GRANT AGREEMENT BETWEEN THE DANISH MINISTRY OF FOREIGN AFFAIRS AND TRANSPARENCY INTERNATIONAL e.V REGARDING DEVELOPMENT COOPERATION CONCERNING 'ENHANCING A CORRUPTION RESILIENT GOVERNANCE SYSTEM IN GEORGIA AND MOLDOVA BY STRENGTHENING INSTITUTIONS AND EMPOWERING CIVIL SOCIETY AS ACTORS OF CHANGE. 2024'

WHEREAS Transparency International e.V. (hereafter referred to as "the Implementing Partner") in letter of 29 November (1) has submitted an official request to the Danish Ministry of Foreign Affairs (hereafter referred to as "Danish MoFA") to support 'Enhancing a corruption resilient governance system in Georgia and Moldova by strengthening institutions and empowering civil society as actors of change. 2024'

WHEREAS the Danish MoFA has agreed to provide support to the Implementing Partner, with the amount of DKK 5 million on a grant basis (hereafter referred to as "the Grant")

WHEREAS commitment to international law and conflict prevention; respect for human rights; democratic principles; the rule of law; accountability and the fight against corruption; sound macro-economic policies; and, the commitment to poverty reduction govern the policies of the Implementing Partner and the Danish MoFA, and constitutes the fundamental principles of this agreement.

WHEREAS the Danish MoFA and the Implementing Partner are committed to the principles of development cooperation effectiveness and strive for the highest degree of alignment of the Grant with the budgetary and accountability system of the Implementing Partner so as to enhance effective implementation, to reduce the administrative burden, to minimise transaction costs and increase transparency and accountability of the support provided;

NOW THERFORE the Danish MoFA and the Implementing Partner, hereafter referred to collectively as the Parties, agree as follows;

Article 1
Scope

The Parties agree to enter into an agreement, consisting of these specific conditions and the following annexes, all of which form an integral part of this agreement (hereafter referred to as the Agreement). In the event of discrepancies between the specific conditions and the annexes, the specific conditions below shall prevail.

Annexes:

I. 'Enhancing a corruption resilient governance system in Georgia and Moldova by strengthening institutions and empowering civil society as actors of change. 2024' (the Project Document)

II. General Guidelines for Financial Management (including annexes): https://amg.um.dk/bilateral-cooperation/financial-management

The Agreement including the annexes thereto may be amended. Any such amendment must be agreed upon in writing between the Parties and shall become an integral part of the agreement. The agreement can be modified only during the implementation period.

If an amendment is requested by the Implementing Partner, the Implementing Partner shall submit a duly justified request to the Danish MoFA thirty days before the date on which the amendment should enter into force, unless there are special circumstances duly substantiated and accepted by the Danish MoFA.

Article 2
Definitions

For the purpose of the Agreement, unless otherwise stated, the following definitions apply:

a) "Parties" in the case of the Danish Ministry of Foreign Affairs refers to the European Neighbourhood Department (EUN), and in the case of Transparency International refers to Transparency International e.V. based in Berlin.

b) "The Documentation" refers to the Project Document (Annex I),

Article 3
Obligations of the Implementing Partner

Under this Grant Agreement, the Implementing Partner is responsible for implementing the requested and approved activities, which the Danish MoFA has decided to fund on a grant basis. More specifically, the Implementing Partner shall hereunder:

a) Have the overall responsibility for the planning, implementation, reporting and monitoring of the Project activities;
b) Abide by applicable national laws and international instruments;
c) Provide the financial and other resources required in addition to the Grant;
d) Ensure that the Grant is used in accordance with approved work plans and budget as approved by the Parties;

e) Ensure that funds under the Agreement are properly accounted for in accordance with the minimum requirements set forth in Annex II, and that the Grant is reflected in relevant plans and budgets;
f) Take all necessary measures to prevent or end any conflict of interest in all matters related to the Project;
g) Promptly inform the Danish MoFA of any condition, which interferes or threatens to interfere with the successful implementation of the Project;
h) Submit an annual narrative progress report and an annual audited financial report in accordance with national or international accounting and auditing standards and frameworks equivalent to ISA and ISSAI standards, no later than 31 July each year;
i) Submit a final narrative progress report and a final audited financial report (covering the whole implementation period) in accordance with national or international accounting and auditing standards and frameworks equivalent to ISA and ISSAI standards, no later than six (6) months after the implementation period.

Article 4
Obligations of the Danish MoFA

The Danish MoFA has decided to provide a Grant of DKK 5 million in support of the Partners' efforts to reach the objectives and outcomes as described in the annexed Project Document.

A transfer of DKK 5 million will be effectuated upon signature of this agreement by the Parties and the subsequent request by the Implementing Partner for disbursement of the above mentioned funds.

The Grant shall be used exclusively to finance the actual costs of the implementation of the Project during the period from January 2024 to December 2024 (the implementation period).

Article 5
Obligations of the Parties

The Parties will:

a) Communicate and cooperate fully with the aim to ensure that the objectives and outcomes are successfully achieved and use their best endeavours to optimise the use of programme resources

b) Use their best endeavours to co-ordinate their efforts under this agreement with other development partners, be they states, international organisations or non-governmental organisations

c) Cooperate on preventing corruption within and through the Project, and undertake to take rapid legal action to stop, investigate and prosecute in accordance with applicable law any person suspected of misuse of resources or corruption. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to the Project. The Implementing Partner will, if and when it is deemed appropriate, take action against suspects, including immediate interdiction or suspension of such persons from work, to avoid their interference into the investigations.

d) The Parties shall collaborate fully to ensure that the purposes of this Agreement be accomplished. To this end, the Parties shall exchange views with regard to matters relating to the Project and provide each other with all available data, documentation and information; shall provide appropriate mutual assistance required in the discharging of the Parties' duties; and provide all necessary support, in particular in regard of administrative issues, to facilitate the due implementation of the support.

Article 6

Exchange rate fluctuations

The Grant is provided in Danish Kroner (DKK) reflecting the Danish Finance Act. The Implementing Partner thus bears the full foreign exchange risk. If the Grant is converted into another currency than Danish Kroner (DKK), the exchange shall be made through a national or commercial bank unless otherwise approved by the Danish MoFA.

If exchange rate fluctuations decrease the value of the Grant to such an extent that this will have consequences for the implementation of the Project, the Implementing Partner shall inform the Danish MoFA without delay. The Parties shall agree on measures to find a reasonable solution without jeopardizing the fundamental objectives of the Project.

If exchange rate fluctuations increase the value of the Grant, the gain shall be treated as disbursed grant funds and used for Project purposes. Net surplus from conversion into foreign currency shall be subtracted from future disbursements or repaid as unused funds at the end of the support period, unless otherwise agreed between the Parties.

Article 7

Liability for damages

The Danish MoFA may not be held liable for any damage caused or sustained by the Implementing Partner, including any damage caused to third parties as a consequence of or during the implementation of the Agreement.

Except in cases of force majeure, the Implementing Partner must compensate the Danish MoFA for any damage it sustains as a result of the implementation of the Agreement or because an action was not implemented in full compliance with the Agreement.

Article 8

Anti-Corruption

No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practice, shall be made, promised, sought or accepted - neither directly nor indirectly - as an inducement or reward in relation to activities funded under this agreement, incl. tendering, award, or execution of contracts. Any such practise will be grounds for the immediate termination of this Agreement and for such additional action, civil and/or criminal, as may be appropriate.

At the discretion of the Danish MoFA, a further consequence of any such practise can be the termination of any ongoing projects funded by the Danish MoFA.

Article 9

Child labour clause

The Implementing Partner shall abide by applicable national laws as well as applicable international instruments, including the UN Convention on the Rights of the Child and International Labour Organisation conventions.

Any violation will be ground for immediate termination of the Agreement.

Article 10

Prevention of sexual exploitation, abuse and harassment

The Danish MoFA has a zero tolerance for inaction approach to tackling sexual exploitation, abuse and harassment (SEAH) as defined in UNSG Bulletin ST/SGB/2003/13 and the

definition of sexual harassment in UNGA Resolution A/RES/73/148. The Implementing Partner, and its sub-grantees, will take appropriate measures to protect people, including beneficiaries and staff, from SEAH conducted by its employees and associated personnel including any sub-grantee staff and take timely and appropriate action when reports of SEAH arise. In the event that the Implementing Partner receives reports of allegations of SEAH, the Implementing Partner will take timely and appropriate action to investigate the allegation and, where warranted, take disciplinary measures or civil and/or criminal action.

Any violation of this clause will be ground for the immediate termination of this Agreement

Article 11

Anti-terrorism and restrictive measures (sanctions)

If, during the course of implementation of this Project, the Implementing Partner discovers any link whatsoever with any organization or individual associated with terrorism, it must inform the Danish MoFA immediately and explain the reasons for such transfer, including whether it was made or provided knowingly, voluntarily, accidentally, unintentionally, incidentally or by force.

The Implementing Partner agrees that it and/or its implementing partners (including contractors, sub-contractors and sub-grantees) will take all reasonable steps to secure that no transaction made in relation to the Project will – directly or indirectly – benefit a person, group or entity subject to restrictive measures (sanctions) by the UN or the EU.

Any violation of this clause is ground for immediate termination of the Agreement returning to the Danish MoFA of all funds advanced to the Implementing Partner under it.

Article 12

Transfer of ownership

The Implementing Partners, i.e. the Grantee and possible sub-grantees responsible for the implementation, shall maintain updated inventories of all equipment financed by earmarked support from the Danish MoFA, such as vehicles, computers, furniture and tools, at all times as applicable.

Equipment, material, supplies and facilities purchased by the Danish MoFA and used during the implementation of the Project, e.g. vehicles, computers, furniture and tools, remain the property of Denmark, until such time as the Parties may agree otherwise.

Transfer of ownership of the above-mentioned assets may take place during the implementation period. Before Project termination, the Parties will assess and agree on final transfer of such assets, which can be justified on the basis of a final request from the implementing partners. Any remaining assets will be disposed of by Denmark.

Article 13
Remedies

If the Implementing Partner fails to fulfil its obligations under the Agreement and/or if there is suspicion thereof, the Danish MoFA may withhold further disbursements to the Implementing Partner under this Agreement. If material breach of the Agreement has been ascertained, the Danish MoFA may, in addition to withholding further disbursements, terminate the Agreement with immediate effect without paying compensation of any kind and, if justifiable, claim repayment of all or parts of the Grant.

Should the Danish MoFA consider any such action, the Danish MoFA shall consult the Implementing Partner.

Material breach of the Agreement includes inter alia:

- The engagement develops unfavourably in relation to the objective, outcome(s) and outputs stated in the Project document
- Substantial deviations from agreed plans or budget occur
- Financial management of the activities has not been satisfactory
- Failure to comply with the obligations pursuant to article 3, 8, 9, 10 and 11.

In cases of termination by the Danish MoFA, the termination shall not apply to funds irrevocably committed in good faith by the Implementing Partner to third parties before the date of the notice of termination, provided that the commitments were made in accordance with the Agreement.

Article 14
Settlement of disputes

1. The Agreement shall be governed by the laws of Denmark.

2. In the event of any dispute between the Parties, the following shall apply:

a) The Agreement shall be governed by the laws of Denmark.
b) Any dispute between the Danish MoFA and the Implementing Partner relating to the interpretation or implementation of this Agreement shall be settled by negotiation between the Parties.
c) In case the dispute has not been settled by negotiation within a time limit of six months, disputes shall be referred to the competent court in Copenhagen.

Article 15

Repayment of interest and unused funds

Upon the end of the implementation period or upon termination of the Agreement, any unused funds shall be repaid to the Danish MoFA within the shortest delay possible and no later than three (3) months following the conclusion of the audit of the last financial year in question. Interest and other financial gain accrued to the Grant can be used for project purposes in the implementation period.

Article 16

Extension of the implementation period

The Implementing Partner may request an extension of the implementation period if this is necessary to complete all necessary activities. The request must state the reasons for the delay in achieving the agreed results and supporting documentation must be enclosed. The request for extension must be submitted as soon as possible from the time that the Implementing Partner realises that the planned activities cannot be completed within the agreed implementation period. The Danish MoFA shall approve or decline the request in writing.

Article 17

Transparency

The Parties shall have the right to publish the Agreement, any documents or other informational data relating to the Project on its internet site (the Danish MoFA's website for such purposes is currently www.um.dk) and other relevant media.

The Implementing Partner is aware that the Danish MoFA is subject to inter alia the Danish Access to public administration files act. Upon request for the disclosure of this Agreement, or

any document related to this Agreement, the Danish MoFA must in each case assess if such document may be disclosed in whole, or, where there are grounds for confidentiality, disclosed in part.

Article 18

Entry into force, duration and termination

This Agreement shall enter into force upon signature by both Parties and shall become effective hereafter, unless prerequisites, as listed in the Project Document, have to be met to the satisfaction of the Danish MoFA prior hereto.

The cooperation between the Parties under this Agreement will have the duration as specified in the annexed Project Document. In case of delays in the implementation the duration of the cooperation may be extended by mutual agreement and within the agreed budget.

Notwithstanding the previous clause each party may terminate the Agreement upon 6 months written notice.

For ...

18/12-2023

.....

(name; title; organisation)

DANIEL ERIKSSON
CEO
TRANSPARENCY INTL.

For the Government of the Kingdom of Denmark

14/12/2023

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Mogens Blom
Chief technical Adviser
Department for European Neighbourhood
Danish Ministry of Foreign Affairs

Addendum to the Development Cooperation Agreement and cost extension between Transparency International and the Danish Ministry of Foreign Affairs (DMFA).

This is an addendum to the agreement (Development Engagement Document) between The Danish Ministry of Foreign Affairs (DMFA) and the Transparency International regarding Danish support to the project "Enhancing a Corruption Resilient Governance System in Georgia and Moldova by Strengthening Institutions and Empowering Civil Society as Actors of Change" for the years 2023-2024, signed by the two parties on 18 December 2023.

With this addendum, the Danish contribution is further increased with the amount of DKK 5,000,000. At the same time, the period of the Danish contribution is extended with one year (thus covering 2023-2025). The amount is earmarked for Georgia and Moldova.

All other articles of the agreement (Development Engagement Document) will remain unchanged.

The addendum becomes valid when both have signed on the date of the latter signature.

Copenhagen – Date: 17/12/24

Peter Lassen
Head of Department
The Department for Eastern Neighbourhood

Berlin – Date: 18/12/2024

Daniel Eriksson
Chief Executive Officer
~~Matthew King~~
~~Head of Development and Partnerships~~
Transparency International