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**CONTRACT FOR GRANT**

**SADC HIV AND AIDS SPECIAL FUND-ROUND IV**

**CONTRACT NUMBER:** SADC/3/5/2/397

**BETWEEN**

**SADC Secretariat**

**AND**

**…………………………………………………..**

**GRANT CONTRACT**

**- SADC SECRETARIAT -**

SADC SECRETARIAT -

Reference Number:

(the ‘Contract’)

The Southern African Development Community (SADC) Secretariat, having its principal place of business at Plot 54385, New Central Business District, Gaborone, Botswana, (hereinafter the ‘Contracting Authority’)

of the one part,

and

*[insert full official name, identification and address]* , hereinafter the “Beneficiary”)

of the other part,

(the ‘Parties’)

have agreed as follows:

**Special conditions**

**Article 1 — Purpose**

1.1 The purpose of this Contract is the award of a grant by the Contracting Authority to finance {for action grants: the implementation of the action entitled: *[insert title of the Action]* (the ‘Action’)} {*for operating grants*: an operating grant for [*specify*] (the 'Work Programme') } described in Annex I.

1.2 The Beneficiary(ies) shall be awarded the grant on the terms and conditions set out in this Contract, which consists of these special conditions (the ‘Special Conditions’) and the annexes, which the Beneficiary(ies) hereby declares it has noted and accepted.

1.3 The Beneficiary(ies) accepts the grant and undertakes to be responsible for carrying out the Action.

**Article 2 — Implementation period of the Action**

2.1 This Contract shall enter into force on the date when the second of the two Parties signs.

2.2 Implementation of the {Action} {Work Programme} shall begin on:

*(choose one of the following):*

*-* the day on which the second of the two Parties signs

.

2.3 The implementation period of the {Action} {Work Programme}, as laid down in Annex I, is *[specify number of months]*.

2.4 The execution period of this Contract shall end when the payment of the balance is made by the Contracting Authority and, in any event, at the latest 18 months after the end of the implementation period as stipulated in Article 2.3 unless postponed in accordance with Article 12.5 of Annex II.

**Article 3 — Financing the Action**[[1]](#footnote-1)

3.1 The total eligible costs are estimated at *[specify currency]*, as set out in Annex III.

3.2 The Contracting Authority undertakes to finance a maximum amount of *[specify currency and amount].*

The grant is further limited to*]7%* of the total eligible cost of the {Action} {*for operating grants*: operating budget} specified in paragraph 1.

The final amount of the Contracting Authority’s contribution shall be determined in accordance with Articles 14 and 17 of Annex II.

***Only for Action grants:***

{3.3 Pursuant to Article 14.7 of Annex II, *[enter percentage, maximum 10 %*]% of the final amount of direct eligible costs of the Action established in accordance with Articles 14 and 17 of Annex II, may be claimed as indirect costs. }

**Article 4 — Reporting and payment arrangements**

4.1 Payments shall be made in accordance with Article 15 of Annex II option no. *[choose 1 ,2 or 3]* as set out in Article 15.1

***{Option 1 and 2}***

Initial pre-financing payment*: [enter amount and currency].*

***{Option 2 only}***

***Option 2: Actions with an implementation period of more than 12 months and grant of more than USD 100 000***

***(i) an initial pre-financing payment of 100 % of the part of the estimated budget financed by the Contracting Authority for the first reporting period (excluding contingencies). The part of the budget financed by the Contracting Authority is calculated by applying the percentage set out in Article 3.3 of the Special Conditions;***

***(ii) further pre-financing payments of 100 % of the part of the estimated budget financed by the Contracting Authority for the following reporting period (excluding not authorised contingencies):***

* ***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 18 months, the reporting period shall cover it entirely;***
* ***within 60 days following the end of the reporting period, the lead applicant shall present an interim report or, if unable to do so, it shall inform the***
* ***Contracting Authority of the reasons and provide a summary of progress of the Action;***
* ***if at the end of the reporting period the part of the expenditure actually incurred which is financed by the Contracting Authority is less than 70 % of the previous payment (and 100 % of any previous payments), the further pre-financing payment shall be reduced by the amount corresponding to the difference between the 70 % of the previous pre- financing payment and the part of the expenditure actually incurred which is financed by the Contracting Authority;***
* ***the lead applicant may submit a request for further pre-financing payment before the end of the reporting period, when the part of the expenditure actually incurred which is financed by the Contracting Authority is more than 70% of the previous payment (and 100% of any previous payments). In this case, the following reporting period starts anew from the end date of the period covered by this payment request;***
* ***in addition, for grants of more than USD 3 000 000, a further pre- financing payment may be made only if the part financed by the Contracting Authority of the eligible costs approved is at least equal to the total amount of all the previous payments excluding the last one;***
* ***the total sum of pre-financing payments may not exceed 90 % of the amount referred to in Article 3.2 of the Special Conditions, excluding not authorised contingencies;***

***(iii) the balance of the final amount of the grant.***

*{Note that the forecast instalments should be indicated as one global amount and not broken down per payment. The actual instalments will be based on the updated forecast for the next reporting period. The total sum of pre-financing payments may not exceed 90 % of the amount referred to in Article 3.2 of the Special Conditions, excluding not authorised contingencies}.*

Further pre-financing payments(s): *[enter amount and currency]*(subject to the provisions of Annex II).

***{Option 1-2-3}***

Balance of the final amount of the grant:

(subject to the provisions of Annex II): *[enter amount and currency].*

{4.x *:**The first instalment of pre-financing shall be accompanied by a pre-financing guarantee amounting to the total value of the prefinance}.*

{4.x *For operating grants or specific reporting requirements*: *[Specify the applicable reporting requirements and payment schedules/length of reporting period*]}

Payments will be made in the following bank account: ***[insert Bank, IBAN and swift code]***

**Article 5 — Contact addresses**

5.1 Any communication relating to this Contract shall be in writing, state the number and title of the Action and be sent to the following addresses:

For the Contracting Authority

*[insert address]*

For the Beneficiary:

*[insert address]*

*{in cases where a third institution is funding through SADC}:*For the Donor:

*[insert address]*

5.2 {The expenditure verification(s) referred to in Article 15.7 of Annex II will be carried out [*by the Contracting Authority or any external body authorised by SADC and/or the donor*][[2]](#footnote-2) *[insert name, address and telephone numbers]}.*

**Article 6 – Secondary procurement/subcontracting/rule of nationality and origin**

6.1. The maximum amount of the action that can be subcontracted to third parties will be *[insert percentage related to contribution or cost of the action depending on call]*

6.2. The beneficiaries should follow the procurement rules of*[insert SADC, Member State where the action is taking place or other donor’s rules according to the case].*

*To the extent relevant, the Beneficiary(ies) shall ensure that the conditions applicable to them under Articles 3, 4, 6 and 16 of these General Conditions are also applicable to contractors awarded an implementation contract.*

6.3. The subcontracting will be subject to the following rules of nationality and origin *[insert]*

*If the Beneficiary(ies) has to conclude implementation of the contracts (subcontracting) with contractors in order to carry out the Action, these may only cover a limited portion of the Action and shall respect the contract-award rules and rules of nationality and origin specific to this tender and specified in the Special Conditions of this Contract.*

**Article 7 — Annexes**

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

Annex I: Description of the Action (including the Logical Framework of the Project  
and the Concept Note)

Annex II: General Conditions,

Annex III: {Budget for the Action (worksheets 1, 2 and 3)} {*for operating grants*: operating budget}

Annex IV: Standard request for payment

Annex V: Models for interim and final narrative reports.

Annex VI: {*for action grants*: model financial report} {*for operating grants*: [*annex if specific models are to be used for activity reports and financial statements*]}

Annex VII: Model report of factual findings and terms of reference for an expenditure verification

**{**Annex IX: Standard template for Transfer of Asset Ownership**}**

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

**[Article 8 — Other specific conditions applying to the Action**

7.1 The General Conditions in Annex II are supplemented by the following:

*(If any affiliated entity in line with the guidelines for applicants):*

[7.1.x For the purpose of this agreement, the following legal entities are considered as affiliated entities:

*[insert name and identification]*

Costs incurred by these affiliated entities may be accepted as eligible, provided the entities concerned abide by all the relevant rules applicable to the Beneficiary(ies) under this Contract.

*(If financial support is provided for in the guidelines for applicants):*

**[**7.1.x Financial support to third parties may only be awarded in compliance with the conditions set in the Guidelines for applicants and in accordance with the criteria and conditions laid down in the Description of the Action in Annex I.

*optional*

{The maximum amount of financial support per each third party is limited to *[insert currency and amount]}*

*optional*

{Financial support is one of the main purposes of the Action*.*}

*In case of accepted costs system (ineligible taxes, in kind contributions...)*

7.1.x The following non eligible costs may be as considered part of the total accepted costs of the Action for the purpose of co-financing, as follows: *[clarify the conditions and specificities of the accepted costs, such as in-kind contributions, taxes, including VAT etc. for in kind either the amount of the contribution if known (ex. valorisation of goods etc.) or the way of calculation (ex. cost per day for work etc.) ]*

The corresponding cost must be included in the budget (Annex III and Annex VI) under heading 12.

The total accepted cost of the Action are estimated at *[insert currency and amount]* as set out in Annex III.

The Contracting Authority's contribution set out in Article 3.2 is further limited to [*insert applicable percentage %]* of the estimated total accepted costs.

The final amount of the Contracting Authority's contribution shall be established in accordance with Articles 14 and 17 of Annex II. The percentages set with regard to the total eligible costs and total accepted costs shall apply cumulatively so that the Contracting Authority's contribution shall be limited to the lowest amount obtained by respectively applying the percentages to the final total eligible and accepted costs approved by the Contracting Authority. In case that the total accepted costs are equal to the total eligible costs, the percentage applicable to the total accepted costs applies to the total eligible costs to ensure the required co-financing.

**[**7.1.x -The exchange rate to be applied in case of a positive balance pre-financed by the Beneficiary(ies) (or other donors) at the end of the Action is *[enter applicable rule/criteria to determine the exchange rate]* according to the usual accounting practice of the Beneficiary(ies).

**[**7.1.x -Where the implementation of the Action requires the setting up or the use of local infrastructure in the partner country (field office), the Beneficiary(ies) may declare as eligible direct costs the portion of capitalised and operating costs of the local infrastructure which corresponds to the duration of the Action at the rate of use of local infrastructure for the purpose of the Action, determined by the Beneficiary(ies) on the basis of a simplified allocation method, provided that the allocation method is:

* compliant with the Beneficiary(ies)'s usual accounting and management practices and applied in a consistent manner regardless of the source of funding, and
* based on an objective, fair and reliable allocation key .
* assessed and accepted by the evaluation committee, where applicable, and the Contracting Authority at the time of contracting.

In case costs are reported on the basis of a simplified method of allocation, adequate record and documentation must be kept by the Beneficiary(ies) to prove the compliance of the allocation method used with the conditions set out above.

7.2 The following derogations from Annex II shall apply:

7.2.x Articles 1.3 and 1.4 of Annex II shall not apply]

### (If the objective of the Action is to reinforce the financial capacity of a Beneficiary or natural persons in most need and/or to generate an income to ensure its sustainability beyond the end of the present Contract)

[7.2.x The no-profit rule shall not apply to this Contract, according to Article 17.7 of Annex II:

choose

[a) actions the objective of which is the reinforcement of the financial capacity of a Beneficiary]

[b) actions of the grant may not produce a profit for the Beneficiary(ies),

[c) other direct support paid to natural persons in most need, such as unemployed persons and refugees]]

[7.2.x By derogation to Article 15.9 of Annex II, and for the purpose of reporting, conversion into the currency set in the Special Conditions shall be made using the rate of exchange *[insert here the exchange rate to be used for reporting according to Article 15.9 of Annex II ]*

[7.2.x By derogation to Article 15.10 of Annex II, costs incurred in other currencies than the one used in the Beneficiary(ies)'s accounts shall be converted *(insert where the conditions listed in Article 15.10 of Annex II are not fulfilled)*

[7.2.x The initial pre-financing payment shall be made within 60 days of receipt of the payment request by the Contracting Authority.

[7.2.x Any report sent with a payment request for further prefinancing or payment of the balance shall be considered approved if there is no written reply from the Contracting Authority within 45 days of its receipt accompanied by the required documents. Approval of the reports does not imply recognition of their regularity nor of the authenticity, completeness and correctness of the declarations and information they contain.]

Done in English in *[two] [three(in case there is a third Donor)]* originals, one original being for the Contracting Authority and one original being for the Beneficiary(ies) [and one for the Donor].

|  |  |  |  |
| --- | --- | --- | --- |
| **For the Beneficiary(ies) [[3]](#footnote-3)** | | **For the Contracting Authority** | |
| Name |  | Name |  |
| Title |  | Title |  |
| Signature |  | Signature |  |
| Date |  | Date |  |

1. *In case of action grants, note that the amount awarded and percentages stated in this Article shall also be updated in Annex III Budget of the Action, in the worksheet ‘Expected sources of funding and summary of estimated costs’.* [↑](#footnote-ref-1)
2. In case the Contracting Authority has its own audit and verification system [↑](#footnote-ref-2)
3. In accordance with the mandate conferred on the lead applicant, (see application form), the lead applicant signs this Contract also on behalf of the other Beneficiaries, who, therefore, do not need to individually sign this Contract to become parties to it. [↑](#footnote-ref-3)