## Co-operation Agreement for project funding 2023-2027 with audit

between

***[*YYY*]* and [ZZZ]**

**Please note!** Text marked in yellow needs to be adjusted based on the contracting parties needs and routines

# CONTRACTING PARTIES

This agreement is established between the following parties:

|  |  |  |
| --- | --- | --- |
| Name: | *YYY* | ZZZ |
| Corporate id no: | insert number | insert number |
| Address: | insert address | insert address |

ZZZ hereafter referred to as “Implementing partner”.

# THE AGREEMENT AND BUDGET

This agreement regulates the conditions between the contracting parties for the activity period **1 January 2023 – 31 December 2027** for the financing of the following project:

Amounts are in (currency)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Project no | Project name | **2023** | **2024** | **2025** | **2026** | **2027** |
| 604xx | Xx | 9 999 |  |  |  |  |
| 604xx | Xx | 9 999 |  |  |  |  |
|  | Delete unused rows |  |  |  |  |  |

The Implementing partner undertakes to implement the project(s) in accordance with the approved project applications and project budgets.

The following documents are an integral part of this Co-operation Agreement:

1. Approved project budgets for each project and year
2. Objective matrices for each project
3. *Union to Union’s* Audit instruction
4. [insert other Annexes if relevant, for example Anticorruption policy otherwise delete]

# SPECIAL CONDITIONS

(If there are any special conditions, they will be listed here.)

# CONDITIONS FOR DISBURSEMENT OF FUNDS

YYYs obligations under the Co-operation Agreement are conditional upon *Union to Union* making sufficient funds available to *YYY.*

Before entering into agreements for transfers of funds, YYY is responsible for assessing the financial and administrative capacity of ZZZ. Copies of these assessments must be submitted to *Union to Union.*

Project funds must be kept in a bank account in the name of the Implementing partner, **signed jointly by two authorized signatories**. It isrecommends that the funds are kept in a separate bank account or are easily traceable in the accounting system.

### Bank account information of the Implementing partner:

|  |  |
| --- | --- |
| Name of the Bank: | X |
| Bank Address: | X |
| Project Account Number: | X |
| IBAN: | X |
| SWIFT/BIC: | X |

A bank certificate, not older than three months, must verify the bank account information of the Implementing Partner and be submitted to YYY. Any changes regarding bank account information during the agreement period shall be notified to YYY in writing.

# REQUEST FOR AND DISBURSEMENT OF FUNDS

Funds are disbursed **X times per year** in response to written request made by the Implementing partner.

***First disbursement***

The first disbursement each year is xx% of the current year’s budget.

For the first year in the agreement period, the first disbursement may be done upon signature by both parties and submission of the bank certificate.

***Second disbursement***

The second disbursement each year corresponding to xx% of the current year’s budget may be done after approval of the annual reports from the previous period.

***Third disbursement***

The third disbursement each year corresponding to xx% of the current year’s budget may be doneafter approval of the mid-term reports for the current year.

No disbursement will be made after [insert date].

Disbursements are made at the going exchange rate on the date of transfer.

When the Implementing partner has requested and received a transfer of funds, [YYY] must receive written confirmation with copy of the deposit stating the amount received in the currency in question.

### Request for using funds after the end of year

If Implementing Partner wishes to use funds from the current year between 1 January and 30 January the following year, a written request must be submitted to [YYY] no later than **25 November** the current year. If the request is approved, the costs must be included in the audit for the previous year.

# CONSIDERABLE CHANGES

### Considerable changes

Considerable changes in relation to the project budgets and objectives (annex A and B) shall be approved beforehand in writing by [YYY].

Considerable changes are changes in the project(s)’ expected results as described in the objective matrices as well as financial reallocations within each specific project.

Considerable changes are

* Specify if needed

# REPORTING

### Mid-term reports

The Implementing partner shall submit a Mid-term report per project for the period January to June, including an estimate of funds needed for the second half-year, no later than [insert date] each year in the agreement period.

### Annual reports

The Implementing partner shall submit a result oriented Narrative report and a financial report per project, no later than [insert date] the following year.

All financial reports shall comply with the financial instruction provided by [YYY].

An Auditor’s Report, a Management Letter and a Management Response shall also be enclosed. The Management Response shall be submitted no later than[insert date].

# FINANCIAL REPORTING

### Accounting principles

The Implementing partner has to ensure that the financial system and accounting is relevant, systematic, reliable and complete, and done without delay.

National accounting principles and tax rules must be followed.

Reconciliation of the bank accounts for project funds as well as any petty cash must be made monthly.

### Records and filing

The Implementing partner is committed to retaining on file all project-related documents, accounting records and supporting documents for a period of seven (7) years.

### Eligible costs

Eligible costs are costs that can be directly linked to the project budget and activity plan.

Only travel and meal allowances can be reimbursed for participants at activities. Alcohol is not an eligible cost. It is possible to have expenses for involving consultants, trainers, and experts under relevant for national regulations’ contracts. Loss of earnings are not allowed to be reimbursed to participants, if not requested in writing by the Implementing partner and approved by [YYY] beforehand.

The following types of costs are not eligible:

* debts, and in the case of projects, also debt service charges (interest)
* provisions for losses or potential future liabilities,
* items already financed from another agreements
* purchases or construction of real estate (land or buildings)
* credits to third parties
* travel costs for business or first class
* extra allowances, such as sitting allowances, or equivalent in order to finance allowances for participating staff/invited speakers/participants of workshops
* or the build-up of reserve.

### Staff costs

The principles applied for staff costs that are allocated to the project, shall be accounted for and allow reviewing and auditing. Staff costs must be recorded on a **monthly basis** and be verified against underlying documentation and certified by an authorised manager.

National accounting and tax regulation must be applied.

The Implementing partner provides accident insurance to all employees, covering medical treatment for work related accidents and compensation for work related accidents resulting in permanent disability.

### Interest gains

The Implementing Partner may keep surpluses resulting from interest received on the bank account where the project(s) funds are deposited. The interest shall be used to finance activities in line with the approved project objective(s). Any surpluses shall be accounted for in the annual report.

### Exchange rate gains/losses

The Implementing partner shall beforehand request an approval from [YYY] in writing to use exchange rate gains to finance additional activities in line with the approved project objective. If not used, such surpluses should be reimbursed to [YYY] by the end of the project period.

Exchange rate losses are not covered by [YYY].

# AUDIT

All funds transferred to the Implementing partner must be audited by an external, independent and qualified auditor.

An Audit Engagement Letter, which includes *Union to Union’*s Audit instruction, should be signed with the auditor.

Audit costs may be included in the project budget.

The audit shall be carried out according to *Union to Union’s* audit instruction following the International Standards on Auditing, **ISA 800/805** including an engagement to perform agreed-upon procedures regarding financial information, according to **ISRS 4400**.

A Management Letter, if not included in the ISRS 4400, and a Management Response shall be enclosed.

# PROCUREMENT

The Implementing partner shall apply rules which will ensure that procurement of goods and services will always be carried out in accordance with good business practice. Tenders and tenderers shall be treated objectively in order to promote equal conditions and transparency.

# IMPROPER USE OF FUNDS

The management of the Implementing partner is responsible for preventing, detecting, and taking action regarding any corruption or fraudulent behaviour in the organisation.

If irregularities or corruption is suspected in a project financed by this agreement, the Implementing partner is compelled to inform [YYY] without delay.

Planned disbursements can be withheld. Ultimately the Implementing partner carries the risks and consequences.

The Co-operation Partner must review and confirm that partners/suppliers are not included in the European Union's list of persons, groups and organisations subject to financial sanctions (EU sanctions list). This review must be documented.

# GENERAL RIGHT TO WITHHOLD FUNDS

[YYY] reserves the right to withhold new or pending funds if the conditions of this Co-operation Agreement are not complied with.

In case the Implementing partner fails to submit complete reports according to the requirements for reporting and audit stated in this Agreement, [YYY] is entitled to withhold the second and third transfer of the project allocation until complete and satisfactory reports and audits, signed by authorized signatories, have been approved in the stipulated time.

The Co-operation Partner must review and confirm that partners/suppliers are not included in the European Union's list of persons, groups and organisations subject to financial sanctions (EU sanctions list).This review must be documented.

# REPAYMENT OBLIGATIONS

As a rule, all project balances must be repaid to [YYY].

# OBLIGATION TO INFORM AND RECEIVE VISITS

***Other funding***

In case another organisation allocates funds for activities included in the project specified in this agreement, the Implementing partner shall as soon as possible inform [YYY] thereof.

***Production of materials***

In the production of printed and published materials and in connection with activities, the Implementing partner shall inform in an appropriate manner that the material / activity has been financed / implemented with the contribution of [YYY]/*Union to Union*  but that [YYY] /*Union to Union* is not responsible for the content, unless otherwise agreed.

***Visits and evaluations***

[YYY], *Union to Union* and/or Sida have the right to visit, evaluate and follow-up all projects or activities financed fully or partly by [YYY].

[YYY] reserves the right to carry out evaluations after the termination of this Co-operation Agreement.

# DISPUTES

In the event that a dispute arises regarding the interpretation or application of this agreement, the dispute shall be resolved primarily in negotiations between the contracting parties. Secondly, in cases that cannot be settled by negotiation, the dispute must be resolved by a court.

Complaints relating to this Co-operation Agreement must be made to [YYY] within six months of its termination.

# VALIDITY AND EXPIRY OF THE AGREEMENT

This Co-operation Agreement will enter into force when signed by both parties and one original copy has reached [YYY] and will remain in force until the reporting obligations in accordance with this agreement have been fulfilled.

In case a project is terminated during the period of agreement by either Contracting Party the Co-operation Agreement will remain in force until [YYY]has approved the final report.

[YYY] may renegotiate or unilaterally terminate an agreement at any time, if *Union to Union* does not provide the necessary funds for the activities in question, or ban such activities in a particular country or countries.

[YYY] may unilaterally terminate the agreement or reduce approved contribution at any time without previous judicial process if the Implementing partner is no longer willing to carry out or capable of carrying out the project in accordance with the approved project plan, or if circumstances change to such an extent that the project in question is no longer considered viable.

This agreement has been executed as two originals of which the parties have taken their own.

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Name and title:  XXXX- XXXXXX |  | Name and title:  XXXX- XXXXXX |
| Authorised signatory for: YYY |  | Authorised signatory for: ZZZ |
| Place: Date: |  | Place: Date: |