

**EUROPEAN UNION
CONTRIBUTION AGREEMENT**

NDICI AFRICA/2022/433-750

(the "Agreement")

The European Union, represented by the European Commission (the “**Contracting Authority**”), first counterparty,

and

United Nations Development Programme (UNDP)
International Organisation
One UN Plaza
10017 – New York, USA,
hereinafter the “**Organisation**”,

second counterparty, (individually a "Party" and collectively the “Parties”) have agreed as follows:

SPECIAL CONDITIONS

Article 1 - Purpose

- 1.1 The purpose of this Agreement is to provide a financial contribution to finance the implementation of the action **Integrated National Financing Framework (INFF) Phase II** as described in Annex I (the “Action”). This Agreement establishes the rules for the implementation and for the payment of the EU Contribution and defines the relations between the Organisation and the Contracting Authority.
- 1.2 The Action is a Multi-Donor Action and the EU Contribution is not earmarked.
- 1.3 The Organisation declares that no substantial changes, which have not already been communicated to the Commission, affect the rules and procedures which have been subject to the Ex-ante Pillar-Assessment.

In the performance of the activities, the Organisation shall:

- Apply its own rules and procedures for the award and management of Procurement Contracts which have been assessed in the Ex-ante Pillar Assessment
 - Apply its own rules and procedures for the award and management of Grants, which have been assessed in the Ex-ante Pillar Assessment
- 1.4 The Action is financed under the **Neighbourhood, Development and International Cooperation Instrument** (NDICI-Global Europe).
 - 1.5 The Organisation shall provide a management declaration in accordance with Articles 3.10 of Annex II with every progress and final report.
 - 1.6 This Agreement is subject to the provisions of Financial and Administrative Framework Agreement (FAFA) between the European Union and the United Nations signed on 29 April 2003 and as amended on 31 December 2018.

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Article 2 - Entry into Force and Implementation Period

Entry into Force

2.1 The Agreement shall enter into force on the date when the last Party signs.

Implementation Period

2.2 The implementation period of the Agreement (the "Implementation Period") shall commence on the day after the last party signs.

2.3 The Implementation Period of the Agreement is 24 months.

Article 3 - Financing the Action

3.1 The total cost of the Action¹ is estimated at USD ("Currency of the Agreement") 2,680,537, as set out in Annex III. The Contracting Authority undertakes to provide a contribution up to a maximum of EUR 1,700,000 which is estimated at USD 1,829,880 (the "EU Contribution").

The final amount will be established in accordance with Articles 16 to 18 of Annex II

Remuneration

3.2 The remuneration of the Organisation by the Contracting Authority for the activities to be implemented under this Agreement shall be 7% of the final amount of eligible direct costs of the Action to be reimbursed by the Contracting Authority.

Interest on pre-financing

3.3 Interest generated on pre-financing shall not be due.

Article 4 - Payment Arrangements and Reporting

4.1 The pre-financing rate is 100%.

4.2 Payments shall be made in accordance with Article 17 of Annex II. The following amounts are applicable, all subject to the provisions of Annex II:

First pre-financing instalment	USD 1,006,434
Second pre-financing instalment	USD 823,446
Forecast balance	USD 0

These amounts are indicative and subject to modification in accordance with the provisions of Article 17 of Annex II.

The sum of the payments in the accounting currency of the Organisation shall not exceed the total EU Contribution in EUR.

4.3 The Organisation acknowledges that the European Commission intends to progressively introduce an Electronic Exchange System (the "System") for the electronic management of this Agreement.

The Organisation shall submit the information referred to in Article 3.7 b) of Annex II via the System for all reports under this Agreement

The European Commission shall inform the Organisation at least three months prior to the date on which other documents and processes related to this Agreement (including reports,

¹ This amount is introduced only for indicative purposes. It is an estimate and its evolution does not condition the EU Contribution.

payment requests, communications and formal amendments as per Article 10.1 of Annex II) are to be processed via the System.

Article 5 – Communication language and contacts

- 5.1 All communications to the Contracting Authority in connection with the Agreement, including reports referred to in Article 3 of Annex II, shall be in English.
- 5.2 Subject to Article 4.3, any communication relating to the Agreement shall be in writing, shall state the Contracting Authority's contract number and the title of the Action, and shall be dispatched to the addresses below.
- 5.3 Subject to Article 4.3, any communication relating to the Agreement, including payment requests and attached reports, and requests for changes to bank account arrangements shall be sent to:

For the Contracting Authority

*European Union Delegation to Nigeria and ECOWAS
European Union Crescent
off Constitution Avenue
Central Business District
Abuja, Nigeria
delegation-nigeria@eeas.europa.eu*

For the attention of Head of Section - Finance, Contracts & Audit

Copies of the documents referred to above, and correspondence of any other nature, shall be sent to:

*European Union Delegation to Nigeria and ECOWAS
European Union Crescent
Off Constitution Avenue
Central Business District
Abuja, Nigeria
delegation-nigeria@eeas.europa.eu*

For the attention of Head of Section – Green and Digital Economy

For the Organisation

*Mohamed Yahya
Resident Representative
UNDP Nigeria Country Office,
UN House, Plot 617/618 Diplomatic Zone,
Central Area District
P.M.B 2851 Garki, Abuja, Nigeria
E-mail: mohamed.yahya@undp.org*

- 5.4 Ordinary mail shall be deemed to have been received on the date on which it is officially registered at the address referred to above.
- 5.5 The contact point within the Organisation, which shall have the appropriate powers to cooperate directly with the European Anti-Fraud Office (OLAF) in order to facilitate the latter's operational activities shall be: Office of Audit and Investigations, Head of Investigation Section, United Nations Development Programme, One United Nations Plaza, DCI Building 4th Floor, New York, NY 10017, USA.

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- 5.6 All exchanges concerning the Early Detection and Exclusion System shall take place between the Contracting Authority and the authorised person designated by the Organisation, which is:

Mohamed Yahya
Resident Representative
UNDP Nigeria Country Office UN House, Plot 617/618
Diplomatic Zone, Central Area District
P.M.B 2851 Garki, Abuja, Nigeria
E-mail: mohamed.yahya@undp.org

Article 6 - Annexes

- 6.1 The following documents are annexed to these Special Conditions and form an integral part of the Agreement:

Annex I: Description of the Action (including the Logical Framework of the Action)
Annex II: General Conditions for Contribution Agreements
Annex III: Budget for the Action
Annex IV: Financial Identification Form
Annex V: Standard Request for Payment
Annex VI: Management Declaration template

- 6.2 In the event of a conflict between these Special Conditions and any Annex thereto, the provisions of the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex II and those of the other Annexes, the provisions of Annex shall take precedence.

Article 7 – Additional specific conditions applying to the Action

- 7.1 The following shall supplement Annex II:

For costs of a project office:

- 7.1.1 Where the implementation of the Action requires the setting up or the use of one or more project offices, the Organisation and/or the Partner(s) may declare as eligible direct costs the capitalised and operating costs of the structure if all the following conditions are fulfilled:

- a) They comply with the cost eligibility criteria referred to in Article 16.1 of Annex II;
- b) They fall within one of the following categories:
 - i) costs of staff, including administration and management staff, directly assigned to the operations of the project office. The tasks listed in the Description of the Action (Annex I), undertaken by staff assigned to the project office will be directly attributable to the implementation of the Action.
 - ii) travel and subsistence costs for staff and other persons directly assigned to the operations of the project office;
 - iii) depreciation costs, rental costs or lease of equipment and assets composing the project office.
 - iv) costs of maintenance and repair contracts specifically awarded for the operations of the project office;
 - v) costs of consumables and supplies specifically purchased for the operations of the project office;
 - vi) costs of IT and telecommunication services specifically purchased for the operations of the project office;
 - vii) costs of energy and water specifically supplied for the operations of the project office;
 - viii) costs of facility management contracts including security fees and insurance costs specifically awarded for the operations of the project office;
- c) Where costs of the project office are declared as actual costs, the Organisation and/or the Partner(s) may declare as eligible only the portion of the capitalised and operating costs of

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project office that corresponds to the duration of the Action and the rate of actual use of the project office for the purposes of the Action.

- d) Costs of the project office not declared as actual costs are only eligible if they have been ex ante-assessed by the European Commission.

Done in Abuja in three originals in the English language, two for the Contracting Authority and one for the Organisation.

For the Organisation

Name: Mohamed Yahya

Position: Resident Representative

Signature:



Date:

07/06/2022

For the Contracting Authority

Name: Cécile TASSIN-PELZER

Position: Head of Cooperation

Signature:



Date:

07/06/2022



Annex I – Description of the Action

INTEGRATED NATIONAL FINANCING FRAMEWORK (INFF) II

UNDP Nigeria

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Acronym

AAAA	Addis Ababa Action Agenda
CWG	Cash Working group
DFA	Development Finance Assessment
DFI	Development Finance Institutions
ECAs	Export Credit Agencies
ESP	Economic Sustainability Plan
EU	European Union
FDI	Foreign Direct Investments
GS	General Services
IMF	International Monetary Fund
INFF	Integrated National Financing Framework
ISDG	Integrated Sustainable Development Goal
LNOB	Leave No One Behind
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments, and Agencies
MDBs	Multilateral Development Banks
MTEF	Medium-Term Expenditure Framework
MTRS	Medium-Term Revenue Strategy
NEEDS	National Economic Empowerment Development Strategies
NO	National Officer
NPSA	National Personnel Service Agreement
PSC	Project Steering Committee
SDGs	Sustainable Development Goals
SEEDS	State Economic Empowerment Development Strategies
SSC/TrC	South-South and Triangular Cooperation
TIWB	Tax Inspectors Without Borders
TSA	Treasury Single Account
TOS	Technical and Operations Support Group
UNDP	United Nations Development Programme

Project Details

Project Title:	Integrated National Financing Framework (INFF) Phase 2
Contract Number	NDICI AFRICA/2022/433-750
Country:	Nigeria
Total budget:	USD 2,680,537
European Union financial contribution:	USD 1,829,880
Implemented by:	United Nations Development Programme (UNDP) Nigeria

Brief Description

Nigeria's fast-growing economy suffered a significant setback when the prices of crude oil crashed in early 2016. As a country whose public financing was heavily dependent on the revenues from crude oil exploration activities, the hit to oil prices led to a significant loss of revenue, resulting in the depreciation of revenues appropriated to finance sustainable development initiatives, like the SDGs. Nigeria's financial loss was further exacerbated as a result of the negative effects of the COVID-19 pandemic on its socio-economic activities, with many business operations out of commission, significant pressure on healthcare system and loss of income for citizens, the nations reserves depreciated further.

Despite these challenges, Nigeria has made a commitment to implement the Sustainable Development Goals (SDGs) and is committed to building significant impact under the leadership of the Ministry of Finance, Budget and National Planning with considerable progress already made on its Integrated National Financing Framework (INFF). In the first phase of the INFF (Phase 1), the government undertook several initiatives including efforts to integrate SDGs into national planning, develop baseline indicators, assess the development finance landscape through the Development Finance Assessment (DFA), and domesticate the iSDG model as a tool for policy analysis, and set up the INFF steering committee.

For the Phase 2 of the INFF, this programme in partnership with EU is aimed at completing the remaining components of the INFF and implement some of the policy recommendations reflected in the DFA and the Integrated National Financing Strategy (INFS) with a view to facilitating revenue generation and financing flows.

I. DEVELOPMENT CHALLENGE

Against the backdrop of Nigeria's challenging economic position is its heavy dependence on oil and gas, which has led to deficits since 2016 for the first time in two decades. As the economy declined, its population continued to grow and at a faster rate, while inflation rate increased from single to double digits, leading to a steady decline in per capita income and a rise in unemployment, consequently increasing fiscal deficit and decreasing SDG financing. Due to ongoing fiscal deficits and systemic inadequacies, Nigeria has had to rely on borrowing to meet its financial obligations. Thus, public debt has continued to grow. These systemic issues make it difficult for revenue generating activities to be developed and implemented, further affecting its ability to promote economic development of the SDGs. The COVID-19 pandemic has also aggravated the economic downturn, plunging more Nigerians into unemployment and poverty. As such, attaining SDGs has become a challenge, particularly due to a large financing gap. Estimates using the iSDG model indicates a public finance gap of \$100 billion in the next ten years to achieve SDGs. Lack of an integrated approach to financing SDGs remains a key challenge.

Although development progress has been hampered by low oil prices, inflation, a weak currency, fiscal debt, systemic inadequacies, poor monetary and fiscal policies, Nigeria still possesses strengths that can be leveraged to help it reach its development goals. Notably, the Nigerian Government remains committed to attaining the SDGs and has shown this by undertaking some important policy reforms like the partial unification of multiple exchange rates, reduction of subsidies for gasoline and reduction of non-priority expenditure, amongst others. Additionally, the presence of a robust private sector presents opportunity for positive change to be implemented. While the government has made significant strides in strengthening public financial systems, including through tax reforms, the current state of public finance could make it a challenge. The impact of the COVID-19 pandemic and its implications on the fiscal revenues have significantly elevated these risks. A high debt level means a significant share of revenue (exceeding 50%) is spent on debt service payments, while being too dependent on oil revenue at a time of fluctuating oil prices in international markets. Meanwhile, private sector is yet to fully exploit opportunities from investments relating to SDGs due to a combination of factors including rigid business environment, lack of institutional back-up and coordination issues, over-regularization, among others.

Mobilizing the scale of public and private financial resources required to achieve SDGs faces significant challenges ranging from managing complex financing instruments to designing and implementing policies and effective coordination of diverse stakeholders for a common goal. Operationalizing the Integrated National Financing Framework (INFF) for sustainable development will enable identification of opportunities to mobilize resources required to finance the SDGs.

Nigeria made a commitment to roll-out the INFF as a "pioneering country" with a view to strengthen planning processes and overcome existing impediments to financing sustainable development.

II. STRATEGY

To support Nigeria in mobilising greater amounts of private and public resources to finance its development agenda, the government established a partnership with UNDP and the EU to develop and implement an INFF. The proposed INFF will help the Government explore innovative financing options that link government with private sector and development partners to increase public revenue and private investments.

The INFF implementation will leverage on innovative financing mechanisms as well as address the barriers to public and private sector participation in addressing financing requirements for economic recovery, to put the Nigerian economy back on a path towards achieving the SDGs. UNDP in partnership with the EU and other key stakeholders will respond to these challenges and help expand both public and private sector resource mobilization for the SDGs, building on UNDP's Integrated National Financing Framework (INFF) in Nigeria. UNDP will leverage its strong relationship with the government, especially the Ministry of Finance and Nigeria's desire to be a pioneer in the INFF process in deploying integrated innovative financing solutions to achieve SDGs by 2030.

The INFF will bring together multiple financing reforms within a coherent overarching framework to help the government prioritise the most strategic way forward, avoid overlaps and address synergies across reform areas. The INFF process is particularly valuable in light of the new challenges that have arisen due to the COVID-19 pandemic and the government's drive to mitigate and recover from this shock.

Four building blocks:

- i. Assessments and diagnostics
- ii. Financing strategy
- iii. Mechanisms for monitoring, review and accountability
- iv. Governance and coordination mechanisms.



The building blocks of INFF programme implementation are hinged upon the following;

- i. **Assess and diagnose:** This includes: i) identifying financing needs and resource flows (*e.g. UNDP's Development Finance Assessments*) to create a baseline understanding of the financing gaps; ii) conducting risk assessments; and iii) identifying policy, institutional and capacity binding constraints. This assessment has already been undertaken and provides a strong foundation for the remaining building blocks of the INFF process.
- ii. **Develop and implement a financing strategy/framework:** The financing strategy/framework is at the heart of the INFF. It includes a better integration of national planning and public budgeting processes, alignment of policy and regulatory frameworks for private finance, and strengthened macro-prudential management.
- iii. **Monitor and review:** Monitoring the impact of different financing flows and policies provides the basis for informed policy making, facilitates learning, adaptation of instruments and policies to enhance their impact, and risk mitigation.
- iv. **Strengthen governance/coordinate with all stakeholders:** Successfully implementing an integrated approach to financing requires strong political backing, broad-based ownership across government institutions and their partners, and coordination and communication across government. This

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lesson emerges consistently from experiences with sustainable development strategies and financing policy reform efforts. This calls for high-level government coordination and engagement of all stakeholders, building on existing institutional mechanisms.

To kick off the INFF process, in 2020, a development finance assessment (DFA) was conducted, providing an up-to-date overview of the current financing landscape. The DFA identified opportunities to mobilise additional sources of finance and use existing financial resources more efficiently towards the achievement of the SDGs. Initial findings from the DFA show that an INFF could accelerate SDG financing by identifying strategic approaches to mobilise and effectively invest available public and private finance flows.

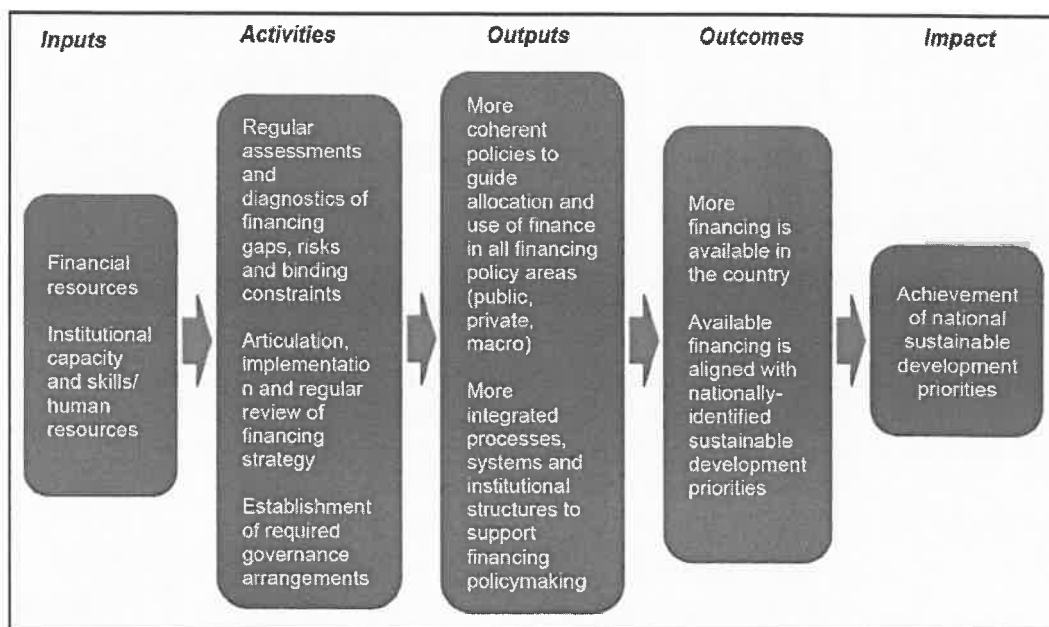
The second phase of the INFF implementation will involve developing a National Financing Framework, Medium Term Revenue Strategy, Medium Term Expenditure Framework, along with coordination and governance frameworks. The framework will guide the coordination of efforts, including appropriate policies and reforms to directly respond to SDG aligned development priorities.

The Integrated National Financing Framework (INFF) is projected to strengthen planning processes and overcome existing impediments to financing sustainable development at the national and state levels. While a national development strategy spells out what needs to be financed, the INFF shows how it will be financed and implemented. The key elements of the INFF include;

- The main sources of financial and non-financial means of implementation: this includes public, private, domestic, international donors and blended finance, technology and capacity-building. Evolving financing landscape in Nigeria, including new actors and instruments, implies that strategic approaches must be employed to effectively manage financial flows.
- National Financing Strategy: as a result of the wide array of financial instruments available as mentioned, existing policies may not be in an integrated manner, or even aligned to sustainable development strategies. Thus, a financing strategy will promote coherence by aligning financial policies with sustainable development. It will also promote coherence among public and private financial actors in a way that best responds to national needs.
- Institutions and processes: successful policymaking and implementation is dependent on strong institutions and political actors willing to make it so. Successful integration of financing strategies thus relies on effective high-level coordination from the government.

INFF Theory of Change

The Integrated National Financing Framework (INFF) for Nigeria will support in strengthening the planning processes and overcome existing impediments to financing sustainable development and the SDGs at the national level. The INFF offer lays out the full range of financing sources – domestic public and private finance, as well as international public and private finance – allowing Nigeria to develop a strategy to increase investment, manage risks and achieve sustainable development priorities as identified in a country's national sustainable development strategy.



III. RESULTS AND PARTNERSHIPS

Some results achieved in the first phase of the INFF include:

- i. Nigeria's commitment to be a champion of INFF and setting up of a Steering Committee to steer the implementation process.
- ii. Establishment of a Core Working Group (CWG) with members including key MDAs, IMF, EU, DFIs and Private Sector group to provide technical guidance.
- iii. Strong partnerships have also been developed with key private sector which resulted in UNDP Nigeria's leadership role as an institutional member of the National Advisory Board for Impact Investors (NABII).
- iv. A Development Financing Assessment (DFA) has been completed as a key component of the INFF, and an Integrated National Financing Strategy (INFS) is being drafted
- v. Increased alignment of planning and financing processes, systems and structures.
- vi. Increased public and private dialogue and partnerships towards boosting resource mobilization for the SDGs.
- vii. SDGs mainstreamed into national and sub-national development plans.

Expected Results

The Integrated National Financing Framework (INFF) will serve as a planning and delivery tool to finance sustainable development at the national level, and will enable policymakers lay out a strategy to increase investments for sustainable development, manage financial and non-financial risks, and ultimately achieve sustainable development priorities.

The overall objective of this action is the achievement of Nigeria's national sustainable development priorities by Operationalizing the Integrated National Financing Framework (INFF) for sustainable development in Nigeria to enable the identification of opportunities to mobilize resources required to finance the SDGs.

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The specific objectives are the availability of more development financing opportunities/options for Nigeria and the alignment of the available financing with nationally identified sustainable development priorities.

These objectives will be achieved through the following key outputs:

Output One: Completion of the INFF

- 1.1 Drafting and publication of the INFS, as well as policy dialogue to brainstorm some of the proposals and disseminate messages to the public.
- 1.2 Drafting of a Medium-Term Revenue Strategy (MTRS).
- 1.3 Drafting of a Medium-Term Expenditure Framework (MTEF).
- 1.4 Drafting of a governance and coordination Framework.
- 1.5 Produce a succinct INFF (including launching and media briefings).

Output Two: Reviewing/assessing Fiscal -Federalism/decentralization

- 2.1 State-wide consultations.
- 2.2 Review of the existing framework for fiscal transactions between the federal government.
- 2.3 Design a framework for fiscal federalism that reflect fare allocation of resources based on select criteria and allow sufficient room for states to generate their own revenue.

Output Three: Drafting sub-national DFAs

The importance of sub-national DFAs came out strongly through-out the discussions on the DFA. To start, sub-national DFAs could be undertaken at the six geopolitical zone level. Taking into account state-level proactiveness and governance structures in place that could facilitate the initiative, the six states could include: Lagos (South-West), Edo (South-South), Anambra (South-East), Kwara (Central), Kano (North-West) and Gombe (North-East).

- 3.1 State-level consultations - Lagos, Edo, Anambra, Kwara, Kano, and Gombe.
- 3.2 Drafting and review of sub-national DFAs.
- 3.3 Launch reports and conduct nation-wide dialogue.

Output Four: Implementation of selected priority policy recommendations including strengthening policy, legal and regulatory framework

- 4.1 Multi-stakeholder dialogues (public and private sector) and policy reviews to understand legal and regulatory barriers to private sector participation in the SDGs.
- 4.2 Supporting government to review business support strategies and integrate women-led and youth-led businesses in future programming.
- 4.3 Supporting the Presidential Enabling Business Environment Council (PEBEC) and Nigerian Investment Promotion Council (NIPC) to enact ease of doing business reforms at federal and state levels.
- 4.4 Strengthening capacity of revenue authority to mobilize domestic public resources, address issues on decentralization, promote digitization of tax administration, and reduce illicit finance flows through the engagement of Tax Inspectors without Borders (TIWB).
- 4.5 Strengthening policy, legislative and regulatory environment on insurance and risk finance.

Output five: Strengthening women-led and youth-led businesses' access to investment opportunities

- 5.1 Expanding the investment opportunity area mapping and generating market intelligence, targeting 6 geopolitical zones.
- 5.2 Pipeline building for impact investments, especially SMEs, targeting youth and women.

Output Six: Supporting federal and state level impact investment summits/forums to attract impact investments.

- 6.1 Support annual convening events.
- 6.2 Organize a national investment summit.
- 6.3 Support 4 state level investment forums/summits.

The implementation of this project over the next two years will yield both short term and long-term results.

The results expected from the project in the short term include:

- i. Increased alignment of planning, systems, structures and financing processes of different types of finance (domestic, international, public, private) with national priorities and needs, including development cooperation.
- ii. Increased effectiveness in public revenue collection and coherence in allocation.
- iii. Improved efficiency, transparency and accountability of budgetary spending for SDGs related activities.
- iv. Increased public and private related dialogue and partnerships towards SDG aligned results.

The long term expected results of the project include:

- i. Increased private investment, including FDIs.
- ii. Increased public and private financing mobilised to support sustainable development priorities.
- iii. Enhanced coherence across different financing policies, aligning them to medium and long-term sustainable development priorities.
- iv. Better risk management in an increasingly complex financing landscape.
- v. Better articulation of Nigeria's development needs to the international development community, thus enhancing their voice in global policy processes.
- vi. Streamlined tools offered by the international community to support national priorities.
- vii. Increased innovative financing tools including diaspora investment and financing promoted.

Resources Required to Achieve the Expected Results

INFF implementation will be funded by pooled resources between the UNDP and EU. UNDP will continue to explore other avenues for resource mobilization, both externally and internally for the two-year programme implementation.

In addition, the programme will also facilitate linkages with appropriate UN agencies to provide the requisite expertise for INFF and SDGs Implementation. Increased capacities in resource mobilization will also be developed alongside other competencies.

Other possible resource mobilization sources being include: Tax Inspectors Without Borders (TIWB), International Monetary Fund (IMF)- Technical Support, and INFF Technical Assistance Facility- financed by the EU (together with Italy and Sweden), including local partners in Nigeria.

Gender Mainstreaming

The project is assigned a gender marker 2 rating, ensuring for a more inclusive and integrated financial framework that benefits all stakeholders and leaves no woman behind. To achieve this, a gender-responsive approach will be deployed in the programme implementation and delivery of the INFF, by ensuring that each output is defined by gender markers to address aspects of each output and respective project activities such as; addressing key risks and challenges in integrating gender equality into the design and implementation of an INFF, e.g. capacity constraints, political economy considerations, designing gender inclusive financing policies, and instruments within the INFF financing strategy and framework, while building a responsive pipeline of female-owned businesses, ensuring fair representation of women and youth in dialogues, and assessments.

The programme implementation will ensure the availability of gender-disaggregated data where applicable. A minimum of twenty percent (20%) of the project's budget will target gender mainstreaming activities.

Partnerships

UNDP, the EU, the Federal Ministry of Finance, Budget and Planning, State Ministries of Planning, the Office of the Senior Special Assistant on SDGs, private sector actors, DFIs, TWIB, IMF and other key MDAs are core stakeholders and partners on the INFF project. Effective coordination among various implementing partners, including working in close partnership with other relevant UN agencies is critical and will be fully explored. Furthermore, the project will facilitate collaboration with civil society, women's groups and other key government MDAs. In addition, high-level technical experts, where applicable within and outside of the country will be engaged mostly on short term basis to further strengthen public sector capacity and provide training in specific areas.

Risks and Assumptions

There are a few risks for the implementation of the project and the sustainability of the expected results and achievements. These risks are both exogenous and endogenous to the project. On the endogenous side, the key risk is in relation to local ownership of the national/sub-national economic plans as well as the SDGs. Historical experience shows that often economic/financing plans are perceived as mere wishes of the public-sector authors/policy holders and not the larger public. At times, sub-national governments disassociate themselves from federal level economic plans. A key mitigating measure is to ensure that all important stakeholders are part of the financing plan design stages. A second endogenous risk is the frequent political and bureaucratic changes in the public sector. Sometimes, this leads to activities/programme abandonment. The re-training of public sector functionaries on a regular basis will help to ensure that newly deployed political and technical staff run with the INFF initiatives. Excessive red tape can lead to delays in implementation of the key work plan activities. On the exogenous side, key risks relate to the unpredictable nature of finance available for implementation of project activities, insecurity across some regions in the country, political interference on implementation modalities, slow pace of institutional and legal reforms in Nigeria, weak investor appetite towards women and youth-led businesses due to weak structures and gender inequality.

Stakeholder Engagement

The stakeholders for this project are many including National and Sub-national governments (Federal, State and Local), private sector, professional groups, MDAs, international development partners and the civil society. These stakeholders are expected to play key roles in the project and must be consulted in the implementation of the project. During the first phase, the INFF project consulted extensively with the private sector during the early stages and enabled the identification of sector priorities and possible public-private partnership opportunities. Civil society groups with required capability and credibility will be

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engaged as part of the project implementation process including on activities related to monitoring and evaluation.

UNDP recognizes that the INFF implementation process will continue to address other government policy priorities and resource availability. As such, we will continue to work with the Government of Nigeria to address the outcomes that arise after this project implementation phase. UNDP estimates that the INFF implementation may extend over a four-year period, and future proposals will be designed in alignment with priorities identified post completion of this phase.

South-South and Triangular Cooperation (SSC/TrC)

The project will use South-South cooperation to support the achievement of key outputs, as well as promote and support collaboration among countries with similar challenges as Nigeria to share knowledge, policies and other resources. There will be efforts to contact experts from such countries within Sub-Saharan African that have utilised effective INFF mechanisms to achieve key development results. In practical terms, it may require technical support from countries that have practiced similar economic planning models like Nigeria. However, the use of this arrangement will underscore the principles of respect for national sovereignty, national ownership and independence, demand driven support and mutual benefit.

Digital Solutions

The INFF implementation will promote the use of digital solutions for public and private sector engagements on development issues, including strategic dialogues on bottlenecks to SDG Financing. The use of digital technologies will be encouraged in re-purposing finance to serve and to support inclusive sustainable

development using smart and purposeful market and governance innovations. Digitalization will play a critical role in developing financial products that take the SDGs into account, both in terms of environmental, social risks and positive impacts.

Knowledge

The project will generate key knowledge reports which will be published in hard and electronic formats and will hopefully serve as guides to policy makers and researchers within and outside the country. The lessons learnt from the project will be produced and widely circulated in several other countries in sub-Saharan Africa.

We will encourage knowledge-sharing and the promotion of cooperation and partnerships between stakeholders, including between Governments, DFIs, private sector partners, academia and civil society, in sectors contributing to the achievement of the INFF and sustainable development goals.

Sustainability and Scaling Up

The INFF project will address the urgent priorities identified by government and stakeholders, while the long-term objective is to ensure the continuous implementation of the INFF until the four building blocks of the INFF are covered and key outcomes achieved. UNDP, together with stakeholder will continue to work with the Nigerian government to address these key recommendations that arise after post-implementation for this phase.

IV. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The importance of cost efficiency and effectiveness in this multi-stakeholder implementation approach cannot be overemphasized. As such, the project activities will be implemented with the necessary checks and balances which will be provided by the project steering committee chaired by the Ministry of Finance and UNDP. This requires that all stakeholders contribute to the decision-making process that drives the entire project.

UNDP will provide the administrative and technical support necessary for the implementation of this project. . All staff participating in the project shall be drawn from the existing personnel in the (UNDP), while ensuring that personnel are charged in proportion to the time spent directly in the implementation of this action. Transparency and due process in the project implementation will be emphasised in line with the HACT procedures.

Project Management

The Project Steering Committee (PSC) comprises of senior representatives of the Ministry of Finance, Budget and National Planning, Senior Management of UNDP and the European Union. They will play an advisory role, while providing the technical and strategic direction for the implementation of the project, including the necessary reporting requirements, policy advisory and organising high-level dialogues.

The project will be executed by UNDP, using the Direct Implementation modality (DIM), in consultation with the Federal Ministry of Finance, Budget and National Planning (FMFBNP). UNDP through the project programme team, will be responsible for providing the required technical and administrative support for the effective and efficient coordination of all the project activities identified.

Technical and Operational Support Team and Project Office

The Project's Technical and Operational Support Team will support the PSC by producing regular progress reports with clear actions agreed or options identified, lessons learned, as well as recommendations for the PSC on any strategic or policy issues requiring attention, decisions or actions by the PSC. The project's technical team will also monitor, track and report on achievements and progress made during the implementation of the INFF. The INFF implementation will also require travel and state-wide consultations, engagements and dialogue across the 6 geopolitical zones and the project team members will be very active in this regard.

Specific roles will include:

Title and Function	Level
Project Manager - to follow the-day-to-day implementation of the projects	National Officer -Level C (NOC)
Project Associate - to provide programme support to Project Manager on the INFF	National Personnel Service Agreement (NPSA)
Admin/ Finance Associate - to initiate payment, process vouchers etc. for project	GS
Procurement Analyst - to support procurement activities of the project	GS
Monitoring, Evaluation Analyst - to undertake field programme visits and organize partners meetings etc.in relation to the project	National Officer -Level B (NOB)

Communication and Visibility Analyst - to prepare, promote and publish communication and visibility activities in electronic and social media highlighting INFF project activities	Professional Officer (P3)
Office supplies and consumables, Vehicles, ICT, maintenance. Project Team travel and subsistence	Project Office Cost

V. RESULTS FRAMEWORK

	Results chain	Indicator	Baseline (value & reference year)	Target (value & reference year)	Current value* (reference year) (* to be included in interim and final reports)	Source and means of verification	Assumptions
Impact (Overall objective)	Achievement of Nigeria's national sustainable development priorities by Operationalizing the Integrated National Financing Framework (INFF) for sustainable development in Nigeria to enable the identification of opportunities to mobilize resources required to finance the SDGs.	Develop national financing strategy	0	1	0	Project reports	Not applicable
	-Availability of more development financing opportunities/options for Nigeria. -Available financing that is aligned with nationally identified sustainable development priorities.	Develop INFF Roadmap	0	1	0	Project reports	-Political will and leadership on SDGs will remain -Changes in government priorities with upcoming election. -Rising insecurity within Nigeria and in the Sahel region. -Constrained fiscal space -Protracted Political humanitarian crisis in the north
Outcome (s) (Specific objective(s))	Output 1: INFF Process Completed						
Outputs	1.1 Number of Medium-Term Revenue Strategy (MTRS) produced	1	0	1	0	Annual project Reports. -Scoping Exercise, -MoFENP.	-Changes in government priorities with upcoming election. -Rising insecurity within Nigeria and in the Sahel region.
	1.2 Number of Medium-Term Expenditure Framework (MTEF) produced	1	0	1	0		
	1.3 Number of governance and coordination Framework produced	1	0	1	0		
	1.4 Final INFF report completed and produced	1	0	1	0		
	Output 2: Fiscal Federalism decentralization reviewed and completed						
Outputs	2.1 Number of decentralized frameworks for fiscal federalism that supports fair allocation of resources based on select criteria	4	0	4	0	Annual project reports -scoping exercise, -MoFENP.	

Outputs	Output 3 Sub-national DEAs drafted and completed						- Rising insecurity within Nigeria and in the Sahel region. -Constrained fiscal space -Protracted Political humanitarian crisis in the north
	3.1 Number State-level DFAs completed.	6	0	6	0	Annual project reports -scoping exercise, -MoFBNP	
	Output 4 Priority policy recommendations- (strengthening policy, legal and regulatory framework) implemented and completed.						
	4.1 Number of policies supported to strengthen policy, legislative and regulatory environment on insurance and risk finance.	2	0	2	0	MoFBNP, NBS, FIRS, Revenue Mobilisation Allocation and Fiscal Commission (RMAFC)	- Rising insecurity within Nigeria and in the Sahel region. -Constrained fiscal space -Protracted Political humanitarian crisis in the north.
	Output 5 Access to finance for women-led and youth-led businesses strengthened						-Constrained fiscal space
	5.1 Number of Women and youth business groups spread across Nigeria's 6 geopolitical zones	6	0	6	0	-Programme Reports, - scoping exercise -SMEDAN, NBS, GEEP, Wimbiz	
	5.2 Number of investment facilitation events, linking youth-led and women-led businesses with potential investors and financiers	6	0	6	0		
	Output 6 Federal and state level impact investment summits/forums to attract impact investments supported						
	6.1 Number of annual convening investment forum events supported to attract impact investments.	2	0	2	0	Annual project reports -scoping exercise, -MoFBNP,	-Constrained fiscal space -Protracted Political humanitarian crisis in the north
	6.2 Number of national investment summit organized/supported	1	0	1	0		
6.3 Number of state-level investment forums/summits supported.	4	0	4	0			

VI. REPORTING, MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans in table below. UNDP shall submit and provide annual reports, in accordance with the provisions in the General Conditions that reports shall consist of a narrative part and a financial part.

Reporting, Monitoring and Evaluation Plan

Monitoring Activity	Purpose	Frequency	Expected Action
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	Quarterly	Relevant lessons are captured by the project team and used to inform management decisions.
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.
Project Report	Annual reports will be presented to the Project Steering Committee and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)	Final project report with all key achievements and results and recommendations, with data, risks, lessons and quality will be discussed by the Project Steering Committee.

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Monitoring Activity	Purpose	Frequency	Expected Action
Project Review (Steering Committee)	The project's governance mechanism (i.e., Steering Committee) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Steering Committee shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Bi-Annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.

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VII. EVALUATION PLAN

Evaluation Title	Partners	UNSDCF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders
Project Evaluation	UNDP	By 2022, Nigeria has an inclusive and diversified economic growth driven by science, technology, innovation, investment in infrastructure, and job creation.	Annually	UNDP and all implementing partners

VIII. MULTI-YEAR WORK PLAN

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Multi Year WorkPlan :		Integrated National Financing Framework (INFF) II											
EXPECTED OUTPUTS	PLANNED ACTIVITIES	Year 1				Year 2							
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Output 1: INFF process completed (Gender marker: 1)	1.1- Drafting and publication of the Integrated National Financing Strategy (INFS), and policy dialogue to brainstorm some of the proposals and disseminate messages to the public.	X	X	X									
	1.2- Drafting of a Medium-Term Revenue Strategy (MTRS)	X	X	X									
	1.3 Drafting of a Medium-Term Expenditure Framework (MTEF)	X	X	X									
	1.4- Drafting of a governance and coordination Framework		X	X	X								
	1.5- Produce a succinct INFF. (including launching and media briefings)			X	X								
Output 2: Fiscal - Federalism/decentralization reviewed and completed. (Gender marker: 2)	2.1- State-wide consultations			X	X	X							
	2.2- Review of the existing framework for fiscal transactions between the federal government			X	X	X							
	2.3- Design a framework for fiscal federalism that reflects fair allocation of resources			X	X	X	X						
Output 3: Sub-national DFAs drafted and completed. (Gender marker: 2)	3.1- State-level consultations - Lagos, Edo, Anambra, Kwara, Kano, and Gombe		X	X	X	X	X						
	3.2- Drafting and review of sub-national DFAs		X	X	X	X	X						
	3.3- Launch reports and conduct nation-wide dialogue			X	X	X	X						
Output 4: Priority policy recommendations- (strengthening policy, legal and regulatory framework) implemented and completed. (Gender marker 2)	4.1- Multi-stakeholder dialogues (public and private sector) and policy reviews to understand legal and regulatory barriers to private sector participation in the SDGs.		X	X	X								
	4.2- Supporting government to review business support strategies and integrate women-led and youth-led businesses in future programming.			X	X								
	4.3- Supporting the Presidential Enabling Business Environment Council (PEBEC) and Nigerian Investment Promotion Council (NIPC) to enact ease of doing business reforms at federal and state level.			X	X								
	4.4-Strengthening capacity of revenue authority to mobilize domestic public resources, address issues on decentralization, promote digitization of tax administration, and reduce illicit finance flows through the engagement of Tax Inspectors without Borders (TIWB)			X	X								
	4.5- Strengthening policy, legislative and regulatory environment on insurance and risk finance.			X	X	X	X			X	X	X	X

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IX. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

A. Institutional Structure for the INFF in Nigeria

A Multistakeholder Core Working Group (CWG-INFF) convened to provide strategic technical leadership and support to the Steering Committee in the design and implementation of the INFF.

The group comprises senior technical representatives from each of the listed stakeholders

Core Working Group

- *Ministry of Finance, Budget, and National Planning (Co-Chair)*

- *UNDP (Co-Chair)*

- OSSAP – SDGs

- Central Bank of Nigeria (CBN)

- Debt Management Office (DMO)

- Budget Office of the Federation (BO)

- National Bureau of Statistics (NBS)

- European Union (EU)

- International Monetary Fund (IMF)

- Private Sector Advisory Group on SDGs (PSAG)

- African Development Bank Group (AFDB)

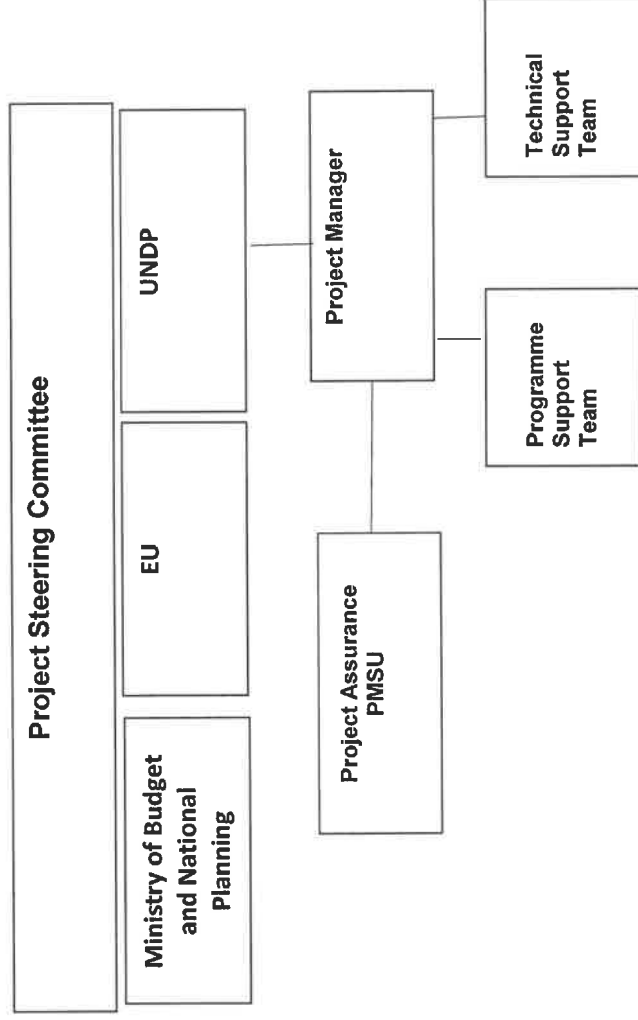
- Islamic Development Bank (ISDB)

- Nigeria Governors Forum (NGF)

- **Others** – Co chair Private Sector Advisory Group (PSAG) on SDGs

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B. Project Organisation Structure



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X. APPENDICES

Risk Analysis

S/N	RISK	DESCRIPTION	IMPACT	RISK CATEGORY	RISK LEVEL Impact (I) and likelihood (L) impact on 1-5 scale (1 = Negligible; 5 = Extreme) / likelihood based on 1-5 scale (1 = Not likely; 5 = Expected)	RISK TREATMENT / MANAGEMENT MEASURES	RISK OWNER	RISK PERIOD
1	Challenge in mobilising counterpart funding.	Limited funding may impact the projects' ability to tackle emerging issues to deliver the INFF programme at-scale	Inability to address project deliverables and objectives	Financial	L=Low I = 2	Leverage complimentary projects including in-kind funding from donors, Federal and State Government, CWG, etc	Project Manager	2022-2024
2	Change/turnover in government with upcoming elections underway	The absence of continued commitment and support by a new administration may impact delivery of the INFF.	A lack of commitment will impact the continued effectiveness of the INFF policy, with limited coordination among key Govt. institutions	Political	L=Moderate I = 4	Advocacy for institutional partnerships at the State level to ensure continuity despite change in Government. Draw up a fast-tracked delivery plan for the funds for implementation	UNDP/Government	2022-2024

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3	Unstable global financing market	Rising refinancing costs for sovereign and private borrowers, shrinking fiscal space, growing risk of sovereign default	Increase in global interest rates	Financial	L=Moderate I=3	Debt management strategies to manage trade-offs between expected costs and risks of foreign currency borrowing (preparedness)	Global Systemic Risk	2022-2024
4	Global Systemic Risk	Global shocks and volatility, such as crude oil price shocks, and non-economic such as pandemics	Increased volatility to global shocks may impact project delivery	Financial	L=Moderate I=3	Government of Nigeria continues to strengthen business environment for diversification to other high-performing sectors, while strengthening safety net policies for vulnerable groups.	Global Systemic Risk	2022-2024
5	Government's Commitment to a constrained fiscal space	Decreased access to private and external financing. (due to increased uncertainty); potential allocation of public finance away from sustainable development priorities	Absence of a risk-informed perspective to financing national development may impact the delivery of a sustained INFF	Regulatory	L=Moderate I=3	Government of Nigeria continues to take gradual, targeted and adaptive approaches to prioritise key policy actions and remain responsive to changing circumstances	Government/ UNDP	2022-2024
6	Insecurity	Solution mapping efforts might be hindered if the team is to travel to hard-to-reach areas especially those affected by insurgencies.	Armed conflict, local security challenges	Safety Security and	L=Moderate I=3	Explore alternate mechanisms to engage with stakeholders, such as virtual engagement through digital tools.	Government/ UNDP	2022-2024

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7	Operational	Project delivery impacted.	The unavailability of funding will affect delivery and sustainability of progress made.	Financial	L =low I =2	Work identifying partners and design corresponding proposals for submission within acceptable timelines. In addition to support from TRAC resources allocated to the project.	Project Manager	2022-2024
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Communication and Visibility Activities

The Objective of the communications and visibility activities is to provide a comprehensive communication and visibility of the INFF to support stakeholder coordination and public outreach. The INFF communication and visibility activities will create awareness, promote understanding and build synergy to engage the target audience and will provide the mileage in support of the EU and UNDP funded contributions towards the actualization of the INFF II implementation.

The visibility activities will amplify progress and achievement made on the INFF to foster public engagement, by leveraging digital tools and media, traditional and social media to deliver an understanding of the opportunities INFF proffers for private and public sector. They will also ensure that the message reaches the identified target audience in a timely manner through the ongoing support and commitment from all stakeholders and partners.

Expected Outcomes

- The communication and visibility activities will support an integrated approach to communication which will be aligned to the INFF outputs deliverables. This will aid in facilitating the achievement of set objectives, goals, and targets.
- The communication and visibility activities will enable effective visibility of all the INFF outputs to stakeholders, to support better collaborations on identified needs, sharing and dissemination of appropriate and complete information to key target audience and the public.
- The Communication and visibility activities will serve as a medium to empower stakeholders, including local and diaspora investors (public and private) with clarity, insights and tools to support efforts towards achieving the financing of the SDGs. Media engagements through dialogues will foster discussions, thought leadership and debates that will prompt policy action from public stakeholders in a way that incentivizes SDG enabling investments across the country, while also recommending how the governance mechanism can be enhanced to ensure sustainable financing of the SDGs.

Communications Schedule

Activities	Description	Communication Channels	Indicative Cost (USD)	Year 1				Year 2			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Launch the INFF	Key messaging to be developed to highlight the strategic value and importance of the INFF. Production of short videos of key stakeholders to be used for online and on social media awareness.	- Social media content branded with FGN, EU, OSSAP_SDGs and UNDP brand collaterals (where applicable) - Development of advocacy materials (brochures, reports, factsheets, etc.) - Local media platforms (print & digital)	25,000	✓	✓	✓	✓				
Policy Dialogue	First dialogues/interviews to be scheduled with key national outlets television, print and digital:	Assets to be used on: - UNDP Nigeria social media handle - EU social media handles* - Government social media handles	45,000		✓			✓			
Policy Dialogues	Conduct second and third Policy dialogues, and Interviews to be scheduled with key national outlets television, print and digital:	- UNDP Nigeria social media handles - EU social media handles - Government social media handles	73,200			✓			✓		
State-wide consultations	Production of short videos in each state with key stakeholders to be used for online and on social media awareness.	Media briefing and announcements to be posted on: - UNDP Nigeria social media handles - EU, and key social media handles - Government social media handles OSSAP-SDGs. State's local media platforms.	15,000			✓		✓		✓	
Launch reports with key recommendations	Production of strategic content to be used for print and social media awareness.	Dialogues and Interviews to be scheduled with key national outlets across radio, television, print and digital:	55,000					✓	✓	✓	✓

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conduct nation-wide scoping and due diligence for selected regions/states.	Creation and placement of promotional media across print, digital channels and interviews.	Promoted across: -UNDP Nigeria social media handles - EU social media handles* - Government social media handles - Local media platforms (print & digital)	20,000	☒	☒	☒	☒	☒		
Investment Summit	-Media coverage of Investment summit(s) - Professional videographer and photographer to capture high quality photos, and interviews of the key participants. (1 national and 4 state summits)	Creation and placement of promotional media across TV, radio, print, digital channels and outdoor advertising + interviews, press parleys and appearances.	60,000	☒				☒		
Total			293,200							

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ANNEX II - General Conditions for Contribution Agreements

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Article 1: Definitions

Action:	the cooperation programme or project partly or wholly financed by the EU, which is carried out by the Organisation as described in Annex I. Where reference is made to the Action or part of the Action financed by the EU Contribution, this refers both (i) to activities exclusively financed by the EU Contribution and (ii) to activities jointly co-financed by the EU.
Contractor:	a natural or legal person with whom a Procurement Contract has been signed.
Days:	calendar days.
Early Detection and Exclusion System:	a system set up by Regulation (EU, Euratom) No 2015/1929 of 28 October 2015 on the financial rules applicable to the general budget of the Union (OJ L 286/1, 30.10.2015), which includes information on the early detection of risks threatening the EU financial interests, on the cases of exclusion from EU funding of legal and natural persons and on the cases of imposition of financial penalties.
End Date:	the date by which the Agreement ends, i.e. the moment of the payment of the balance by the Contracting Authority in accordance with Article 17 or when the Organisation repays any amounts paid in excess of the final amount due pursuant to Article 18. If any of the Parties invokes a dispute settlement procedure in accordance with Article 13, the End Date shall be postponed until the completion of such procedure.
EU Financial Regulation	Regulation (EU, Euratom) No. 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Council Regulation (EC, Euratom) No 996/2012 (OJ L 193, 30.7.2018, p. 1).
Ex ante Pillar-Assessment:	an assessment of the systems, rules and procedures carried out in order to check whether such entity demonstrates a level of protection of the EU financial interests equivalent to that existing when the European Commission implements the budget itself.
Final Beneficiary:	a natural or legal person ultimately benefitting from the Action.
Force Majeure:	any unforeseeable and exceptional situation or event beyond the Parties' control which prevents either of them from fulfilling any of their obligations under the Agreement, which may not be attributed to error or negligence on either part (or on the part of the Grant Beneficiaries, Partners, Contractors, agents or staff), and which could not have been avoided by the exercise of due diligence. Defects in equipment or material or delays in making them available cannot be invoked as force majeure, unless they stem directly from a relevant case of force majeure. Labour disputes, strikes or financial problems of the Organisation cannot be invoked as force majeure by the defaulting Party.

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Grant:	a direct financial contribution by way of donation given by the Organisation or a Partner to finance third parties activities, including sub-granting and procurement for the implementation of these activities.
Grant Beneficiary:	a natural or legal person to whom a Grant has been awarded.
Grave Professional Misconduct:	any of: - a violation of applicable laws or regulations, in particular the Organisation's Regulations and Rules, or ethical standards of the profession to which a person or entity belongs, including any conduct leading to sexual or other exploitation or abuse, or - any wrongful conduct of a person or entity which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence.
Impact:	the overall objective of the Action entailing positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
Indicator:	the quantitative and/or qualitative factor or variable that provides a simple and reliable means to measure progress in the achievement of the relevant Results of the Action. An indicator must have an agreed baseline, target and source of data.
Internal Control System:	a process applicable at all levels of management designed to provide reasonable assurance of achieving the following objectives: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; e) adequate management of the risks relating to the legality and regularity of the financial operations, taking into account the multiannual character of programmes as well as the nature of the payments concerned.
International Organisation:	an international public-sector organisation set up by international agreement (including specialised agencies set up by such organisations), or an organisation assimilated to international organisations in accordance with the EU Financial Regulation.
Member State Organisation:	an entity established in a Member State of the European Union as a public law body or as a body governed by private law entrusted with a public service mission and provided with adequate financial guarantees from the Member State.
Multi-Donor Action:	an Action co-financed by the EU Contribution (whether or not earmarked) and other donor(s).
Outcome:	the specific objective of the Action entailing the likely or achieved short-term and medium-term effects of an Action's Outputs. For non-EU external actions "Outcomes" are synonymous of Results.
Output:	the products, capital goods and services which result from an Action's activities.
Partner:	an entity implementing part of the Action and being a party to the relevant Contribution Agreement together with the Organisation.

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Procurement Contract: a contract signed between the Contractor and either the Organisation or a Partner under which the Contractor provides services, supplies or works.

Regulations and Rules: regulations, rules, organisational directives, instructions and other parts of the regulatory framework of the Organisation.

Result: the Output, Outcome or Impact of an Action.

Sound Financial Management:

a principle overarching the implementation of this Agreement, namely economy, effectiveness and efficiency (including all aspects of internal control). The principle of economy requires that resources used in the pursuit of the implementation of the Action shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of effectiveness concerns the attainment of the specific objectives and the achievement of the intended results. The principle of efficiency concerns the best relationship between resources employed and results achieved.

Article 2: General obligations

Implementation of the Action

2.1 The Organisation is responsible for the implementation of the Action described in Annex I, regardless of whether the activities are performed by the Organisation itself, a Contractor or a Grant Beneficiary. Both Parties will endeavour to strengthen their mutual contacts with a view to foster the exchange of information throughout the implementation of the Action. To this end, the Organisation and the Contracting Authority shall participate in coordination meetings and other jointly organised common activities, and the Organisation shall invite the European Commission to join any donor committee which may be set up in relation to the Action.

2.2 In the performance of the activities and subject to ad-hoc provisions stipulated in the Special Conditions, if any, the Organisation shall apply its own rules and procedures, which have been subject to the Ex-ante Pillar-Assessment, as regards:

- a) internal control;
- b) accounting system;
- c) independent external audit;
- d) exclusion from access to funding;
- e) publication of information on recipients;
- f) protection of personal data.

The Organisation may apply its own rules and procedures as regards the award and management of Grants and/or Procurement Contracts only if and to the extent provided for by the Special Conditions, including any ad hoc measures.

As regards the publication of information on recipients, the Organisation shall authorise the publication of the internet site where it publishes the information referred to in Article 3.8 d) on the European Commission's internet site.

2.3 Where the Organisation has been fully or partially exempted, by the European Commission, from undergoing the Ex-ante Pillar Assessment, it may apply its own rules and procedures in the areas provided for under Article 2.2, subject to ad-hoc provisions stipulated in the Special Conditions, if any.

2.4 The Organisation may use any Regulations and Rules which have not been subject to an Ex-ante Pillar Assessment to the extent that these Regulations and Rules are not in conflict with the provisions of this Agreement and with the rules and procedures which have been subject to the Ex-ante Pillar-Assessment.

Responsibility

- 2.5 The Organisation shall be responsible for the performance of the obligations under this Agreement with a due degree of professional care and diligence, which means that it shall apply the same level of duty and care which it applies in managing its own funds. The Organisation shall respect the principles of Sound Financial Management, transparency, non-discrimination and visibility of the European Union in the implementation of the Action.
- 2.6 The Organisation shall have full financial responsibility towards the Contracting Authority for all funds, including those unduly paid to or incorrectly used by Contractors or Grant Beneficiaries. The Organisation shall take measures to prevent, detect and correct irregularities and fraud when implementing the Action. To this end, the Organisation shall carry out, in accordance with the principle of proportionality and its positively assessed Regulations and Rules, ex-ante and/or ex-post controls including, where appropriate, on-the-spot checks on representative and/or risk-based samples of transactions, to ensure that the Action financed by the EU Contribution is effectively carried out and implemented correctly. The Organisation shall inform the European Commission and the Contracting Authority of irregularities and fraud detected in the management of the EU Contribution and the measures taken. Where funds have been unduly paid to or incorrectly used by Contractors or Grant Beneficiaries, the Organisation shall take all applicable measures in accordance with its own Regulations and Rules to recover those funds, including, where appropriate, by bringing legal proceedings and by endeavouring to assign claims against its Contractors or Grant Beneficiaries to the Contracting Authority or the European Commission. Where the Organisation has exhausted such measures and the non-recovery is not the result of error or negligence on the part of the Organisation, the Contracting Authority will consider the amounts that could not be recovered from Contractors and/or Grant Beneficiaries as eligible costs.

Other obligations

- 2.7 The Organisation undertakes to ensure that the obligations stated in this Agreement under Articles 2.9-Other obligations, 5-Conflict of interests, 7- Visibility, and Article 15-Archiving, access and financial checks apply, where applicable, to all Contractors and Grant Beneficiaries.

In addition, the Organisation also undertakes to require Contractors and Grant Beneficiaries to: (i) comply with the relevant national laws and regulations as regards protection of personal data and (ii) ensure accurate and regular records and accounts.

- 2.8 The Organisation shall notify the Contracting Authority and the European Commission without delay of any substantial change in the rules, procedures and systems applied in the implementation of the Action. This obligation concerns in particular (i) substantial changes affecting the Ex-ante Pillar Assessment undergone by the Organisation or affecting the rules and procedures which have been assessed by the European Commission for the purpose of granting an exemption from the obligation to undergo an Ex-ante Pillar Assessment, or (ii) those that may affect the conditions for eligibility provided for in the applicable legal instruments of the EU. The Parties shall use their best efforts to resolve amicably any issues resulting from such changes. The Contracting Authority reserves the right to adopt or require additional measures in response to such changes. In the event an agreement on such measures or other solutions cannot be reached between the Parties, either Party may terminate the Agreement in accordance with Article 12.3.
- 2.9 The Organisation shall promote the respect of human rights and respect applicable environmental legislation including multilateral environmental agreements, as well as internationally agreed core labour standards. The Organisation shall not support activities that contribute to money laundering, terrorism financing, tax avoidance, tax fraud or tax evasion.

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- 2.10 Where the European Commission is not the Contracting Authority, it shall not be a party to this Agreement, with the consequence that rights and obligations are conferred upon it only where explicitly stated. This is without prejudice to the European Commission's role in promoting a consistent interpretation of the terms of this Agreement.

Article 3: Obligations regarding information and reporting

General issues

- 3.1 The Organisation shall provide the Contracting Authority with full information on the implementation of the Action. To that end, the Organisation shall include in Annex I a work plan at least for the first year of the Implementation Period (or the whole Implementation Period where it is less than one (1) year). The Organisation shall submit to the Contracting Authority progress report(s) and a final report in accordance with the provisions below. These reports shall consist of a narrative part and a financial part.
- 3.2 Every report, whether progress or final, shall provide a complete account of all relevant aspects of the implementation of the Action for the period covered. The report shall describe the implementation of the Action according to the activities envisaged in Annex I as well as the degree of progress towards the achievement of its Results (Outputs, Outcomes and if possible Impact) as measured by corresponding Indicators. The report shall be drafted in such a way as to allow monitoring of the Results, the means envisaged and employed. The level of detail in any report shall match that of Annexes I and III.
- 3.3 Where the overall action of the Organisation lasts longer than the Implementation Period of this Agreement, the Contracting Authority may request – in addition to the final reports to be submitted pursuant to Article 3.8 - the final reports of the overall action, once available. The Special Conditions shall lay down the rules concerning any remaining funds.
- 3.4 Any alternative or additional reporting requirement shall be set out in the Special Conditions.
- 3.5 The Contracting Authority may request additional information at any time, providing the reasons for that request. Subject to the Organisation's Regulations and Rules, such information shall be supplied within thirty (30) Days of receipt of the request. The Organisation may submit a duly motivated request to extend the 30-Day deadline.
- 3.6 The Organisation shall notify the Contracting Authority without delay of any circumstances likely to adversely affect the implementation and management of the Action, or to delay or jeopardise the performance of the activities.

Content of the reports

- 3.7 The progress report(s) shall relate directly to this Agreement and shall at least include:
- a) summary and context of the Action;
 - b) actual Results: an updated table based on a logical framework matrix (as included in Annex I) including reporting of Results achieved by the Action (Outputs, Outcomes s, and if possible, Impact) as measured by their corresponding Indicators, against agreed baselines and targets, and relevant data sources;
 - c) information on the activities directly related to the Action as described in Annex I and carried out during the reporting period;
 - d) information on the difficulties encountered and measures taken to overcome problems and eventual changes introduced;
 - e) information on measures taken to identify the EU as source of financing, in accordance with Article 7;

- f) a breakdown of the total costs, following the structure set out in Annex III, incurred from the beginning of the Action as well as the legal commitments entered into by the Organisation during the reporting period;
- g) a summary of controls carried out and available final audit reports in line with the Organisation's policy on disclosure of such controls and audit reports. Where errors and weaknesses in systems were identified, an analysis of their nature and extent, as well as information on corrective measures taken or planned, shall also be provided;
- h) where applicable, a request for payment;
- i) work plan and budget forecast for the next reporting period.

3.8 The final report shall cover the entire Implementation Period and include:

- a) all the information requested in Article 3.7 a) to h);
- b) a summary of the Action's receipts, payments received and of the eligible costs incurred;
- c) where applicable, an overview of any funds unduly paid or incorrectly used which the Organisation could or could not recover itself;
- d) the exact link to the webpage referred to in last subparagraph of Article 2.2;
- e) if relevant, details of transfers of equipment, vehicles and remaining major supplies mentioned in Article 8;
- f) where the Action is a Multi-Donor Action and the EU Contribution is not earmarked, a confirmation from the Organisation that an amount corresponding to that paid by the Contracting Authority has been used in accordance with the obligations laid down in this Agreement and that costs that were not eligible for the EU Contribution have been covered by other donors' contributions;
- g) where applicable, a request for payment.

3.9 The Organisation shall submit a report for every reporting period as specified in the Special Conditions starting from the commencement of the Implementation Period, unless otherwise specified in the Special Conditions¹. Reporting, narrative as well as financial, shall cover the whole Action, regardless of whether this Action is entirely or partly financed by the EU Contribution. Progress reports shall be submitted within sixty (60) Days after the period covered by such report. The final report shall be submitted, at the latest, six (6) months after the end of the Implementation Period.

Management declaration

3.10 Every progress and final report shall be accompanied by a management declaration in accordance with the template included in Annex VI, unless Article 1.5 of the Special Conditions states that a global management declaration shall be sent annually to the European Commission headquarters, separately from the reports provided under this Agreement.

Audit or control opinion for organisations other than International Organisations/Member State Organisations

3.11 In case the Organisation is neither an International Organisation, nor a Member State Organisation, the Organisation shall provide an audit or control opinion in accordance with internationally accepted audit standards, establishing whether the accounts give a true and fair view, whether the control systems in place function properly, and whether the underlying transactions are managed in accordance with the provisions of this Agreement. The opinion shall also state whether the audit work puts in doubt the assertions made in the management declaration mentioned above.

¹ By default, the reporting period is every twelve (12) months as from the commencement of the Implementation Period.

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- 3.12 Such audit or control opinion shall be provided up to one (1) month following the management declaration sent with every progress or final report, unless Article 1.5 of the Special Conditions states that the global management declaration and the global audit or control opinion shall be sent annually to the European Commission headquarters separately from the reports provided under this Agreement.

Currency for reporting

- 3.13 The reports shall be submitted in the Currency of the Agreement as specified in Article 3 of the Special Conditions.
- 3.14 The Organisation shall convert legal commitments, the Action's receipts and costs incurred in currencies other than the accounting currency of the Organisation according to its usual accounting practices.

Failure to comply with reporting obligations

- 3.15 If the Organisation is unable to present a progress or final report, together with the accompanying documents, by the deadline set out in Article 3.9, the Organisation shall inform the Contracting Authority in writing of the reasons. The Organisation shall also provide a summary of the state of progress of the Action and, where applicable, a provisional work plan for the next period. If the Organisation fails to comply with this obligation for two (2) months, following the deadline set out in Article 3.9, the Contracting Authority may terminate the Agreement in accordance with Article 12, refuse to pay any outstanding amount and recover any amount unduly paid.

Article 4: Liability towards third parties

- 4.1 The European Commission shall not, under any circumstances or for any reason whatsoever, be held liable for damage or injury sustained by the staff or property of the Organisation while the Action is being carried out, or as a consequence of the Action. The European Commission shall not therefore accept any claim for compensation or increase in payment in connection with such damage or injury.
- 4.2 The European Commission shall not, under any circumstances or for any reason whatsoever, be held liable towards third parties, including liability for damage or injury of any kind sustained by them in respect of or arising out of the implementation of the Action.
- 4.3 The Organisation shall discharge the European Commission of all liability associated with any claim or action brought as a result of an infringement of the Organisation's Regulations and Rules committed by the Organisation or Organisation's employees or individuals for whom those employees are responsible, or as a result of a violation of a third party's rights in the context of the implementation of the Action.

Article 5: Conflict of interests

- 5.1 The Organisation shall refrain, in accordance with its Regulations and Rules, from any action which may give rise to a conflict of interests.
- 5.2 A conflict of interest shall be deemed to arise where the impartial and objective exercise of the functions of any person implementing the Agreement is compromised.

Article 6: Confidentiality

- 6.1 The Contracting Authority and the Organisation shall both preserve the confidentiality of any document, information or other material directly related to the implementation of the Action that is communicated as confidential. The confidential nature of a document shall not prevent it from being communicated to a third party on a confidential basis when the rules binding

the Parties, or the European Commission when it is not the Contracting Authority, so require. In no case can disclosure put in jeopardy the Parties' privileges and immunities or the safety and security of the Parties' staff, Contractors, Grant Beneficiaries or the Final Beneficiaries of the Action.

- 6.2 The Parties shall obtain each other's prior written consent before publicly disclosing such confidential information unless:
- a) the communicating Party agrees in writing to release the other Party from the earlier confidentiality obligations; or
 - b) the confidential information becomes public through other means than in breach of the confidentiality obligation by the Party bound by that obligation; or
 - c) the disclosure of confidential information is required by law or by Regulations and Rules established in accordance with the basic constitutive document of any of the Parties.
- 6.3 The Parties shall remain bound by confidentiality for five (5) years after the End Date of the Agreement, or longer as specified by the communicating Party at the time of communication.
- 6.4 Where the European Commission is not the Contracting Authority, it shall nonetheless have access to all documents communicated to the Contracting Authority, and shall maintain the same level of confidentiality.

Article 7: Visibility

Visibility

- 7.1 Unless the European Commission requests or agrees otherwise, the Organisation shall take all appropriate measures to publicise the fact that the Action has received funding from the EU. Such measures shall be carried out in accordance with the Visibility Requirements for EU External Action², as in effect at the time of entry into force of this Agreement or with any other guidelines agreed between the European Commission and the Organisation.
- 7.2 If, during the implementation of the Action, equipment, vehicles or major supplies are purchased using the EU Contribution, the Organisation shall display appropriate acknowledgement on such vehicles, equipment or major supplies, including the display of the EU emblem (twelve yellow stars on a blue background). Where such display could jeopardise the Organisation's privileges and immunities or the safety of the Organisation's staff or of the Final Beneficiaries, the Organisation shall propose appropriate alternative arrangements. The acknowledgement and the EU emblem shall be of such a size and prominence as to be clearly visible in a manner that shall not create any confusion regarding the identification of the Action as an activity of the Organisation, nor the ownership of the equipment, vehicles or major supplies by the Organisation.
- 7.3 If, pursuant to Article 8.5, the equipment, vehicles or remaining major supplies purchased with the EU Contribution have not been transferred to the local authorities, local Grant Beneficiaries or Final Beneficiaries when submitting the final report, the visibility requirements as regards this equipment, vehicles or major supplies (in particular display of the EU emblem) shall continue to apply between submission of the final report and the end of the overall action, if the latter is longer. Where the Organisation retains ownership in accordance with Article 8.6, the visibility requirements shall continue to apply as long as the relevant equipment, vehicles or remaining major supplies are used by the Organisation.
- 7.4 Unless otherwise provided in the Special Conditions, if disclosure risks threatening the Organisation's safety or harming its interests, the European Commission and the Contracting Authority (if other than the European Commission) may publish in any form and medium,

² Visibility in EU-financed external actions – Requirements for implementing partners (Projects), available at: https://ec.europa.eu/intipa/comm-visibility-requirements_en.

including on its internet sites, the name and address of the Organisation, the purpose and amount of the EU Contribution.

- 7.5 The Organisation shall ensure that reports, publications, press releases and updates relevant to the Action are communicated to the addresses stated in the Special Conditions upon their issuance.
- 7.6 The Parties will consult immediately and endeavour to remedy any detected shortcomings in implementing the visibility requirements set out in this Article. This is without prejudice to measures the Contracting Authority may take in case of substantial breach of an obligation.

Communication

- 7.7 In addition to the obligations stipulated under Article 7.1 to 7.6, the Organisation shall implement, if applicable, communication activities as described in Annex I.

Article 8: Right to use results and transfer of equipment

Right to use

- 8.1 Ownership of the results of the Action shall not vest in the Contracting Authority. Subject to Article 6, the Organisation shall grant, and shall act to ensure that any third party concerned grants the Contracting Authority (and the European Commission where it is not the Contracting Authority) the right to use free of charge the results of the Action, including the reports and other documents relating to it, which are subject to industrial or intellectual property rights.
- 8.2 Where the results mentioned in Article 8.1 include pre-existing rights and the Organisation cannot warrant the Contracting Authority (and the European Commission where it is not the Contracting Authority) the right to use such results, the Organisation shall inform in writing the Contracting Authority (and the European Commission, where it is not the Contracting Authority) accordingly.

Transfer

- 8.3 The equipment, vehicles and remaining major supplies purchased with the EU Contribution shall be transferred to or remain with local authorities, local Grant Beneficiaries or Final Beneficiaries, at the latest when submitting the final report.
- 8.4 The documentary proof of those transfers shall not be presented with the final reports, but shall be kept for verification for the duration and along with the documents mentioned in Article 15.1.
- 8.5 By way of derogation from Article 8.3, the equipment, vehicles and remaining major supplies purchased with the EU Contribution in the framework of actions which continue after the end of the Implementation Period may be transferred at the end of the overall action. The Organisation shall use the equipment, vehicles and remaining major supplies for the benefit of the Final Beneficiaries. The Organisation shall inform the Contracting Authority on the end use of the equipment, vehicles and remaining major supplies in the final report.
- 8.6 In the event that there are no local authorities, local Grant Beneficiaries or Final Beneficiaries to whom the equipment, vehicles and remaining major supplies could be transferred, the Organisation may transfer them to another action funded by the EU or - exceptionally - retain ownership of the equipment, vehicles and remaining major supplies at the end of the Action or the overall action. In such cases, it shall submit a justified written request with an inventory listing of the items concerned and a proposal concerning their use in due course and - at the latest – together with the submission of the final report. In no event may the end use jeopardize the sustainability of the Action.

Article 9: Monitoring and evaluation of the Action

- 9.1 Keeping in mind the commitment of the Parties to the effective and efficient operation of the Agreement, the Organisation shall invite representatives of the European Commission and the Contracting Authority (if other than the European Commission) to participate at their own costs to the main monitoring missions and evaluation exercises related to the performance of the Action. Participation in evaluation exercises should be ensured by requesting comments from the European Commission and the Contracting Authority on the terms of reference before the exercise takes place, and on the different deliverables related to an evaluation exercise prior to their final approval (as a minimum, on the final report). The Organisation shall send all monitoring and evaluation reports relating to the Action to the European Commission and the Contracting Authority once issued, subject to confidentiality.
- 9.2 Article 9.1 is without prejudice to any monitoring mission or evaluation exercise, which the European Commission as a donor, or the Contracting Authority, at their own costs, may wish to perform. Monitoring and evaluation missions by representatives of the European Commission or the Contracting Authority shall be planned ahead and completed in a collaborative manner between the staff of the Organisation and the European Commission's (or Contracting Authority's) representatives, keeping in mind the commitment of the Parties to the effective and efficient operation of the Agreement. The European Commission (or the Contracting Authority) and the Organisation shall agree on procedural matters in advance. The European Commission (or the Contracting Authority) shall make available to the Organisation the terms of reference of the evaluation exercise before it takes place, as well as the different deliverables (as a minimum, the draft final report) for comments prior to final issuance. The European Commission (or the Contracting Authority) shall send the final monitoring and evaluation report to the Organisation once issued.
- 9.3 In line with the spirit of partnership, the Organisation and the European Commission (and the Contracting Authority, if applicable), may also carry out joint monitoring and/or evaluation. Such arrangements will be discussed and agreed in due time, planned ahead and completed in a collaborative manner.
- 9.4 Representatives of the relevant partner country may, whenever possible, be invited to participate at their own costs in the main monitoring missions and evaluation exercises, unless such participation would be detrimental to the objectives of the Action or threaten the safety or harm the interests of Partners, Grant Beneficiaries or Final Beneficiaries.

Article 10: Amendment to the Agreement

- 10.1 Without prejudice to Articles 10.3 to 10.6, any amendment to this Agreement, including its annexes, shall be set out in writing in an addendum signed by both Parties. This Agreement can only be amended before the End Date.
- 10.2 The requesting Party shall request in writing any amendment thirty (30) Days before the amendment is intended to enter into force and no later than thirty (30) Days before the End Date, unless there are special circumstances, duly demonstrated by it, and accepted by the other Party. The other Party shall notify its decision regarding the amendment proposed in due time and in any case no later than thirty (30) Days after the date when the amendment request was received.
- 10.3 By way of derogation from Articles 10.1 and 10.2, where an amendment to Annex I and/or Annex III does not affect the main purpose of the Action and the financial impact is limited to a transfer within a single budget heading, including cancellation or introduction of an item, or a transfer between budget headings involving a variation (as the case may be in cumulative terms) of 25 % or less of the amount originally entered (or as amended by a written addendum) in relation to each concerned heading, the Organisation may unilaterally amend Annex I and/or Annex III and shall inform the Contracting Authority accordingly in writing, at the latest in the next report.

- 10.4 The method described in Article 10.3 shall be used neither to amend the contingency reserve referred to under Article 16.2, the rate for remuneration, nor the agreed methodology or fixed amounts/rates of simplified cost options.
- 10.5 The Organisation may, in agreement with the Contracting Authority and before the modification takes place, change the following without a formal addendum to the Agreement:
- (a) Outputs, the Indicators and their related targets, baselines and sources of verification described in Annex I and in the logical framework if the change does not affect the main outcome of the Action;
 - (b) Communication activities described in Annex I.
- Approved changes must be explained in the next report.
- 10.6 Changes of address and of bank account shall be notified in writing to the Contracting Authority. Where applicable, changes of bank account must be specified in the request for payment, using the financial identification form attached as Annex IV.

Article 11: Suspension

Suspension of the time limit for payment

- 11.1 The Contracting Authority may suspend the time limit for payment following a single payment request by notifying the Organisation that either:
- a) the amount is not due; or
 - b) the appropriate supporting documents have not been provided and therefore the Contracting Authority needs to request clarifications, modifications or additional information to the narrative or financial reports. Such clarifications or additional information may notably be requested by the Contracting Authority if it has doubts about compliance by the Organisation with its obligations in the implementation of the Action; or
 - c) credible information has come to the notice of the Contracting Authority that puts in doubt the eligibility of the reported expenditure; or
 - d) credible information has come to the notice of the Contracting Authority that indicates a significant deficiency in the functioning of the Internal Control System of the Organisation or that the expenditure reported by the Organisation is linked to a serious irregularity and has not been corrected. In this case, the Contracting Authority may suspend the payment deadline if it is necessary to prevent significant damage to the EU's financial interests.
- 11.2 In the situations listed in Article 11.1, the Contracting Authority shall notify the Organisation as soon as possible, and in any case within thirty (30) Days from the date on which the payment request was received, of the reasons for the suspension, specifying - where applicable - the additional information required. Suspension shall take effect on the date when the Contracting Authority sends the notification stating the reasons for the suspension. The remaining payment period shall start to run again from the date on which the requested information or revised documents are received or the necessary further checks are carried out. If the requested information or documents are not provided within the deadline fixed in the notification or are incomplete, payment may be made on the basis of the partial information available.

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Suspension of the Agreement by the Contracting Authority

- 11.3 The Contracting Authority may suspend the implementation of the Agreement, fully or partly, if:
- a) the Contracting Authority has proof that irregularities, fraud or breach of substantial obligations have been committed by the Organisation in the procedure of its selection, in its Ex-ante Pillar Assessment or in the implementation of the Action;
 - b) the Contracting Authority has proof that irregularities, fraud or breach of obligations have occurred which call into question the reliability or effectiveness of the Organisation's Internal Control System or the legality and regularity of the underlying transactions;
 - c) the Contracting Authority has proof that the Organisation has committed irregularities, fraud or breaches of obligations under other agreements funded by EU funds provided that those irregularities, fraud or breaches of obligations have a material impact on this Agreement.
- 11.4 Before suspension, the Contracting Authority shall formally notify the Organisation of its intention to suspend, inviting the Organisation to make observations within ten (10) Days from the receipt of the notification. If the Organisation does not submit observations, or if - after examination of the observations submitted by the Organisation - the Contracting Authority decides to pursue the suspension, the Contracting Authority may suspend all or part of the implementation of this Agreement serving seven (7) Days' prior notice. In case of suspension of part of the implementation of the Agreement, upon request of the Organisation, the Parties shall enter into discussions in order to find the arrangements necessary to continue the part of the implementation that is not suspended. Any expenditures or costs incurred by the Organisation during the suspension and related to the part of the Agreement suspended shall not be reimbursed, nor be covered by the Contracting Authority. Following suspension of the implementation of the Agreement, the Contracting Authority may terminate the Agreement in accordance with Article 12.2, recover amounts unduly paid and/or, in agreement with the Organisation, resume implementation of the Agreement. In the latter case, the Parties will amend the Agreement where necessary.

Suspension for exceptional circumstances

- 11.5 The Organisation may decide to suspend the implementation of all or part of the Action if exceptional and unforeseen circumstances beyond the control of the Organisation make such implementation impossible or excessively difficult, such as in cases of Force Majeure. The Organisation shall inform the Contracting Authority immediately and provide all the necessary details, including the measures taken to minimise any possible damage, and the foreseeable effect and date of resumption.
- 11.6 The Contracting Authority may also notify the Organisation of the suspension of the implementation of the Agreement if exceptional circumstances so require, in particular:
- a) when a relevant EU Decision identifying a violation of human rights has been adopted; or
 - b) in cases such as crisis entailing a change of EU policy.
- 11.7 Neither of the Parties shall be held liable for breach of its obligations under the Agreement if Force Majeure or exceptional circumstances as set forth under Articles 11.5 and 11.6 prevent it from fulfilling said obligations, and provided it takes any measures to minimise any possible damage.
- 11.8 In the situations listed in Articles 11.5 and 11.6, the Parties shall minimise the duration of the suspension and shall resume implementation once the conditions allow. During the suspension period, the Organisation shall be entitled to the reimbursement of the minimum costs, including new legal commitments, necessary for a possible resumption of the implementation of the Agreement or of the Action. The Parties shall agree on such costs, including the reimbursement of legal commitments entered into for implementing the Action

before the notification of the suspension was received which the Organisation cannot reasonably suspend, reallocate or terminate on legal grounds. This is without prejudice to any amendments to the Agreement that may be necessary to adapt the Action to the new implementing conditions, including, if possible, the extension of the Implementation Period or to the termination of the Agreement in accordance with Article 12.3. In case of suspension due to Force Majeure or if the Action is a Multi-Donor Action, the Implementation Period is automatically extended by an amount of time equivalent to the duration of the suspension.

Article 12: Termination

- 12.1 Without prejudice to any other provision of these General Conditions or penalties foreseen in the EU Financial Regulation, where applicable, and with due regard to the principle of proportionality, the Contracting Authority may terminate the Agreement if the Organisation:
- a) fails to fulfil a substantial obligation incumbent on it under the terms of the Agreement;
 - b) is guilty of misrepresentation or submits false or incomplete statements to obtain the EU Contribution or provides reports that do not reflect reality to obtain or keep the EU Contribution without cause;
 - c) is bankrupt or being wound up, or is subject to any other similar proceedings;
 - d) is guilty of Grave Professional Misconduct proven by any justified means;
 - e) has committed fraud, corruption or any other illegal activity to the detriment of the EU's financial interests on the basis of proof in the possession of the Contracting Authority;
 - f) fails to comply with the reporting obligations in accordance with Article 3.15;
 - g) has committed any of the failings described in Article 11.3 on the basis of proof in the possession of the Contracting Authority.
- 12.2 Before terminating the Agreement in accordance with Article 12.1, the Contracting Authority shall formally notify the Organisation of its intention to terminate, inviting the Organisation to make observations (including proposals for remedial measures) within thirty (30) Days from the receipt of the notification. During this period, and until the termination takes effect, the Contracting Authority may suspend the time limit for any payment in accordance with Article 11.2 as a precautionary measure informing the Organisation immediately in writing. If the Organisation does not submit observations, or if, after examination of the observations submitted by the Organisation, the Contracting Authority decides to pursue the termination, the Contracting Authority may terminate the Agreement serving seven (7) Days' prior notice. During that period, the Organisation may refer the matter to the responsible director in the European Commission. Where the Contracting Authority is the European Commission, the termination will take effect if and when confirmed by the director. Where the Contracting Authority is not the European Commission, the referral to the responsible director in the European Commission will not suspend the effects of the decision of the Contracting Authority. In case of termination, the Contracting Authority may demand full repayment of any amounts paid in excess of the final amount determined in accordance with Article 18 after allowing the Organisation to submit its observations. Neither Party shall be entitled to claim indemnity by the other Party on account of the termination of this Agreement.
- 12.3 If, at any time, either Party believes that the purpose of the Agreement can no longer be effectively or appropriately performed, it shall consult the other Party. Failing agreement on a solution, either Party may terminate the Agreement by serving sixty (60) Days written notice. In this case, the final amount shall cover:
- a) payment only for the part of the Action carried out up to the date of termination;
 - b) in the situations described in Articles 11.5 and 11.6, the unavoidable residual expenditures incurred during the notice period; and,
 - c) in the situations described in Articles 11.5 and 11.6, reimbursement of legal commitments the Organisation entered into for implementing the Action before the

written notice on termination was received by it and which the Organisation cannot reasonably terminate on legal grounds.

The Contracting Authority shall recover the remaining part in accordance with Article 14.

- 12.4 In the event of termination, a final report and a request for payment of the balance shall be submitted in accordance with Articles 3 and 17. The Contracting Authority shall not reimburse or cover any expenditure or costs which are not included or justified in a report approved by it.

Article 13: Applicable law and settlement of disputes

- 13.1 The Parties shall endeavour to settle amicably any disputes or complaints relating to the interpretation, application or validity of the Agreement, including its existence or termination.
- 13.2 Where the Organisation is not an International Organisation, and the European Commission is the Contracting Authority, this Agreement is governed by EU law, complemented - if necessary - by the relevant provisions of Belgian law. In the absence of an amicable settlement in accordance with Article 13.1 above, the General Court, or on appeal the Court of Justice of the European Union, has sole jurisdiction. Such actions must be brought under Article 272 of the Treaty on the Functioning of the EU (TFEU). Notwithstanding the foregoing sentence, where the Organisation is not established or incorporated in the EU, any of the Parties may bring before the Brussels courts any dispute between them concerning the interpretation, application or validity of the Agreement, if such dispute cannot be settled amicably. Where one party has brought proceedings before the Brussels courts, the other party may not bring a claim arising from the interpretation, application or validity of the Agreement in any other court than the Brussels courts before which the proceedings have already been brought.
- 13.3 Where the Organisation is not an International Organisation and the European Commission is not the Contracting Authority, the Agreement shall be governed by the law of the country of the Contracting Authority and the courts of the country of the Contracting Authority shall have exclusive jurisdiction, unless otherwise agreed by the Parties. The dispute may, by common agreement of the Parties, be submitted for conciliation to the European Commission. If no settlement is reached within one hundred and twenty (120) Days of the opening of the conciliation procedure, each Party may notify the other that it considers the procedure to have failed and may submit the dispute to the courts of the country of the Contracting Authority.
- 13.4 Where the Organisation is an International Organisation:
- a) nothing in the Agreement shall be interpreted as a waiver of any privileges or immunities accorded to any Party by its constituent documents, privileges and immunities agreements or international law;
 - b) in the absence of an amicable settlement pursuant to Article 13.1 above, any dispute, controversy or claim arising out of or in relation to this Agreement, or the existence, interpretation, application, breach, termination, or invalidity thereof, shall be settled by final and binding arbitration in accordance with the 2012 Permanent Court of Arbitration Rules for Arbitration, as in effect on the date of entry into force of this Agreement. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration. The arbitration proceedings must take place in the Hague and the language used in the arbitral proceedings will be English. The arbitrator's decision shall be binding on all Parties and there shall be no appeal.

Article 14: Recovery

- 14.1 Where an amount is to be recovered under the terms of the Agreement, the Organisation shall repay the amount due to the Contracting Authority.

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- 14.2 Before recovery, the Contracting Authority shall formally notify the Organisation of its intention to recover any undue amount, specifying the amount and the reasons for recovery and inviting the Organisation to make any observations within 30 Days from the date of receipt of the notification. If, after examination of the observations submitted by the Organisation or if the Organisation does not submit any observations, the Contracting Authority decides to pursue the recovery procedure, it may confirm recovery by formally notifying the Organisation. If there is a disagreement between the Organisation and the Contracting Authority on the amount to be repaid, the Organisation may refer the matter to the responsible director in the European Commission within thirty (30) Days. Where the Contracting Authority is the European Commission, a debit note specifying the terms and the date for payment may be issued after the deadline for the referral to the director. Where the Contracting Authority is not the European Commission, the referral to the responsible director in the European Commission will not prevent the Contracting Authority from issuing the debit note.
- 14.3 If the Organisation does not make the payment by the date specified in the debit note, the Contracting Authority shall recover the amount due:
- a) by offsetting it against any amounts owed to the Organisation by the EU;
 - b) by taking legal action pursuant to Article 13;
 - c) in exceptional circumstances justified by the necessity to safeguard the financial interests of the EU, the Contracting Authority may, when it has justified grounds to believe that the amount due would be lost, recover by offsetting before the deadline specified in the debit note without the Organisation's prior consent.
- 14.4 If the Organisation fails to repay by the due date, the amount due shall be increased by late payment interest calculated at the rate indicated in Article 17.7(a). The interest shall be payable for the period elapsing from the day after the expiration of the time limit for payment up to and including the date when the Contracting Authority actually receives payment in full of the outstanding amount. Any partial payment shall first cover the interest.
- 14.5 Where the European Commission is not the Contracting Authority, it may, if necessary, proceed itself to the recovery.
- 14.6 The European Commission may waive the recovery in accordance with the principle of Sound Financial Management and proportionality or it shall cancel the amount in the event of a mistake.

Article 15: Archiving, access and financial checks

- 15.1 For a period of five (5) years from the End Date and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim or investigation by the European Anti-Fraud Office (OLAF), if notified to the Organisation, has been disposed of, the Organisation shall keep and make available according to Article 15 all relevant financial information (originals or copies) related to the Agreement and to any Procurement Contracts and Grant agreements financed by the EU Contribution.
- 15.2 The Organisation shall allow the European Commission, or any authorised representatives, to conduct desk reviews and on-the-spot checks on the use made of the EU Contribution on the basis of supporting accounting documents and any other document related to the financing of the Action.
- 15.3 The Organisation agrees that OLAF may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions laid down by EU law for the protection of the financial interests of the EU against fraud, corruption and any other illegal activity.

- 15.4 The Organisation agrees that the execution of this Agreement may be subject to scrutiny by the Court of Auditors when the Court of Auditors audits the European Commission's implementation of EU expenditure. In such case the Organisation shall provide to the Court of Auditors access to the information that is required for the Court to perform its duties.
- 15.5 To that end, the Organisation undertakes to provide officials of the European Commission, OLAF and the European Court of Auditors and their authorised agents, upon request, information and access to any documents and computerised data concerning the technical and financial management of operations financed under the Agreement, as well as grant them access to sites and premises at which such operations are carried out. The Organisation shall take all necessary measures to facilitate these checks in accordance with its Regulations and Rules. The documents and computerised data may include information that the Organisation considers confidential in accordance with its own established Regulations and Rules or as governed by contractual agreement. Such information once provided to the European Commission, OLAF, the European Court of Auditors, or any other authorised representatives, shall be treated in accordance with EU confidentiality rules and legislation and Article 6. Documents must be accessible and filed in a manner permitting checks, the Organisation being bound to inform the European Commission, OLAF or the European Court of Auditors of the exact location at which they are kept. Where appropriate, the Parties may agree to send copies of such documents for a desk review.
- 15.6 Where applicable, the desk reviews, investigations, on-the-spot checks and inspections referred to in Article 17.2 to 17.5 shall refer to a verification that shall be performed in accordance with the verification clauses agreed between the Organisation and the European Commission. This is without prejudice to any cooperation arrangement between OLAF and the Organisation's anti-fraud bodies.
- 15.7 The European Commission shall inform the Organisation of the planned on-the-spot missions by agents appointed by the European Commission in due time in order to ensure adequate procedural matters are agreed upon in advance.
- 15.8 Failure to comply with the obligations set forth in Article 15 constitutes a case of breach of a substantial obligation under this Agreement.

Article 16: Eligibility of costs

- 16.1 Direct costs are eligible for EU financing if they meet all the following criteria:
- a) they are necessary for carrying out the Action, directly attributable to it, arising as a direct consequence of its implementation and charged in proportion to the actual use;
 - b) they are incurred in accordance with the provisions of this Agreement;
 - c) they are actually incurred by the Organisation, i.e. they represent real expenditure definitely and genuinely borne by the Organisation, without prejudice to Article 16.6;
 - d) they are reasonable, justified, comply with the principle of Sound Financial Management and are in line with the usual practices of the Organisation regardless of their source of funding;
 - e) they are incurred during the Implementation Period with the exception of costs related to final report, final evaluation, audit and other costs linked to the closure of the Action which may be incurred after the Implementation Period;
 - f) they are identifiable and backed by supporting documents, in particular determined and recorded in accordance with the accounting practices of the Organisation;
 - g) they are covered by one of the sub-headings indicated in the estimated budget in Annex III and by the activities described in Annex I; and
 - h) they comply with the applicable tax and social legislation taking into account the Organisation's privileges and immunities.

- 16.2 A reserve for contingencies and/or possible fluctuations in exchange rates - not exceeding 5 % of the direct eligible costs - may be included in Annex III to allow for adjustments necessary in the event of unforeseeable changes of circumstances on the ground. In such case, the reserve can be used only with the prior written authorisation of the Contracting Authority, upon a duly justified request from the Organisation.
- 16.3 The following costs may not be considered eligible direct costs, but may be charged as part of the remuneration: all eligible costs that, while necessary and arising as a consequence of implementation, are supporting the implementation of the Action and not considered part of the activities that the European Union finances as described in Annex I, including corporate management costs or other costs linked to the normal functioning of the Organisation, such as horizontal and support staff, office or equipment costs (except when duly justified and described in Annex I, such as a project office).
- 16.4 The remuneration shall be declared on the basis of a flat-rate which shall not exceed 7% of the total eligible direct costs to be reimbursed by the Contracting Authority. The remuneration does not need to be supported by accounting documents. For Multi-Donor and comparable actions, the remuneration shall not be higher than that charged by the Organisation to comparable contributions.
- 16.5 The following costs are ineligible for EU financing:
- a) bonuses, provisions, reserves or non-remuneration related costs. Employers' contributions to pension or to any other employee insurance funds run by the Organisation shall only be eligible to the extent they do not exceed the cost incurred during the reporting period, calculated following applicable international accounting standards;
 - b) full-purchase cost of equipment and assets unless the asset or equipment is specifically purchased for the Action and ownership is transferred in accordance with Article 8;
 - c) duties, taxes and charges, including VAT, that are recoverable/deductible by the Organisation;
 - d) return of capital;
 - e) negative remuneration charged by banks or other financial institutions;
 - f) debts and debt service charges;
 - g) provision for losses, debts or potential future liabilities;
 - h) banking charges for the transfers from and to the Contracting Authority;
 - i) costs incurred during the suspension of the implementation of the Agreement except the minimum costs agreed on in accordance with Article 11.8;
 - j) costs declared by the Organisation under another agreement financed by the European Union budget (including through the European Development Fund);
 - k) contributions in kind. The cost of staff assigned to the Action and actually incurred by the Organisation is not a contribution in kind and may be declared as a direct eligible cost if it complies with the conditions set out in Article 16.1; and
 - l) costs of purchase of land or buildings, unless otherwise provided in the Special Conditions.

Simplified cost options

- 16.6 Direct eligible costs may also be declared by using any or a combination of unit costs, lump sums and flat-rate financing.
- 16.7 The methods used by the Organisation to determine unit costs, lump sums or flat-rates shall comply with the principles provided in Articles 16.1, 16.3 and 16.5, be clearly described and substantiated in Annex III, shall avoid double funding of costs and shall respect the principle of Sound Financial Management. These methods shall be based on the Organisation's historical or actual accounting data, its usual accounting practices, an expert judgment or on statistical or other objective information where available and appropriate.
- 16.8 Costs declared under simplified cost options do not need to be backed by accounting or supporting documents except if they are necessary to demonstrate that the costs have been declared according to the declared method or cost accounting practices and that the qualitative and quantitative conditions defined in Annex I and III have been respected.
- 16.9 Simplified cost options not linked to the achievement of concrete Results shall only be eligible if they have been ex ante-assessed by the European Commission.
- 16.10 If a verification reveals that the methods used by the Organisation to determine unit costs, lump sums or flat-rates are not compliant with the conditions established in this Agreement, the Contracting Authority shall be entitled to recover proportionately up to the amount of the unit costs, lump sums or flat-rate financing.

Article 17: Payments

- 17.1 Payment procedures shall be as follows:
- a) the Contracting Authority shall provide a first pre-financing instalment as set out in Article 4.1 of the Special Conditions within thirty (30) Days of receiving the Agreement signed by both Parties;
 - b) the Organisation may submit a request for further pre-financing instalment for the following reporting period in accordance with Article 4 of the Special Conditions; the following provisions apply:
 - i) the reporting period is intended as a twelve-month period, unless otherwise provided for in the Special Conditions. When the remaining period to the end of the Action is up to eighteen (18) months, the reporting period shall cover it entirely;
 - ii) if at the end of the reporting period less than 70% of the last payment (and 100% of previous payments, if any) has been paid by the Organisation to its staff or otherwise subject to a legal commitment with a third party, the further pre-financing payment shall be reduced by the amount corresponding to the difference between the 70 % of the immediately pre-financing payment (and 100% of previous payments, if any) and the part of the previous pre-financing payments which has been paid by the Organisation to its staff or has been subject to a legal commitment with a third party;
 - iii) the Organisation may submit a request for further pre-financing payment before the end of the reporting period, once more than 70 % of the immediately preceding payment (and 100% of previous payments, if any) has been paid by the Organisation to its staff or otherwise subject to a legal commitment with a third party. In this case, the following reporting period starts anew from the end date of the period covered by this payment request;
 - c) at the end of the Implementation Period, the Organisation shall submit a payment request for the balance, where applicable, together with the final report. The amount of the balance shall be determined according to Article 18 and following approval of the request for payment of the balance and of the final report; and

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d) the Contracting Authority shall pay the further pre-financing instalments and the balance within ninety (90) Days of receiving a payment request accompanied by a progress or final report, unless the time limit for payment was suspended according to Article 11 or 12.

- 17.2 Payment requests shall be accompanied by narrative and financial reports presented in accordance with Article 3. The requests for pre-financing payments and the request for the balance shall be drafted in the Currency of the Agreement as specified in the Special Conditions. Except for the first pre-financing instalment, the payments shall be made upon approval of the payment request accompanied by a progress or final report. The final amount shall be established in line with Article 18. If the balance is negative, the payment of the balance takes the form of recovery.
- 17.3 Approval of the requests for payment and of the accompanying reports shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information contained therein.
- 17.4 The Contracting Authority shall make payments in the Currency of the Agreement as specified in the Special Conditions to the bank account referred to in the financial identification form in Annex IV.
- 17.5 Payment arrangements for performance-based financing in accordance with Article 19 shall be set out in Article 4 of the Special Conditions and Annex I.
- 17.6 If no payment has been made by the Contracting Authority within two (2) years of the entry into force of the Agreement, the Agreement shall be terminated.

Late payment interest

- 17.7 In case of late payment of the amounts stated in Article 4 of the Special Conditions the following conditions apply:
- a) upon expiry of the time limits for payments specified in Article 17.1, if the Organisation is not a Member State Organisation, it shall receive interest on late payment based on the rate applied by the European Central Bank for its main refinancing operations in Euros (Reference Rate), increased by three and a half percentage points. The Reference Rate shall be the rate in force on the first day of the month in which the time limit for payment expires, as published in the C series of the Official Journal of the EU;
 - b) the suspension of the time limit for payment by the Contracting Authority in accordance with Article 11 or 12 shall not be considered as late payment;
 - c) interest on late payment shall cover the period running from the day following the due date for payment, up to and including the date of actual payment as established in Article 17.1. Any partial payment shall first cover the interest;
 - d) by way of exception to point (c), when the interest calculated in accordance with this provision is lower than or equal to EUR 200, the Contracting Authority shall pay such interest to the Organisation only upon request from the Organisation submitted within two (2) months of it receiving late payment;
 - e) by way of exception to point (c), when the Contracting Authority is not the European Commission, and the European Commission does not make the payments, the Organisation shall be entitled to late payment interest upon its request submitted within two (2) months of it receiving late payment.

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Article 18: Final amount of the EU Contribution

- 18.1 The Contracting Authority shall determine the final amount of the EU Contribution when approving the Organisation's final report. The Contracting Authority shall then determine the balance:
- a) to be paid to the Organisation in accordance with Article 17 where the final amount of the EU Contribution is higher than the total amount already paid to the Organisation; or
 - b) to be recovered from the Organisation in accordance with Article 14 where the final amount of the EU Contribution is lower than the total amount already paid to the Organisation.
- 18.2 The final amount shall be the lower of the following amounts:
- a) the maximum EU Contribution referred to in Article 3.1 of the Special Conditions in terms of absolute value;
 - b) the amount obtained after reduction of the EU Contribution in accordance with Article 18.3.
- 18.3 Where the Action (i) is not implemented, (ii) is not implemented in line with the Agreement or (iii) is implemented partially or late, the Contracting Authority may, after allowing the Organisation to submit its observations, reduce the EU Contribution in proportion to the seriousness of the above mentioned situations. If there is a disagreement between the Organisation and the Contracting Authority on the reduction, the Organisation may refer the matter to the responsible director in the European Commission.

Article 19: Performance-based financing

- 19.1 The payment of the EU Contribution may be partly or entirely linked to the achievement of Results measured by reference to previously set milestones or through performance Indicators. Such performance-based financing is not subject to Article 16. The relevant Results and the means to measure their achievement shall be clearly described in Annex I.
- 19.2 The amount to be paid per achieved Result shall be set out in Annex III. The method to determine the amount to be paid per achieved Result shall be clearly described in Annex I and take into account the principle of Sound Financial Management.
- 19.3 The Organisation shall not be obliged to report on costs linked to the achievement of Results. However, the Organisation shall submit any necessary supporting documents, including where relevant accounting documents, to prove that the Results triggering the payment as defined in Annex I and III have been achieved.
- 19.4 Articles 3.7 f), 3.8 b), 3.8 f), 10.3 and 10.5 do not apply to the part of the Action supported by way of performance-based financing.

Article 20: Contracting and Early Detection and Exclusion System

Contracting

- 20.1 Unless otherwise provided for in the Special Conditions, the origin of the goods and the nationality of the organisations, companies and experts selected for carrying out activities in the Action shall be determined in accordance with the Organisation's relevant rules. However, and in any event, goods, organisations, companies and experts eligible under the applicable regulatory provisions of the European Union shall be eligible. Without prejudice to the foregoing or to the Organisation's assessed Regulations and Rules, the Organisation shall promote the use of local contractors when implementing the Action.

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Early Detection and Exclusion System

- 20.2 The Organisation shall inform the European Commission if, in relation to the implementation of the Action, it has detected a situation of exclusion pursuant to its rules and procedures referred to in Article 2.2 d) and any ad hoc measure stipulated in the Special Conditions or if it has detected a fraud and/or an irregularity pursuant to Article 2.6. This information may be used by the European Commission for the purpose of the Early Detection and Exclusion System. The Organisation shall inform the European Commission when it becomes aware that transmitted information needs to be rectified updated or removed. The Organisation shall ensure that the entity concerned is informed that its data was transmitted to the European Commission and may be included in the Early Detection and Exclusion System and be published on the website of the European Commission. These requirements cease at the end of the Implementation Period.
- 20.3 Without prejudice to the power of the European Commission to exclude a person or an entity from future procurement contracts and grants financed by the EU and/or to impose financial penalties according to the EU Financial Regulation, the Organisation may impose sanctions on third parties according to its own Regulations and Rules ensuring, where applicable, the right of defence of the third party.
- 20.4 The Organisation may take into account, as appropriate and on its own responsibility, the information contained in the Early Detection and Exclusion System, when implementing the EU Contribution. Access to that information can be provided through the authorised persons or via consultation with the European Commission as referred in Article 5.6 of the Special Conditions.

ANNEX II.a – Provisions applicable only to Multi-Partner Contribution Agreements

Article 1: Parties to Multi-Partner Contribution Agreements

Where the Organisation implements the Action in association with Partners, the Partners become Parties to the Agreement together with the Organisation. The provisions contained in Annex II apply to Partners *mutatis mutandis*, subject to the provisions of this Annex, and Annex IIb as regards non-pillar-assessed Partners.

Article 2: Additional obligations of the Organisation

In addition to the obligations set out in Annex II the Organisation shall:

- a) perform the activities as described and assigned to it in Annex I;
- b) ensure coordination with all Partners in the implementation of the Action;
- c) be the intermediary for all communications between the Partners and the Contracting Authority;
- d) be responsible for supplying without delay all documents and information to the Contracting Authority which may be required under this Agreement, in particular in relation to the narrative reports, the requests for payment and the relevant management declarations and audit opinions - where applicable - from all Partners. Where information from the Partners is required, the Organisation shall be responsible for obtaining and consolidating this information before passing it on to the Contracting Authority. Any information given, as well as any request made by the Organisation to the Contracting Authority, shall be deemed to have been given in agreement with all Partners;
- e) inform the Contracting Authority of any event likely to affect or delay the implementation of the Action;
- f) inform the Contracting Authority as soon as the information is available, of any change in the legal, financial, technical, organisational or ownership situation of any of the Partners, as well as of any change in the name, address or legal representative of any of the Partners;
 - g) be responsible in the event of monitoring and evaluations, as described in Article 9 of Annex II, for collecting and providing all the necessary documents;
 - h) establish the payment requests in accordance with the Agreement;
 - i) be the sole recipient, on behalf of all the Partners, of the payments of the Contracting Authority. The Organisation shall ensure that the appropriate payments are then made to the Partners without unjustified delay;
 - j) where relevant, repay funds to the Contracting Authority in line with Article 14 of Annex II without prejudice to Article 6;
 - k) not delegate any, or part of, the tasks listed above to the Partners or other entities.

Article 3: Obligations of the Partners

The Partners shall:

- a) perform the activities as assigned to each Partner in Annex I, taking all necessary and reasonable measures to ensure that the Action is performed in accordance with the description of the Action in Annex I and the terms and conditions of this Agreement;
- b) ensure that the Organisation has or obtains the data needed to draw up the reports, financial statements and other information or documents required by this Agreement and the annexes thereto, including any information needed in the event of monitoring or evaluations, as described in Article 9 of Annex II, as well as the relevant management declarations and audit or control opinion referred to in Articles 3.10 to 3.12 of Annex II (this does not apply to those documents and Partners that fall within

- an arrangement with the European Commission to provide either of them globally, on an annual basis);
- c) ensure that all information to be provided and requests made to the Contracting Authority are sent via the Organisation;
- d) agree with the Organisation upon appropriate internal arrangements for the internal coordination and representation of the Partners vis-a-vis the Contracting Authority for any matter concerning this Agreement, consistent with the provisions of this Agreement and in compliance with the applicable legislation(s);
- e) be responsible - in the event of audits, checks and investigations, as described in Article 15 of Annex II - for full cooperation in the protection of the Union's financial interests and, in particular, for providing all the necessary access, information and documents in accordance with Article 15.5 of Annex II, without prejudice to Article 5.

Article 4: Termination and suspension

4.1 Article 12 of Annex II is amended as follows:

- a) in the first paragraph of Article 12.1 of Annex II, "may terminate" shall be replaced by "may terminate or partially terminate" and "the Organisation" shall be replaced by "the Organisation or a Partner". In addition to Article 12.1 and in respect thereof, the Contracting Authority shall discuss prior to termination the possible reallocation of the tasks and responsibilities of the Partner whose participation is terminated, in case of partial termination, among the remaining Partners and/or the Organisation, or on its possible replacement by a third party. If the Contracting Authority agrees, the Agreement shall be amended accordingly in accordance with Article 10. If the Contracting Authority does not agree, either Party may terminate the Agreement in accordance with Article 12.3.
- b) In duly justified cases, the Organisation may propose to terminate the participation of a Partner to this Agreement. For this purpose, the Organisation shall communicate to the Contracting Authority the reasons for the proposed termination of its participation and the date on which it should take effect, as well as a proposal on the reallocation of the tasks and responsibilities of the Partner whose participation is terminated, or on its possible replacement. The proposal shall be sent in due course before the termination is due to take effect. If the Contracting Authority agrees, the Agreement shall be amended accordingly in accordance with Article 11. If the Contracting Authority does not agree, either Party may terminate the Agreement in accordance with Article 12.3.

- 4.2 In the case of termination of the participation of a Partner pursuant to Article 4.1 a) or b), the final payment regarding the activities allocated to the Partner concerned shall be included in the next payment request following the amendment of the Agreement.

Article 5: Financial framework partnership agreements and special arrangements

Where the Organisation and one or more pillar-assessed Partners have each concluded a financial framework partnership agreement with the European Commission, the financial framework partnership agreement of the Organisation and each Partner shall apply for the purpose of this Agreement, except in relation to obligations on reporting and payments, to which only the Organisation's financial framework partnership agreement shall apply.

Article 6: Financial responsibility

The Organisation and each pillar-assessed Partner shall be financially responsible solely for the part of the Action to be implemented by it (including by its Contractors and Grant Beneficiaries), as set out in Annex I, or for the activities assigned to it during the implementation of the Action in case these are not defined in Annex I. The Contracting Authority shall recover any unduly paid or incorrectly used funds directly from the Organisation, unless the Organisation can demonstrate that amounts to be recovered under this Agreement only relate to activities that have or should have been implemented by a pillar-assessed Partner pursuant to Annex I. In such case, the Contracting Authority will recover directly from the concerned defaulting pillar-assessed Partner.

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Article 7: Dispute settlement

Where either the Organisation or at least one of the pillar-assessed Partners is an International Organisation, Article 13.4.b of Annex II shall apply to the entire Agreement. In case a dispute does only concern one or some Partners or only the Organisation, the dispute settlement mechanism foreseen in Article 13.4.b will apply between the Contracting Authority and the relevant pillar-assessed Partner or the Organisation only.

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ANNEX 3 - Budget for the Action
Integrated National Financing Framework (INFF) Phase II

EXPECTED OUTPUTS*	PLANNED ACTIVITIES	PLANNED BUDGET BY YEAR			BUDGET NOTES
		YEAR 1	YEAR 2	Total Amount	
		\$	\$	(\$)	
Output 1 INFF process completed (Gender marker: 1)	1.1- Drafting and publication of the Integrated National Financing Strategy (INFS), and policy dialogue to brainstorm some of the proposals and disseminate messages to the public.	60,000	-	60,000	
	1.2- Drafting of a Medium-Term Revenue Strategy (MTRS)	25,000	-	25,000	
	1.3- Drafting of a Medium-Term Expenditure Framework (MTEF)	25,000	-	25,000	
	1.4- Drafting of a governance and coordination Framework	25,000	-	25,000	
	1.5- Produce a succinct INFF. (including launching and media briefings)	50,000	-	50,000	\$25,000 covers communications
	Subtotals Output 1	185,000	-	185,000	
Output 2: Fiscal - Federalism/ decentralization reviewed and completed. (Gender marker: 2)	2.1- State-wide consultations	40,000	-	40,000	\$5,000 covers communications
	2.2- Review of the existing framework for fiscal transactions between the federal government	25,000	25,000	50,000	
	2.3- Design a framework for fiscal federalism that reflect fair allocation of resources	-	50,000	50,000	
	Subtotals Output 2	65,000	75,000	140,000	
Output 3: Sub-national DFAs drafted and completed. (Gender marker: 2)	3.1- State-level consultations - Lagos, Edo, Anambra, Kwara, Kano, and Gombe	25,000	25,000	50,000	\$20,000 covers communications
	3.2- Drafting and review of sub-national DFAs	80,000	80,000	160,000	
	3.3- Launch reports and conduct nation-wide dialogue	25,000	25,000	50,000	\$20,000 covers communications
	Subtotals Output 3	130,000	130,000	260,000	
Output 4: Priority policy recommendations- (strengthening policy, legal and regulatory framework) implemented and completed. (Gender marker 2)	4.1- Multi-stakeholder dialogues (public and private sector) and policy reviews to understand legal and regulatory barriers to private sector participation in the SDGs.	47,000	45,000	92,000	\$73,200 covers communications
	4.2- Supporting government to review business support strategies and integrate women-led and youth-led businesses in future programming.	70,900	70,000	140,900	
	4.3- Supporting the Presidential Enabling Business Environment Council (PEBEC) and Nigerian Investment Promotion Council (NIPC) to enact ease of doing business reforms at federal and state	60,000	60,000	120,000	\$15,000 covers communications
	4.4- Strengthening capacity of revenue authority to mobilize domestic public resources, address issues on decentralization, promote digitization of tax administration, and reduce illicit finance flows through the engagement of Tax Inspectors without Borders (TIWB)	50,000	50,000	100,000	\$5,000 covers communications
	4.5- Strengthening policy, legislative and regulatory environment on insurance and risk finance.	230,000	230,000	460,000	
	Subtotals Output 4	457,900	455,000	912,900	
Output 5: Access to finance for women-led and youth-led businesses strengthened. (Gender marker: 2)	5.1- Expanding the investment opportunity area mapping and generating market intelligence.	70,000	70,000	140,000	
	5.2- Pipeline building for impact investments, especially SMEs, targeting youth and women.	70,000	70,046	140,046	\$10,000 covers communications
	Subtotals Output 5	140,000	140,046	280,046	
Output 6: Federal and state level impact investment summits/forums to attract impact investments supported. (Gender marker: 2)	6.1- Support annual convening events	30,000	30,000	60,000	\$40,000 covers communications
	6.2- Organize a national investment summit	77,384	50,000	127,384	\$20,000 covers communications
	6.3- Support four (4) state level investment forums/summits	80,000	80,000	160,000	\$60,000 covers communications
	Subtotals Output 6	187,384	160,000	347,384	
Project Team	Project Manager - to follow the-day-to-day implementation of the projects	33,677	33,677	67,354	
	Project Associate - to provide programme support to Project Manager on the INFF	18,000	18,000	36,000	
	Admin/ Finance Associate - to initiate payment, process vouchers etc. for project	12,313	12,313	24,626	
	Procurement Analyst - to support procurement activities of the project	12,283	12,283	24,566	
	Monitoring, Evaluation Analyst - to undertake field programme visits and organize partners meetings etc.in relation to the project (NOB)	20,607	20,607	41,214	
	Communication and Visibility Analyst - to prepare, promote and publish communication and visibility activities in electronic and social media highlighting INFF project activities (P3)	33,677	33,677	67,354	
	Subtotals Project Team	130,557	130,557	261,115	
Project Office Costs	Office supplies and consumables, Vehicles, ICT, maintenance	19,425	19,305	38,730	
	Travel, and subsistence costs.	40,000	40,000	80,000	
	Subtotals: Project Office Costs	59,425	59,305	118,730	
	Total Eligible Direct Costs	1,355,266	1,149,908	2,505,175	
	Total Eligible Indirect Costs (7% of total eligible direct costs attributable to the EU)**	94,869	80,494	175,362	
	Grand Total	1,450,135	1,230,402	2,680,537	

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**For the purpose of interpreting the provisions of article 10.3 of the General Conditions, the Budget Headings are considered at the level of Outputs, Project Team and project office costs.*

Notes	Gender mainstreaming (%)	20% of Total Budget
	Communications & Visibility	11% of Total Budget
	Monitoring and Evaluation	5% of Total budget

ANNEX V

Request for payment for Contribution Agreement

Date of the request for payment <.....>

For the attention of
<Address of the Contracting Authority>
<Financial unit indicated in the Contribution Agreement>¹

Reference number of the Contribution Agreement: ...

Title of the Contribution Agreement: ...

Name and address of the Organisation: ...

Request for payment number: ...

Period covered by the request for payment: ...

Dear Sir/Madam,

I hereby request payment of pre-financing/interim payment/balance² under the Contribution Agreement mentioned above.

The amount requested is [in accordance with Article 4 of the Special Conditions of the Contribution Agreement/the following....]³

Please find attached the following supporting documents:

- narrative and financial progress report (for pre-financing / interim payments)
- final narrative and financial report (for payment of the balance)⁴

The payment should be made to the following bank account: .⁵

Please when making the payment indicate the following communication: ...

I hereby certify on honour that the information contained in this request for payment is full, reliable and true, that the costs incurred can be considered eligible in accordance with the Agreement and that this request for payment is substantiated by adequate supporting documents that can be checked.

Yours faithfully, <signature>

¹ If applicable, please do not forget to address a copy of this letter to the European Union Delegation mentioned in Article 5 of the Special Conditions of the Contribution Agreement.

² Delete the options which do not apply.

³ Delete the option which does not apply.

⁴ Delete the items which do not apply.

⁵ Indicate the account number shown on the financial identification form annexed to the Contribution Agreement. In the event of change of bank account, please complete and attach a new financial identification form as per model.

N.B.: Instalments of pre-financing, interim payments and final payments shall be made upon approval of the payment request accompanied by a progress or final report (see Articles 19 of the General Conditions of Contribution Agreement).

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I, the undersigned, <insert forename and surname>, in my capacity as <insert function in the entrusted entity or person>, confirm that in relation to the Insert/complete in case an individual Management Declaration for one Contribution Agreement is submitted: [[Contribution Agreement] [Contribution Agreement for Financial Instruments] <insert reference of the concrete Agreement>, (the “Agreement”)] Insert in case a global Management Declaration covering all the Contribution Agreements and/or Contribution Agreements for Financial Instruments between the Contracting Authority¹ and the Organisation is presented: [Agreements listed below], based on my own judgement and on the information at my disposal, including, inter alia, the results of the audits and controls carried out, that:

1. The information submitted under Article 3 of the General Conditions of the Agreement[s] for the financial period dd/mm/yyyy to dd/mm/yyyy is properly presented, complete and accurate Insert/complete in case a global Management Declaration covering all the Contribution Agreements and/or Contribution Agreements for Financial Instruments between the Contracting Authority and the Organisation is presented: [for the following Agreements:

1. <insert references of the Agreement>; add below as necessary
2. <...>.]

If at the time of signature of this Management Declaration, there were ongoing agreements for which there was not yet reporting obligation; insert: [To be noted that at the time of signature of this Management Declaration, the following Agreements were not yet subject to submission of reporting in accordance with the contractual conditions:

1. <insert references of the Agreement>; add below as necessary
2. <...>.]

2. The expenditure was used for its intended purpose as defined in Annex I of the Agreement[s];
3. The control systems put in place give the necessary assurances that the underlying transactions were managed in accordance with the provision of the Agreement[s].
4. The Organisation performed the activities in compliance with the obligations laid down in the Agreement[s] and applying its own rules and procedures, where applicable, subject to the ad hoc measures agreed upon with the European Commission, as regards:
 - a) internal control;
 - b) accounting system;
 - c) independent external audit;
 - d) exclusion from access to funding;
 - e) publication of information on recipients;
 - f) protection of personal data;
 - Add one or more of the following options, as applicable:
 - g) [award and management of Grants;]
 - h) [award and management of Procurement Contracts;]
 - i) [Financial Instruments] In case any of the optional sub pillars 6b and/or 6c have been assessed and if applicable, add as required: [, including [Tax Avoidance and Non-Cooperative Jurisdictions][and][Anti-Money Laundering and Countering Terrorism Financing]].

5. No substantial changes, which have not already been communicated to the European Commission, affect the rules and procedures which have been [subject to the Ex-ante Pillar-Assessment] / [assessed by the European

¹ For the avoidance of doubt, references to ‘Contracting Authority’ in this annex shall be understood as referring to the European Commission for the purpose of Contribution Agreements for Financial Instruments.

OK

Commission for the purpose of granting an exemption to the obligation to undergo the Ex-ante Pillar Assessment].

Furthermore, I confirm that I am not aware of any undisclosed matter which could harm the interests of the European Union.

[However, the following reservation(s) should be noted:

<present and explain reservation(s)>]²

<insert place and date>

.....

(signature)

<Insert forename and surname>

² Option to be used in case of reservations.



FINANCIAL IDENTIFICATION

PRIVACY STATEMENT

http://ec.europa.eu/budget/contracts_grants/info_contracts/financial_id/financial_id_en.cfm#en

Please use CAPITAL LETTERS and LATIN CHARACTERS when filling in the form.

BANKING DETAILS ①

ACCOUNT NAME ②	UNDP CONTRIBUTIONS ACCOUNT		
IBAN/ACCOUNT NUMBER ③	36349562		
CURRENCY	US DOLLAR		
BIC/SWIFT CODE	CITIUS33	BRANCH CODE ④	NY - 940
BANK NAME	CITIBANK		
ADDRESS OF BANK BRANCH			
STREET & NUMBER	399 PARK AVENUE		
TOWN/CITY	NEW YORK, NEW YORK	POSTCODE	10022-4617
COUNTRY	UNITED STATES OF AMERICA		

ACCOUNT HOLDER'S DATA

AS DECLARED TO THE BANK

ACCOUNT HOLDER	UNITED NATIONS DEVELOPMENT PROGRAMME		
STREET & NUMBER	ONE UNITED NATIONS PLAZA		
TOWN/CITY	NEW YORK, NEW YORK	POSTCODE	10017
COUNTRY	UNITED STATES OF AMERICA		

REMARK

BANK STAMP + SIGNATURE OF BANK REPRESENTATIVE ⑤

Shannon Laveochia, AVP
TTS Client Operations
One Penn Plaza
New York, NY 10119
302-324-6518

DATE (Obligatory)

17 OCTOBER 2016

SIGNATURE OF ACCOUNT HOLDER (Obligatory)

Julie Anne Mejia

JULIE ANNE MEJIA

Treasurer

UNDP Treasury Division

- ① Enter the final bank data and not the data of the intermediary bank.
- ② This does not refer to the type of account. The account name is usually the one of the account holder. However, the account holder may have chosen to give a different name to its bank account.
- ③ Fill in the IBAN Code (International Bank Account Number) if it exists in the country where your bank is established
- ④ Only applicable for US (ABA code), for AU/NZ (BSB code) and for CA (Transit code). Does not apply for other countries.
- ⑤ It is preferable to attach a copy of RECENT bank statement. Please note that the bank statement has to confirm all the information listed above under 'ACCOUNT NAME', 'ACCOUNT NUMBER/IBAN' and 'BANK NAME'. With an attached statement, the stamp of the bank and the signature of the bank's representative are not required. The signature of the account-holder and the date are ALWAYS mandatory.

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