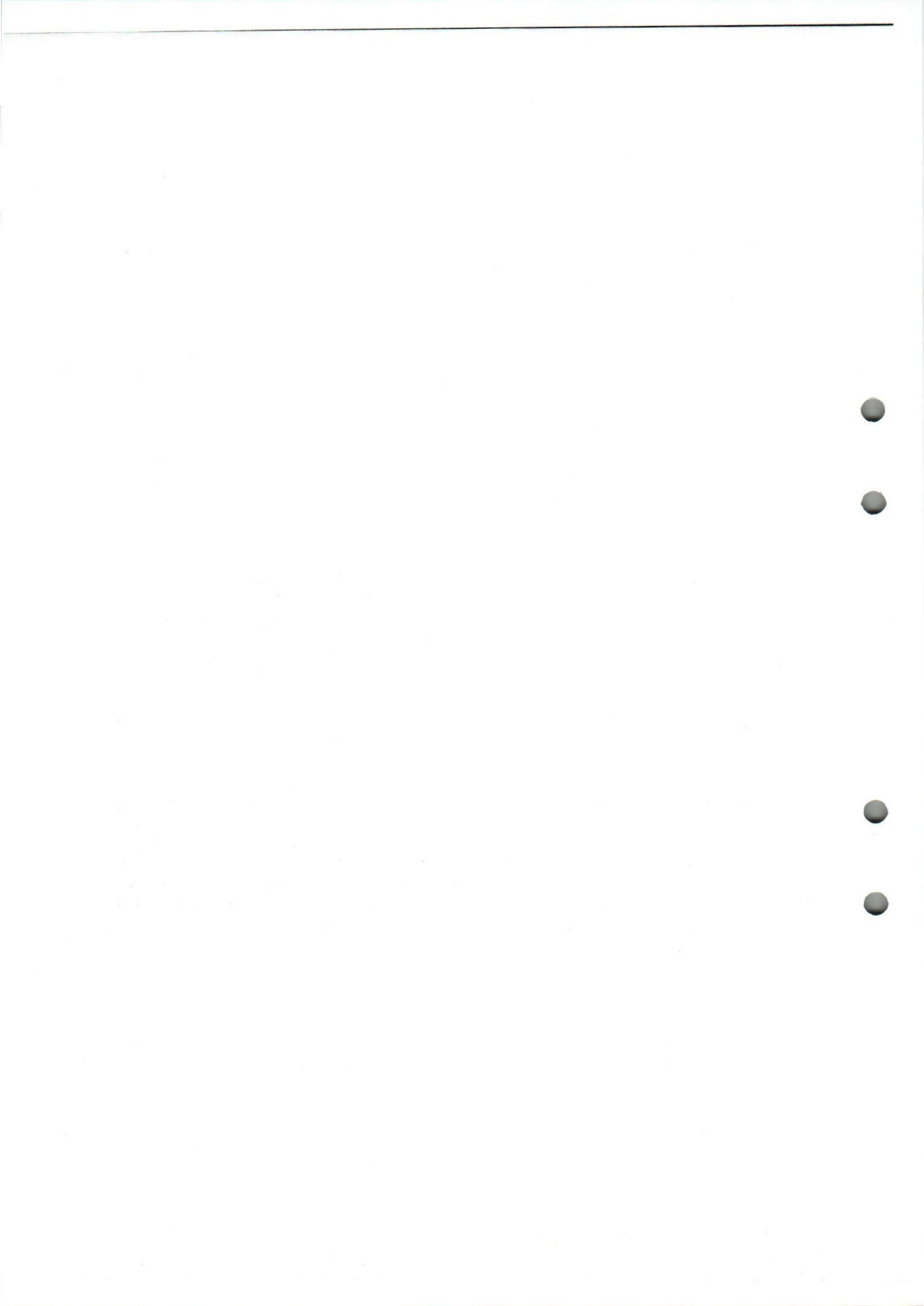
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## Specific Conditions

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, and
- (2) Global Compact Network Georgia, a Non-entrepreneurial (Non-commercial) Legal Entity duly established in Georgia under registration number 216395595 (the Cooperation Partner), Georgia, Tbilisi, Vake district, I. Abashidze st. 34, Commercial Area A-3, Block 1.

jointly referred to as the Parties.

### 1 Scope and background

- 1.1 The Cooperation Partner has submitted a project document, including budget and objectives, to Sida dated 03/11/2023, attached hereto as Annex B (the Project Document) regarding financial support to the project/programme titled Leadership for Sustainable Development in Georgia Phase II described therein (the Project). The estimated costs of the Project are indicated in the budget (the Budget) attached as Annex C to this Agreement.
- 1.2 Sida has decided to award a grant to be used exclusively for the implementation of the Project during the period from 1 January 2024 to 31 December 2027 (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. 1.5\_20221019)

Annex B: Project Document

Annex C: Budget

Annex D: Terms of Reference for Annual Audit





Annex E: Transfer of ownership of assets form

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

## 2 Objectives of the Project

- 2.1 The overall objective of the Project is to accelerate and scale the local impact of business for delivering the SDGs through ambitious targets, increased accountability, enabling environments, and enhanced multi-stakeholder collaboration.
- 2.2 The full Project Document is included as Annex B to this Agreement.

## 3 Implementation of the Project

- 3.1 The Cooperation Partner shall implement the Project under its own responsibility and in accordance with the Agreement.
- 3.2 During the implementation of the Project, 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 Project, including the risk of corruption and other irregularities, risks related to sexual exploitation, sexual abuse and sexual harassment (SEAH), 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 Project.
- 3.5 Forwarding of Grant funds from the Cooperation Partner to third parties is not permitted.

## 4 The Grant

- 4.1 Sida undertakes to finance the Project by way of grant up to a maximum amount of SEK 26 700 000 (Swedish kronor twenty six million seven 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 Project during the Activity Period.







- 4.3 The Cooperation Partner is responsible for obtaining any additional resources which may be required to duly implement the Project. This shall be reflected in the Budget and be included in the reporting.

## 5 Disbursements

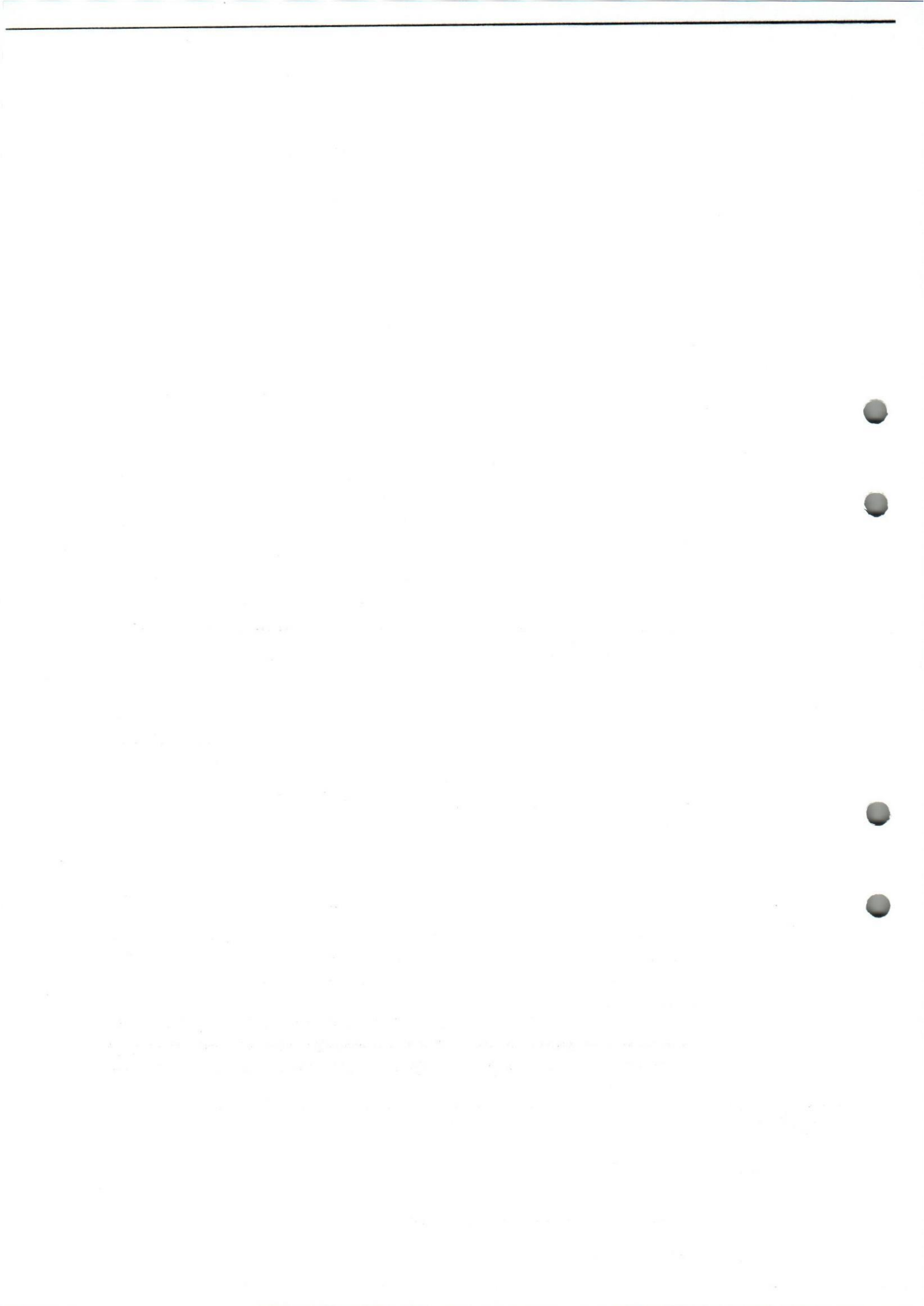
- 5.1 The Grant shall be disbursed, in accordance with article 5 in the General Conditions, in semi-annual instalments based on the financial need of the Project for the upcoming period. Financial need refers to the budgeted expenditure for the upcoming period, less any funds available to the Project from all other sources during the same period.
- 5.2 The financial need shall be documented through an updated cash balance statement for the Project 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 Project as detailed in the Project Document 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 Project 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, each year is subject to Sida's receipt and approval of annual work plan, budget, cash balance statement and disbursement request. The second disbursement each year is subject to Sida's receipt and approval of the narrative report, financial report, audit report, cash balance statement and disbursement request.

Indicative payment schedule is as below:

2023, upon signature	3 700 000 SEK
2024, 3rd quarter	3 400 000 SEK
2025, 1st quarter	3 300 000 SEK
2025, 3rd quarter	3 300 000 SEK
2026, 1st quarter	3 250 000 SEK
2026, 3rd quarter	3 250 000 SEK
2027, 1st quarter	3 200 000 SEK
2027, 3rd quarter	3 300 000 SEK

- 5.5 Sida may suspend disbursements in addition to the provisions in articles 10 and 17 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.



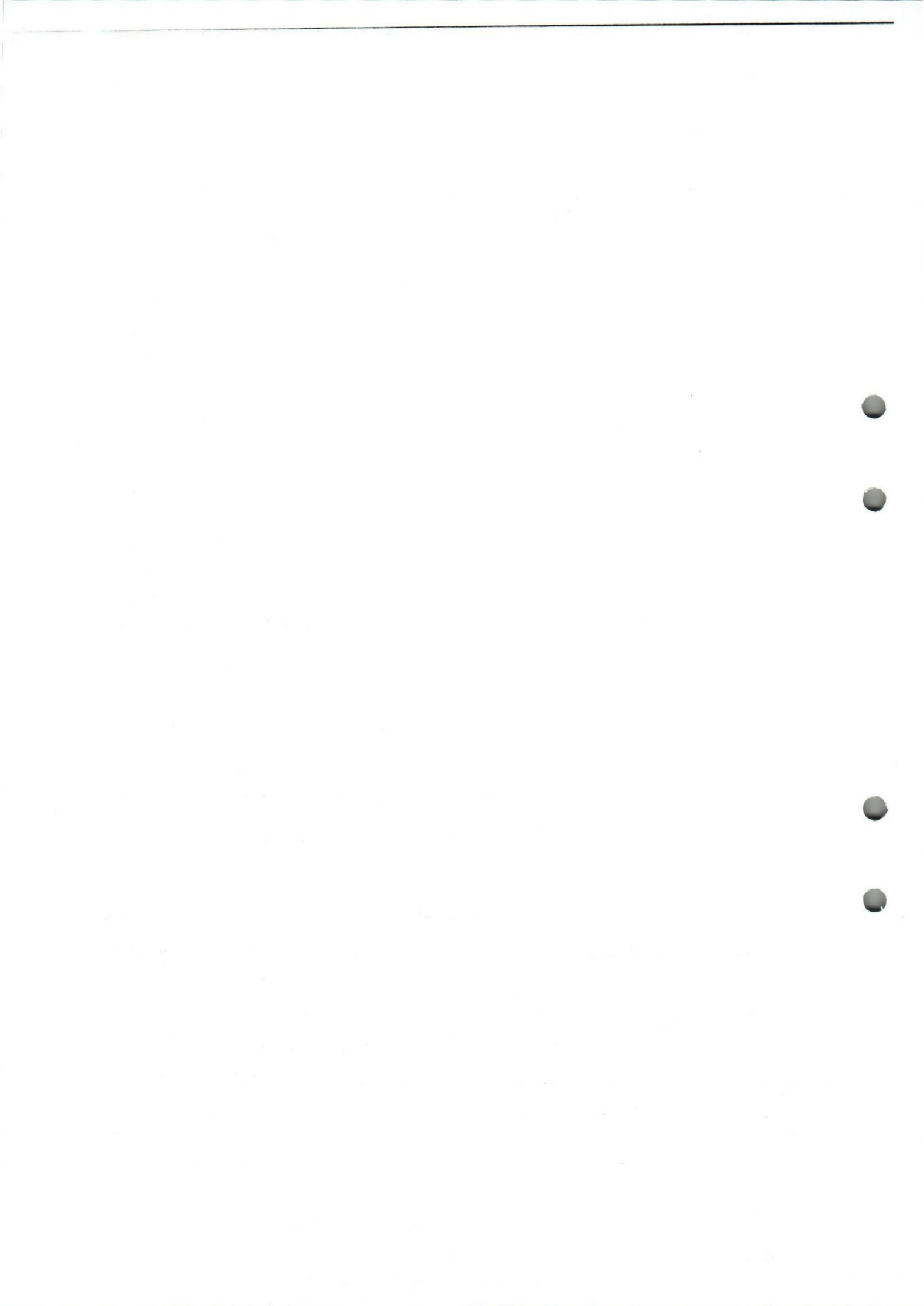
## 6 Reporting and other documentation

- 6.1 The following shall be submitted by the Cooperation Partner to Sida:
- a) A **narrative report** covering the period from 1 January to 31 December shall be submitted to Sida by 31 March each year. The narrative report shall include the content specified in article 2 of the General Conditions. A **final narrative report** for the Activity Period, substituting the annual report for the final year, shall be submitted to Sida no later than three months after the end of the Activity Period. The final report shall include the content listed in article 2.3 of the General Conditions.
  - b) A **financial report** covering the period from 1 January to 31 December shall be submitted to Sida by 31 March each year. The financial report shall include the content specified in article 7 below.
  - c) An annual **audit report, management letter, agreed-upon procedure report and management response** according to the requirements in article 8 and the Terms of Reference for annual financial audit shall be submitted to Sida by 31 March each year.
  - d) An updated **work plan and Budget** covering the period from 1 January to 31 December shall be submitted to Sida by 30 November 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 or Swedish and are subject to Sida's written approval unless otherwise agreed by the Parties.
- 6.4 Reallocations between annual budget lines exceeding 10% shall be subject to Sida's prior written approval. For the budget items Salaries, Sida's prior written approval before reallocation is at all times required.

## 7 Financial report

- 7.1 Any financial report to be submitted in accordance with these Specific Conditions shall comprise actual incomes and costs with a comparison to the approved Budget for the reporting period, as well as an identification of any deviations from the Budget as per article 10.1 of the General Conditions. The financial report shall be signed by the financial manager (or equivalent) as well as an authorised representative of the Cooperation Partner.
- 7.2 The financial report shall be set up in a way that allows for direct comparison with the latest approved Budget, using the same currency and budget line items. The financial report shall also include columns for cumulated information for all budget





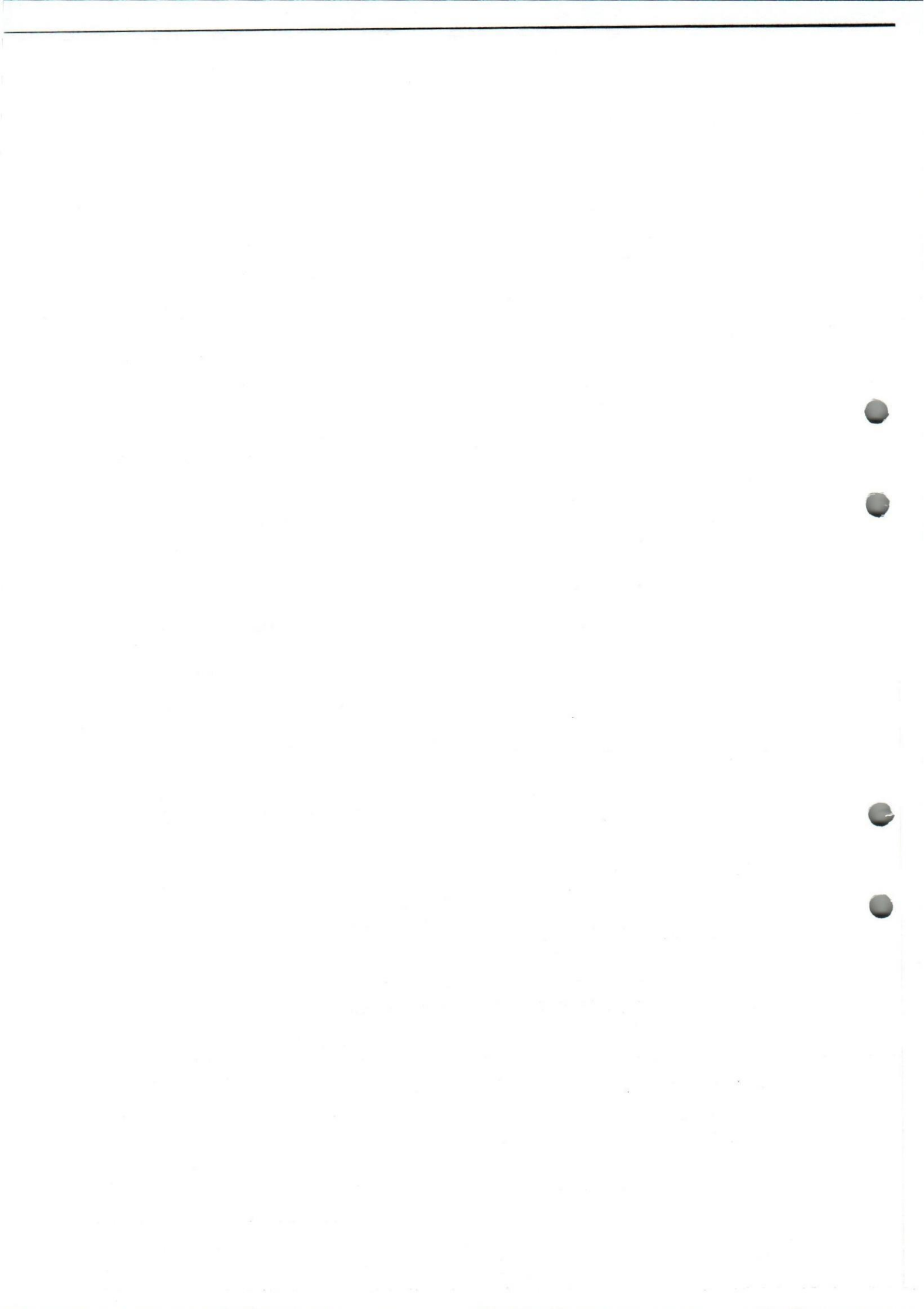
lines (both incomes and costs) regarding earlier periods. The financial report shall, as a minimum, include:

- a) the accounting principles: accrual based, cash based or modified, that have been applied;
- b) income from all sources, including bank interest and exchange rate gains. Sida's contribution shall be specified both in the currency of transfer and the amount in the local currency;
- c) a disclosure of exchange rate gains and/or losses. The disclosure shall include the entire chain of currency exchange effects from Sida's disbursement to the implementation of the project/programme to the local currency/ies within the organisation. The applied principle for handling exchange gains and/or losses shall be disclosed in a note to the financial report.
- d) expenses charged/capitalised in the relevant reporting period;
- e) unused funds as per the reporting date, the balance shall include a specification of any surplus or deficit from exchange gains/losses during the reporting period;
- f) balance sheet, when required in accordance with the accounting principles applied;
- g) explanatory notes including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Project.
- h) the amount of funds that has been forwarded to Implementing Partners, if applicable. The amount of funds should be specified in a note with the following information: the amount of funds that has been accounted for and reported by the Implementing Partner; the amount of funds that is not yet due for reporting; and the amount of funds which is due for reporting but has not been reported yet. The annual reports shall include an appendix with information on the Implementing Partners which have received funds during the year.

## 8 Annual Audit

- 8.1 The Cooperation Partner shall ensure that the Grant is audited annually. The annual audit report shall be carried out in accordance with conditions set out in this article 8 and Sida's standard Terms of Reference for annual financial audit, (Annex D).
- 8.2 The audit shall be carried out by an external, independent and qualified auditor. The audit shall be conducted in accordance with international audit standards issued by International Auditing and Assurance Standards Board (IAASB). The signing auditor shall not be contracted for the assignment for more than a 7-year period.
- 8.3 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 finds that the auditor has





not performed satisfactorily or if there is any doubt to the auditor's independence or professional standards.

- 8.4 The cost for the audit shall be paid by the Cooperation Partner and shall be a part of the Budget. The Cooperation Partner shall ensure that the terms of reference for the audit are included in the engagement letter signed by the Cooperation Partner and the auditor.
- 8.5 The Independent audit report shall include an audit opinion on whether the submitted annual financial report is in accordance with the Cooperation Partner's accounting records and with Sida's requirements for financial reporting as stipulated in the agreement including appendices. The auditor shall also review additional areas during the audit according to agreed upon procedures, ISRS 4400 as requested in the terms of reference.
- 8.6 The auditor shall submit a management letter, which shall contain both significant and other audit findings and recommendations made during the audit process. It shall also state which measures have been taken as a result of previous audit and whether measures taken have been adequate to deal with reported shortcomings. An agreed-upon procedure report shall be submitted for ISRS 4400 assignment.
- 8.7 A management response including an action plan regarding any findings shall be produced by the Cooperation Partner and submitted to Sida together with the financial report and the audit report including the management letter. The management response shall stipulate planned actions, a time frame for implementation as well as the function in charge of the implementation at the Cooperation Partner.

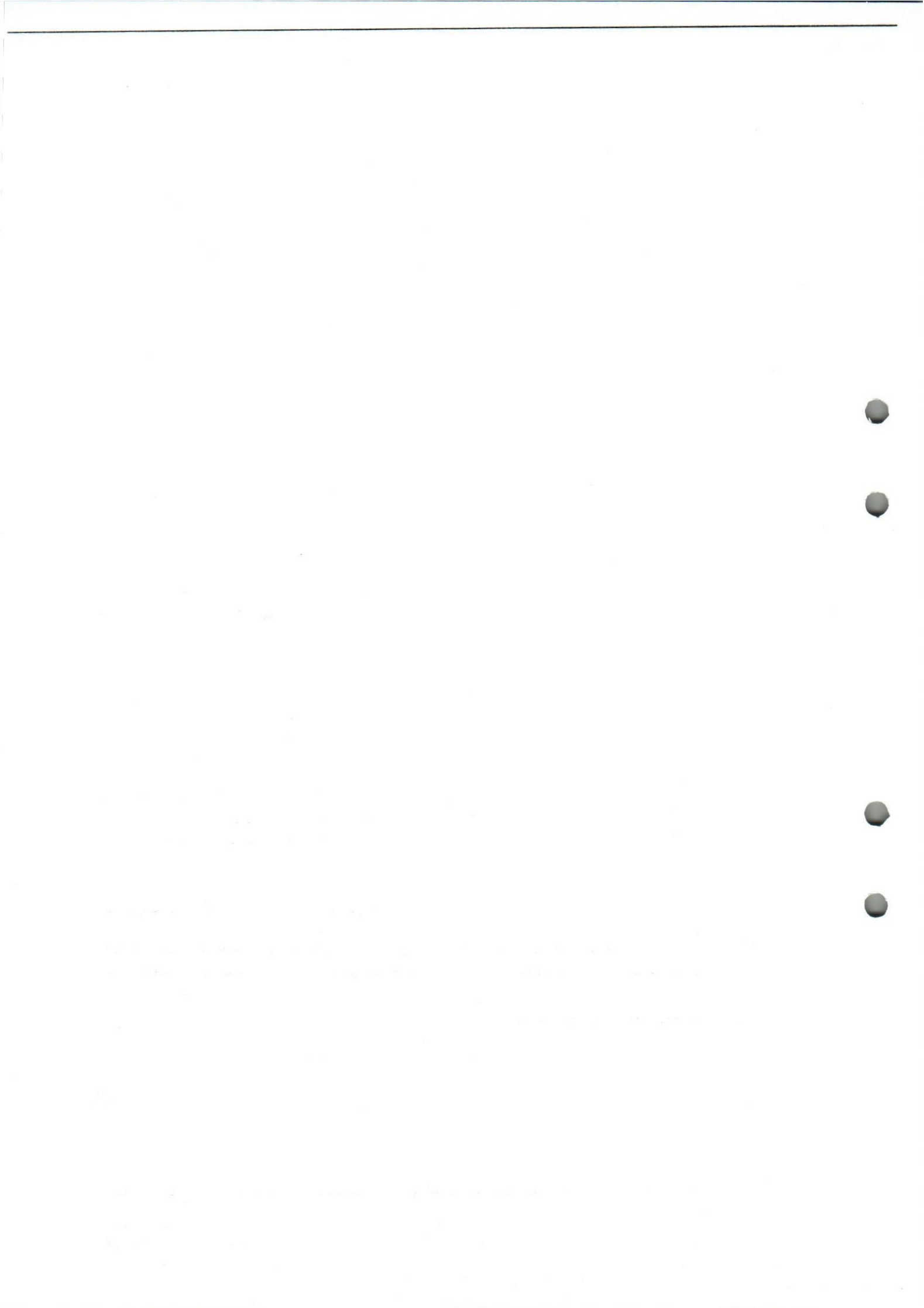
## 9 Evaluations

- 9.1 Evaluations of the Project shall be carried out in accordance with the requirements specified in article 3 of the General Conditions.
- 9.2 An **end-term evaluation** focusing on results achieved by the Project shall be carried out by December 2027 . 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.

## 10 Annual meetings

- 10.1 The Parties shall hold annual meetings, tentatively in May each year in order to discuss *inter alia*. the results achieved, lessons-learned and adaptations made by the Project 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.







- 10.2 Unless otherwise agreed, the Parties shall discuss the latest narrative report and financial report, 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.
- 10.3 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.
- 10.4 The Parties shall hold additional meetings if/when requested by either Party. Details regarding agenda and procedures will be agreed upon by the Parties.

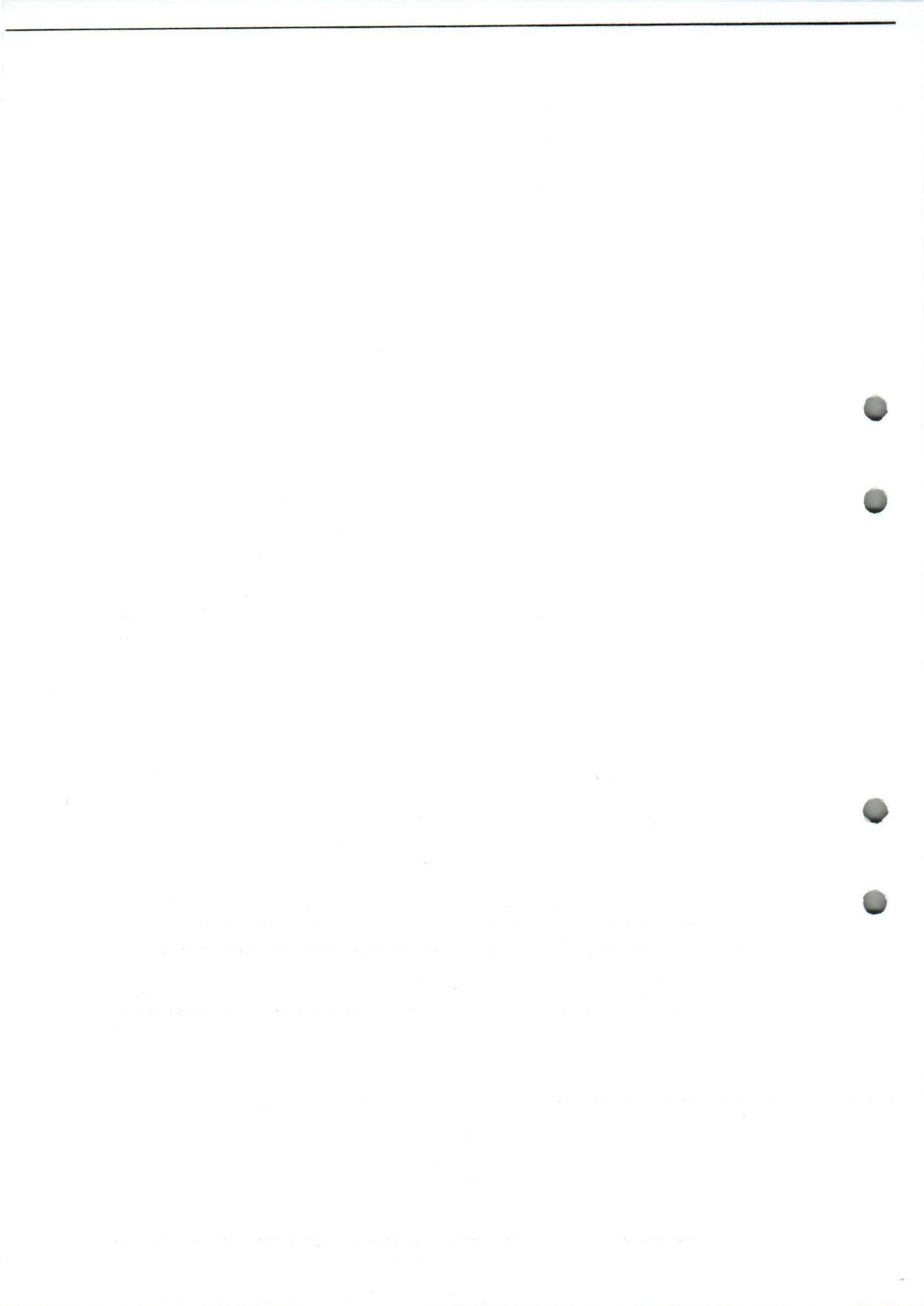
## 11 Financial management

- 11.1 The Cooperation Partner shall keep accurate accounts of the Project's 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.
- 11.2 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.
- 11.3 Income and expenditures relating to the Project must be easily identifiable and verifiable, either by using separate accounts for the Project or by ensuring that Project expenditure can be easily identified and traced within the general accounting- and bookkeeping systems. The accounts must provide details of bank interest accrued on the Grant.
- 11.4 The Cooperation Partner shall keep the Project's accounting records for at least 7 years from the time of Sida's approval of the final report for the Project. This shall include *inter alia* vouchers, receipts, contracts, procurement documents and bank statements.

## 12 Procurement

- 12.1 The Cooperation Partner's own procurement regulations, Procurement Handbook 2023, together with this Agreement shall apply to the procurement of goods, works and services financed by this Agreement and carried out internally within the Cooperation Partner and for any procurement carried out by any Implementing Partners.
- 12.2 Procurement shall be carried out in accordance with the procurement principles on non-discrimination, equal treatment, transparency, openness and predictability, proportionality and mutual recognition.





- 12.3 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.
- 12.4 At the request of either of the Parties, consultations may be held on any matter relating to procurement.
- 12.5 Sida has, at any time during the Activity Period, the right to carry out checks on procurements or initiate a procurement audit. The Cooperation Partner shall provide Sida with all necessary documentation and information upon request.

## 13 Notices

- 13.1 All communication to Sida concerning the Agreement shall be directed to Embassy Tinatin Genebashvili, Programme Officer at the following address/e-mail address: [tina.genebashvili@gov.se](mailto:tina.genebashvili@gov.se); 15 Kipshidze str., 0160, Embassy of Sweden in Tbilisi.
- 13.2 All communication to the Cooperation Partner concerning the Agreement shall be directed to Salome Zurabishvili, Executive Director at the following address/e-mail address: [salome@unglobalcompact.ge](mailto:salome@unglobalcompact.ge), Georgia, Tbilisi, Vake district, I. Abashidze st. 34, Commercial Area A-3, Block 1.
- 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.

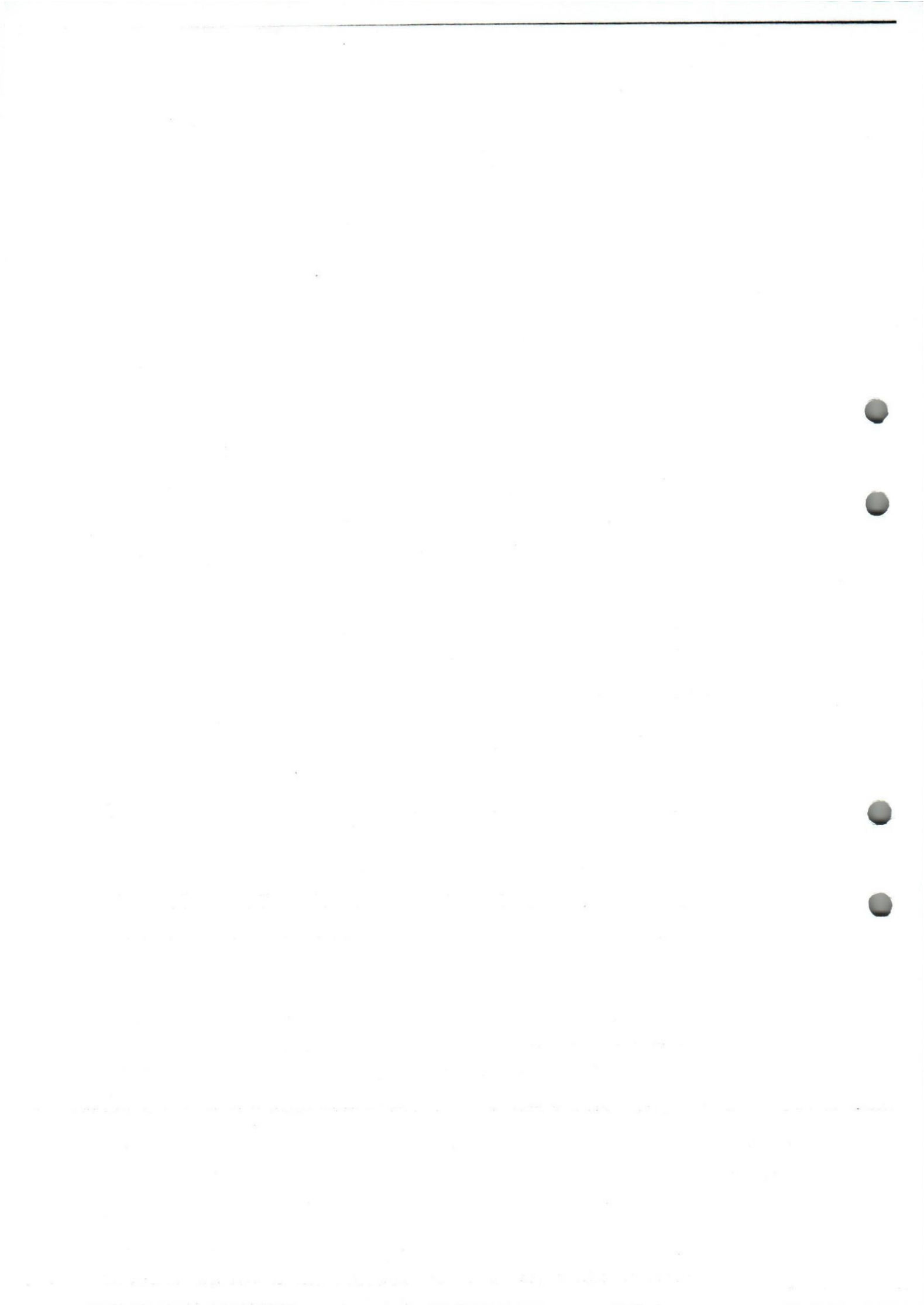
## 14 Validity Period of the Agreement

- 14.1 The Agreement shall enter into force at the date of the last signature and remain valid until 30 June 2028 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: Tbilisi, Georgia

Place: Tbilisi, Georgia

Date: 2023-12-19

Date: 2023-12-19



for the Swedish International Development  
Cooperation Agency (Sida)

Erik Illes

Head of Development Cooperation

Embassy of Sweden in Tbilisi



for Global Compact Network Georgia

Salome Zurabishvili

Executive Director

