

**CONTRACT
BETWEEN
THE MINISTRY FOR FOREIGN AFFAIRS OF FINLAND
AND
[Name of the Company in Caps]
ON THE FINANCING OF
[Title of the Project in Caps]
FROM THE FUNDS OF THE ENERGY AND ENVIRONMENT PARTNERSHIP
PROGRAMME WITH SOUTHERN AND EAST AFRICA**

I. PARTIES

This Contract is concluded between

the Ministry for Foreign Affairs (hereafter "the Ministry")
Katajanokanlaituri 3
P.O. Box 512
00023 Helsinki
Finland

and

[Name and Address of the Company]

Email: [email address of the Company]

II. PURPOSE OF THE CONTRACT

The purpose of this contract is to regulate the implementation of the [Title of the Project] Project during the period from [Date of signing the project Decision by MFA] to [Date of ending the project].

III. DEFINITIONS

For the purposes of this contract:

- **Company** means Project developer/Project proponent
- **DBSA** means Development Bank of Southern Africa
- **EEP-S&EA** means Energy and Environment Partnership Programme with Southern and East Africa
- **MFA or the Ministry** means Finnish Ministry for Foreign Affairs

- **RCO** or **DBSA/RCO** means Regional Coordination Office of the DBSA
- **NCO** means the EEP National Coordination Office for the country where the project is implemented
- **Reporting period** means the reporting schedule in Annex IV that the DBSA/RCO has agreed together with the Company based on the Full Project proposal
- **Grant Decision** or the **Decision**, refers to the Ministry final approval to provide grant to the company for execution of the project.

IV. AMOUNT OF THE GRANT

The maximum amount of the Grant is, subject to annual parliamentary approval in Finland, [xxx-amount in words] [xxxx-amount in numbers] for carrying out the activities referred to in detail in the Annex I to this Agreement.

V. USE AND MANAGEMENT OF THE GRANT

The Development Bank of Southern Africa operates the Energy and Environment Partnership Programme with Southern and East Africa through the Regional Coordination Office on behalf of the Ministry.

The Company shall use the Grant solely to cover the expenses accrued to the Company during the period between [Date of starting the project] to [Date of ending the project] from the implementation of the Project as defined in the Full Project Proposal, which is attached to this Contract as an Annex I and shall form an integral part of this Contract. The types of acceptable expenses, which can be covered by the Grant are listed in Section III of the Annex III.

The Company shall manage the Grant in accordance with internationally accepted professional bookkeeping rules and practices. The Company shall ensure that no illegal or corrupt practices relate to the use of the Grant or the implementation of the Project.

All procurements shall be made in accordance with the contents of the Finnish legislation on public procurement (Public Procurement Act available at <http://formin.finland.fi/public/default.aspx?contentid=209147>) generally accepted principles and good procurement practices. Invitations to tender as well as procurement contracts shall include a clause on the possibility of the tender being rejected and the contract being cancelled, in case any illegal or corrupt practices have been connected with the award or the execution of the contract.

No offer, gift, payment or benefit of any kind, which would or could be construed as an illegal or corrupt practice, shall be accepted, either directly or indirectly, as an inducement or reward for the award or execution of procurement contracts.

VI. DISBURSEMENT OF THE GRANT

The installments will be made to the Company within the Project period [Date of starting the project] to [Date of ending the project] against written payment requests to the DBSA/RCO in the form and content as shown in Annex II of this Contract. Detailed requirements concerning reporting are stated in the Annex III (Guidelines for Execution), which forms integral part of this Agreement.

a) Conditions precedent for payment of first installment

The first payment shall not exceed 25 % of the total budget. Together with the 1st payment request, the Company shall submit to the DBSA/RCO:

- a copy of the legal registration of the Company showing the registration number and under which law it has been issued;
- an official document stating the names of persons authorized to execute this Contract on behalf of the Company and to sign, on behalf of the Company, any notices, certificates and other documents in relation to this Contract;
- specimen signature of the persons mentioned in paragraph above; and
- copies of all consents, permits and licenses required to implement the Project.

In case of Advance Payment the Company shall submit to the DBSA/RCO in addition to the above mentioned a budget for the first reporting period in a manner described in the Annex III of this Contract.

b) Subsequent installments shall be made in accordance with the approved reporting schedule and actual progress of the Project and on the basis of the financial needs for the coming reporting period, subject to the acceptance of the following documents to be submitted by the Company to the DBSA/RCO, which will keep them on behalf of the Ministry:

- a written payment request in the form and content shown in Annex II of this Contract;
- Progress Report showing actual results of the Project during the foregoing reporting period;

- a financial report showing funds received and costs covered by the Grant during the foregoing reporting period;
 - copies of all receipts and invoices in respect of the costs covered by the Grant during the foregoing reporting period as stated in the Annex III of this Contract; and
 - a cash flow budget and a plan of activities for the remaining period of implementation.
- c) The final installment will be made subject to the acceptance of the following documents to be submitted by the Company to the DBSA/RCO which will keep them on behalf of the Ministry:
- a written payment request in the form and content as shown in Annex II of this Contract;
 - Progress Report showing actual results of the Project during the foregoing reporting period;
 - the Final Report ;
 - a Financial Report showing funds received and costs covered by the Grant during the final reporting period of the Project;
 - copies of all receipts and invoices in respect of the costs covered by the Grant during the final reporting period of the Project as stated in the Annex III of this Contract;
 - copy of maintenance agreement with final beneficiary(ies) or maintenance guarantee if the project involves installation of equipment requiring periodic servicing and maintenance, and
 - an Audit Report, which has been explained in detail in the Annex III of this Agreement.

The last disbursement shall be minimum of 25 % of the total budget.

VII. BANKING DETAILS

The Grant will be disbursed in accordance with this Contract to the following bank account of the Company:

NAME OF BANK:	
NAME OF ACCOUNT	
ACCOUNT NUMBER	
TYPE OF ACCOUNT	
BANK'S BRANCH/ BRANCH CODE:	
IBAN (if applicable)	
SWIFT CODE:	
ADDRESS OF THE BANK	

VIII. REPORTING, AUDITING AND INFORMATION OBLIGATIONS OF THE COMPANY:

The Company shall submit the periodical progress and financial reports as well as the final report and Audit Report to the DBSA/RCO according to the detailed requirements stated above in Article VI and in the Annex III (Execution Guidelines), which forms integral part of this Agreement. Adequate Reporting is a prerequisite for disbursements as stated in the Article VI above.

The Company shall permit representatives of the Ministry, the DBSA/RCO to carry out any inspection or audit in respect of the use of the Grant as well as to conduct site visits to the Project site and the Company's office. The Company shall allow representatives of the Ministry, the DBSA/RCO access to all records, accounts, documents, materials and pertinent personnel related to the Project or the Grant. The final Report of the Project shall include an audit report in a manner stated in the Annex III (Guidelines for Execution).

The Company shall keep all original receipts and invoices of all Project expenses that are to be covered by the Grant.

The Ministry, DBSA/RCO or their representatives may periodically inspect the original receipts and invoices during monitoring visits to the Company.

The Company shall notify the Ministry through DBSA/RCO and within two weeks if any of the following changes in the Company have occurred:

- change of authorized persons mentioned in the paragraph a of Article VI above;
- change in management and organizational structure;
- change in the Company's financial situation (ongoing or pending liquidation, debt recovery, bankruptcy or other action that may cause insolvency or incapacity to carry out the Project);
- change in ownership and/or control; and
- change in nature of business

The Company shall promptly inform the Ministry through the DBSA/RCO and copied to the NCO of any event or situation which might affect the implementation of the Project and which may necessitate a modification or alteration of the scope, implementation, the agreed budget or other aspects of this Contract.

In case any change occurs in the schedule, project site, project site conditions, feedstock, technology or implementation of the Project, the Company shall promptly inform the Ministry through the DBSA/RCO and copied to the NCO.

The Company shall in all its publications and reports concerning the Project, specifically mention that the Ministry has provided financial resources for the implementation of the Project.

Further, the Company shall provide the Ministry and DBSA/RCO with such other information on the Project as may be reasonably requested from time to time for public information, dissemination or other purposes.

IX. CONTACT INFORMATION AND NOTICES

All payment requests, reports, documents and other communication relating to this Contract and/or the implementation of the Project shall be made in writing to the following contact points:

For the Ministry

DBSA/Regional Coordination Office

Regional Director

Mr Yaw Afrane-Okese

Email: yawa@dbsa.org

Cell: +27 (0)78 802 6430

Tel: +27 (0)11 256 3592

Fax: +27 (0)11 206 3551

The Ministry may, however, if it so deems necessary on certain occasions, demand the Company to communicate directly with the Ministry.

For the Company

[Name of the Person Authorized to sign the contract for the Company]

[Address of the Company]

All payment requests shall be signed by person(s) authorized to sign by the Company and sent in either hard copy via registered mail/courier or by email (scanned copy).

X. REPRESENTATION AND WARRANTIES

The Company assures that:

- it is duly incorporated and has power to own its assets and carry on its business;
- it has power to perform its obligations under this Contract; and
- no litigation, debt recovery or bankruptcy procedure is taking place or pending against it.

XI. REPAYMENT, SUSPENSION OF PAYMENTS AND RECOVERY OF THE GRANT

The Company shall promptly return to the Ministry the Grant as a whole or in part if it cannot use it in accordance with this Contract or if the Grant has been granted by the Ministry based on erroneous information provided by the Company.

The Ministry reserves the right to cancel its Grant decision and refuse payment of the Grant in the event that the Conditions set in this Agreement are not met satisfactorily by the Company,

The Ministry reserves the right to:

a) Suspend payments in the event that there is reasonable cause for doubting that the Company ignores the conditions laid down in this Contract or otherwise set by the Ministry for the use of the Grant, or grounds for granting the Grant have essentially changed.

b) Claim for recovery in full or in part if:

- the Company has provided incorrect or misleading information or concealed aspects that might have influenced the decision to grant the Grant or the conditions for the use of the Grant;
- the capacity of the Company to carry out the Project has been essentially reduced because of bankruptcy, a debt recovery procedure or a related cause,
- the Company in any way hinders the execution measures related to the monitoring and verification visits, inspection and/or audit of the Project or the Grant;
- the Grant is found to be misused, not satisfactorily accounted for or the Company otherwise ignores the conditions laid down in this Contract or otherwise set by the Ministry for the use of the Grant,
- or there are other relevant grounds for claiming repayment in accordance with the Finnish legislation related to state subsidies.

XII. SETTLEMENT OF DISPUTES

The Company and the Ministry shall seek to settle amicably any dispute, controversy or claim arising out of or relating to this Contract, or the breach, termination or invalidity thereof. Failing such an amicable solution, the dispute, controversy or claim shall be referred to the District Court of Helsinki (Finland) and settled in accordance with Finnish Law.

XIII. LIABILITY

The Ministry shall not accept any responsibility or liability for any claims, debts, demands, damage or loss as a result of the implementation of this Contract or the Project.

XIV. Other Matters

The Company shall co-operate fully with the Ministry to carry out this agreement and give the Ministry or DBSA/RCO as well as the NCO all the information needed for the payment and follow-up of the use of the Grant.

The Company may not without the consent of the Ministry transfer this Contract or any part of it to a third party.

The Ministry and the DBSA, in its role as the representative of the Ministry, may on the EEP's Web site and in publications disseminate other than confidential information related to the Grant and the project results.

XV. ENTRY INTO FORCE, TERMINATION AND AMENDMENT OF THE CONTRACT

This Contract shall enter into force upon the last date of signature of the Contract by the authorised representatives of the Parties and remain in force until all the obligations have been duly fulfilled by the Ministry and the Company, unless terminated earlier by the Ministry by giving the Company notice in writing three months prior to the termination.

Any amendment or modification to this Contract shall be mutually agreed on in writing between the Ministry and the Company.

By signing below, the Ministry and the Company agree to be legally bound by the terms and conditions set forth in this Contract.

Done in two originals in the English language and duly signed by the authorised representatives of the Ministry and the Company:

ON BEHALF OF
THE MINISTRY FOR
FOREIGN AFFAIRS OF FINLAND

ON BEHALF OF
[Name of the Company]

[Name]

[Name]

[Title]

[Title]

[Signature]

[Signature]

[Place and date]

[Place and date]

[Company seal]

LIST OF ATTACHMENTS:

- Annex I: The Full Project Proposal
- Annex II: Disbursement Request
- Annex III: Guidelines for Execution
- Annex IV: Reporting and Payment Schedule

ANNEX I:

Project Full proposal

ANNEX II

(to be typed in the Company's letterhead)

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DISBURSEMENT REQUEST

DATE:

REFERENCE NUMBER OF THE PROJECT:

TO:DBSA/Regional Coordination Office
Regional Director
Mr Yaw Afrane-Okese
Email: yawa@dbsa.org
Cell: +27 (0)78 802 6430
Tel: +27 (0)11 256 3592
Fax: +27 (0)11 206 3551

Dear Mr Afrane-Okese:

With reference to the Contract signed on **[date]** between the Ministry for Foreign Affairs of Finland and **[name of Company]** on the financing of **[name of Project]** from the EEP-S&EA Funds, we are issuing this disbursement request for the amount of

[number xxx (words)]

to be used to cover the expenses accrued to **[name of Company]** from implementation of the Project during **[period]**.

[In case of Advance Payment Request motivation shall be provided in this paragraph]

We wish to request the disbursement to be remitted to the following account, which is the same account as defined in the Contract:

NAME OF ACCOUNT
ACCOUNT NUMBER AND TYPE OF ACCOUNT
NAME OF BANK, BANK'S BRANCH/ BRANCH CODE, SWIFT CODE AND ADDRESS
BENEFICIARY REFERENCE: EEP SWA1

Enclosed please find the documents required according to Article VI of the abovementioned contract.

Sincerely yours,

(stamped with company's corporate seal)

Name of Authorised Person
Company Name

Annexes

For first payment request only:

- Copy of legal registration of Company
- Official document indicating Authorised Person
- Specimen signature of Authorised Person
- Copy of all required permits, licenses and consents

For first and subsequent payment requests:

- Tax Invoice clearly addressed to "Energy and Environment Partnership Programme/DBSA"
and should clearly indicate EEP VAT number which is 4820257196
- Progress Report
- Financial Report
- Copies of receipts and invoices

Cash flow budget and plan of activities for next reporting period.

Additional Annexes for last installment:

- Audit Report and Final Report

ANNEX III

Guidelines for Execution for Energy and Environment Partnership Programme with Southern & East Africa (EEP-S&EA)

These guidelines describe the main procedures required by the Energy and Environment Partnership Programme with Southern and East Africa (EEP-S&EA) for the administration of the approved projects in order to comply with Finnish legislation, the principles accepted by the Programme's Steering Committee as well as the donors and good procurement practices. A Company in this context means a company, organization or institution, which has submitted successfully a full project proposal for the EEP-S&EA. The RCO means the Regional Coordination Office of the EEP-S&EA hosted by the DBSA.

I General

All requirements and information related to each Project must include the Project's code assigned by the RCO and the complete name, as it appears in the full project proposal. In these Execution Guidelines, Company refers to a project developer or a project proponent.

In case a Company is executing simultaneously two or more projects funded by the EEP-S&EA, the Company must handle each project separately; in no case can a document be used as endorsement for two or more projects. For each project, the Company must have a separate Decision (from the Government of Finland), Contract, settlements, expenses receipts and audit.

II Financial Management of the Projects

1. The Company shall use the Grant solely to cover the expenses accrued to the Company during the implementation period of the Project which starts on the day of signing the Decision by the Ministry for Foreign Affairs of Finland (MFA or the Ministry). The Decision is the final approval of the Ministry to provide grant to the project.
2. Funds allocated to the Company are expressed in Euros. The DBSA will administer and pay the funds in Euros (from the DBSA's bank account). Payments are made by the DBSA on behalf of the Ministry, based on the approved reporting schedule as in Annex IV of this Contract.
3. The Company is obliged to have a formal accounting system and to keep a file of the **original documents** for at least 6 years, counted from the end of the project, allowing access to these documents when required by the donors or DBSA/RCO.
4. The Company shall confirm the receipt of the funds by email to the DBSA/RCO (godfreys@dbsa.org).
5. The Company may not transfer the Grant or any part of it to a third party.

6. The EEP Grant is meant for performance based agreements where the funding is meant for reimbursement on incurred project expenses.
7. The first payment shall not exceed 25% of the total budget and the last payment shall be minimum of 25 % of the total budget.
8. Before the payment, the DBSA/RCO will verify on behalf of the Ministry the content of the disbursement request as well as the required reports (please see Section V of these Execution Guidelines). For each disbursement the Company will have to present also an invoice in the name of **“EEP-S&EA/DBSA”**. Each request for disbursement shall include the progress and financial report thus far and each expense must be supported by a copy of an original formal commercial receipt, otherwise it should not be included in the settlement. All the original receipts must be marked with the statement **“Paid with funds of EEP-S&EA”** and must clearly indicate the name of the Company. All purchases through internet will have to be endorsed by a formal receipt; otherwise the expense will not be covered. In case a service has been provided by a third party that cannot emit a receipt (for example in case of in-kind contribution), the person will have to sign a receipt indicating the amount or estimated cost of the service and enclose a copy of his/her ID card. In case of an incomplete payment request, the DBSA will ask for additional information or updated version of the request through the RCO.
9. Together with the 1st payment request the Company shall submit to the DBSA/RCO:
 - a copy of the legal registration of the Company showing the registration number and under which law it has been issued;
 - an official document stating the names of persons authorized to execute this Contract on behalf of the Company and to sign, on behalf of the Company, any notices, certificates and other documents in relation to this Contract;
 - specimen signature of the persons mentioned in paragraph above; and
 - copies of all consents, permits and licenses required to implement the Project.
10. Subsequent installments shall be made in accordance with the actual progress of the Project and on the basis of the financial needs for the coming reporting period and in accordance with the approved payment schedule, subject to the acceptance of the following documents to be submitted by the Company to the DBSA/RCO:
 - a written payment request;
 - Progress Report showing actual results of the Project during the foregoing reporting period;
 - a financial report showing funds received and costs covered by the Grant during the foregoing reporting period;
 - copies of all receipts and invoices in respect of the costs covered by the Grant during the foregoing reporting period; and
 - a cash flow budget and a plan of activities for the coming reporting period.
11. Projects that have been authorized to receive funds in advance must attach to the request for the first disbursement a budget for the first reporting period, which is signed by an authorized representative of the Company. This will be a temporary invoice, to endorse the first disbursement in the name of **“EEP-S&EA”**. The Company must present afterward the original invoice including the receipts (with the same

characteristics above described) to the DBSA/RCO to clear this disbursement. The same principles apply when subsequent payment(s) are made in advance on the basis of a separate agreement.

12. The company shall annex to all other disbursement requests except the advance disbursement request receipts with the same characteristics above described;
13. Before the last disbursement can be released, the Company must present a Final Report and an Audit Report to the DBSA/RCO for all the funds received and spent during the project development. The Company shall appoint the auditors. The auditors shall be legally authorized and certified.
14. Any amount, including interest, which has already been disbursed but has not been fully used by the end of the project, shall be paid back in full amount.

III Types of Acceptable Expenses

When the eligibility of expenditure is determined, the starting point is that the expenditure must be necessary for the project and be reasonable. All reimbursed costs are subject to discretion and the financing body evaluates their eligibility in relation to the project plan and project decision.

1. Eligible Expenditure

- Services purchased from external service providers
- Costs related to the evaluation of project effectiveness and monitoring
- The project personnel's reasonable travel and accommodation expenses and daily allowances in accordance with the State's Travelling Regulations (of Finland)
(http://www.vm.fi/vm/en/04_publications_and_documents/01_publications/06_state_employers_office/20091230TheSta/The_States_Travelling_Regulations_2010.pdf) and the Standard Terms for the Payment of Fees and Reimbursement of Costs, MFA 1.5.2004
(<http://formin.finland.fi/Public/download.aspx?ID=8979&GUID={51153bc1-3942-4fa1-9570-547129fbefbe}>). The trips must be essentially connected with project implementation.
- Acquisition costs of fixed assets necessary for project implementation (machinery, equipment, etc.), if it can be verified that no public assistance has been granted for their acquisition during the five previous years
-
- Rental or leasing costs of premises, machinery and equipment necessary for project implementation (including motor vehicles) if they solely result from the Project.
- Office expenses including telephone, postal and photocopying costs if they result from the project and they are not claimed as indirect costs
- General costs (indirect costs), e.g. costs resulting from the use of a telephone, electricity or water, as well as accounting costs, rental and cleaning costs, office

costs, and so on, when these can be shown to have occurred solely from the project but have not been declared under previous points as direct project costs

- Unpaid voluntary work, the value of which is defined using hourly or daily rates generally paid for the work in question and the allocated time
- Communications costs
- Audit costs

2. Ineligible Expenditure

Expenditure that is not based on the approved project plan or project and financing decisions issued for the project or which have not been agreed on with the financing authority in project negotiations

- Merit pay, bonuses, fringe benefits and similar supplements to wages that are paid in addition to the regular wage
- General staff training
- Fines, penalty fees and legal expenses
- Financing expenses: interest on loans, fees related to financing transactions, currency exchange fees and exchange rate losses.
- Fees resulting from opening or managing an account, if the granting of aid does not specifically require this
- Value-added tax that may be deducted or that is refunded, or compensated for in another way
- Fees related to customs clearance
- Expenditures without original receipts stamped “**Paid with funds of EEP-S&EA**”
- Expenditures with professional fees, mileage rates, rental rates, etc which have not been agreed with the financing authority before
- Expenditures on equipment, installations and maintenance which do not comply with the professionally acceptable standards in the country of implementation or those presented in the project document.

IV Procurement

As for the project procurements, the following principles are to be followed:

1. Purchases of 30 000 Euros or more

In all cases where the value of a purchase of equipment or services is 30 000 Euros or more (the threshold set by the Finnish legislation), the procurement procedure shall be beforehand separately agreed upon with the Ministry or the DBSA as its representative. The Company shall contact the RCO/DBSA before any such purchase. As for Finnish Companies, procurements shall be made taking into account the Finnish Act on Public

Contracts (348/2007) and Finnish Government Decree on Public Contracts (614/2007) as they read when the procurement process is started by the Company.

In cases where Finnish procurement legislation is not applicable, the Company (Finnish or other) shall procure the goods or services in accordance with what is stated below as regards purchases of 4 000 - 29 999 euros.

Dividing contracts into parts in order to keep the contract value below the threshold of 30 000 euros or any other threshold mentioned below is strictly forbidden.

2. Purchases of 4 000 - 29 999 Euros

The principles of equal and non-discriminatory treatment of tenderers shall be complied with.

Selection of the provider shall be made in the first place on the basis of competitive tendering.

When using competitive tendering, the company shall draw up an invitation to tender and ask for tenders by e-mail, fax or letter. The invitation to tender can be delivered directly to selected potential tenderers (at least three whenever possible). All significant information concerning the purchase and the contract should be presented in the written invitation to tender.

The time limit for submitting written tenders must be reasonable. As a general rule, the lowest price forms the selection criterion in competitive tendering. A favourable price in terms of overall economy can also be used.

Direct award should be used only if

- The costs of competitive tendering exceed the benefits obtained from competitive tendering
- The contract is urgent for reasons independent of the company
- A corresponding product has been procured in the recent past and the price level is known
- No other potential suppliers have been identified

If direct award has been used, the reasons for the procedure shall be explained in the disbursement request.

The quotes and reasons for selection shall be annexed to a Progress Report.

3. Purchases of 100 – 3 999 Euros

Offers should be obtained from at least 3 different suppliers whenever possible. The basis for the selection should be documented and included in the disbursement request.

The quotes and reasons for selection shall be annexed to a Progress Report.

4. Purchases of less than 100 Euros

The procedure can be decided upon by the Company. All documents should be filed so that procedures can be checked afterwards.

V Required Documents and Reporting

1. For each one of the disbursements requests, the Company will have to present a Financial and Progress Report concerning the reporting period.
2. The **Financial Report** should include narrative and expenditure parts and the following details: project number, the date in which the expenses were made, supplier's name, expense description, as well as the expenses amount in local currency and Euros. The Report is based on the original budget presented in the full project proposal. The Report shall have narrative explanation on any major over expenditure or underutilization of funds and reasons for them as well as comparison between the planned budget and actual expenditure. Also it must include the elaboration date, as well as the name and signature of the person who is representing the Company.
3. The **Progress Report** should summarize the implementation during the reporting period and include a description of management measures taken as a result of monitoring and changes foreseen for the next reporting period. It is also important to examine the progress against the set overall objective and targets instead of just listing the activities. In addition, the report should include a detailed list of the planned activities for the next reporting period as the basis for requesting the next disbursement.
4. For a completed project the Company must send to the EEP's Regional Coordination Office a Final Report, both an electronic and printed version, including photos to be published on the EEP's Web site and related publications. The Final Report should contain a profound analysis of changes in the project context and of the target group, also the beneficiaries. In addition, the Final Report should contain a detailed assessment of the project's progress based on the comparison of the intervention logic or the planning and actual achievements and stating deviations/ comments/ observations made as well as providing a description of the monitoring and management measures implemented. Based on this assessment, the Report should bring out conclusions with regard to future perspectives of the Project in terms of sustainability. Also a brief leaflet concerning the main outputs shall be provided in the end of the project by the project developer to be able to attract further financiers (costs involved can be added to the project budget).

VI Project financial and performance Audit

1. The project audit will have to be performed by a certified audit firm and will have to present the firm's findings, risks and recommendations on the following aspects hereunder.
 - I. Financial statements and documents verifications to insure
 - a) That there is an acceptable endorsement document for each expense
 - b) That all the expenses have been made accordingly to the project's budget,
 - c) That budgetary deviations and reallocations are in line with these guidelines and other instructions given by the MFA or DBSA, clearly indicated and reasons explained
 - d) That all expenses are supported by appropriate original receipts and invoices as proofs for payments

- e) That all the original invoices, receipts or any other voucher issued to the Company's name are stamped with the statement **"Paid with funds of EEP-S&EA"**
- f) That expenditures are within reasonable range of costs benchmarked against rates specified in the project document, market prices and other acceptable industry or Government rates for professional fees, mileage compensation fee and daily subsistence allowances.

II. Performance assessment to insure

- a) That the analysis of quantifiable project outputs is based on indicators specified in the full project proposal document.
- b) That the quality of workmanship and adherence to installation and safety standards are according to acceptable best practices in the country or the region of implementation as defined in the full project proposal document.
- c) That the performance of the technologies installed is as defined in the project document
- d) That the final project beneficiariers are reasonably satisfied with the use of the equipment installed or services delivered from the project

III. Sustainability assessment to insure

- a) That there is potential of continuation of project activities beyond EEP funding.
- b) That there is adequate maintenance arrangement in place for long term operations of the installed systems.

2. An Audit Report should be issued approving the funds handling for the execution of the Project. The Report will have to be sealed and signed by the auditor including his/her name and certification number and submitted to the DBSA/RCO.
3. The Company must ensure that the cost for the audit is included in the project's approved budget and must be included in the settlement for the last disbursement.
4. The Ministry, DBSA/RCO reserves the right to conduct an additional independent Audit.

VII Other Important Matters

1. All expenses not indicated in the project's budget with the required details will not be covered by the EEP Grant.
2. The maximum allowed percentage of budget reallocation between different budget lines is 15% subject to the RCO's acceptance of the motivation for the proposed changes.
3. Demonstration projects will have to install a metal billboard sign to identify the project as one financed by the Donors through the EEP. The design of the sign must be coordinated with the EEP's Regional Coordination Office. The project proponent shall ensure that the sign's cost is included in the project's approved budget. This billboard requirement is applicable only to demonstration projects.

4. All printed or electronic documents related to the project prepared by the Company, either for promotional, information or other purposes, will have to include the legend "Project financed by the Ministry for Foreign Affairs of Finland and the Austrian Development Cooperation", and the logo of EEP-S&EA, which will be provided by the EEP's Regional Coordination Office. Also, the document's layout and illustrations should be sent to the EEP's Regional Coordination Office for approval, before printing and publication. In a case where the project is co-funded by other donors, it would be allowed for the legend to reflect this co-funding.
5. The Ministry or the DBSA/RCO as its representative has a right to give additional information or guidance to the Company regarding the issues related to the execution and financial management of the project, as well as to give further specifications concerning the contents of the Audit and the Audit Report. The Company must comply with the given guidance and specifications.

ANNEX IV
REPORTING AND PAYMENT SCHEDULE