

GRANT FUNDING ARRANGEMENT

(Arrangement)

between

**New Zealand Agency for
International Development**
195 Lambton Quay
Wellington 5045
New Zealand

(NZAID)

and

Organisation

<Address>

<Address>

<Address>

(Recipient)

CT file: XXXX

Koru record ID: XXXX

Programme file: XXXX

Activity code: XXXX

Month Year

**PROGRAMME
PROJECT**

Introduction

1. Under this Arrangement the New Zealand Agency for International Development (NZAID) agrees to provide grant funding to the Recipient (insert acronym of Recipient's name then edit / replace "the Recipient" with the acronym throughout the document) in respect of <insert Project name> (the Project).

Amount of Funding

2. NZAID agrees to provide up to a maximum of NZ\$<XXXX> (inclusive of all taxes, if applicable) for the Project.

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Term CHOOSE FROM ONE OF THE FOLLOWING:

3. Regardless of the date or dates of signing, this funding covers the period from <insert date> to <insert date> and is made available under New Zealand's official development assistance <insert name of programme> programme.

OR

3. Regardless of the date or dates of signing, this funding covers the period from <insert date> to <insert date> and is made available under New Zealand's official development assistance <insert name of programme> programme. Accordingly this Arrangement expires on <insert date> when the Project Completion Report has been received by NZAID.

Parties

4. In providing this funding NZAID, Nga Hoe Tuputupu-mai-tawhiti, is acting for and on behalf of the New Zealand Secretary of Foreign Affairs and Trade. NZAID is a semi-autonomous body within the Ministry of Foreign Affairs and Trade, and is responsible for managing New Zealand's official development assistance.

Partnership

5. Through providing this funding NZAID is seeking to work with **the Recipient** in a spirit of partnership based on mutual respect and accountability, trust, fairness and open and professional interactions. Each party to this Arrangement therefore has a number of obligations that are set out in the following Conditions of Funding. Both parties agree to comply with, and be bound by, the following Conditions.

CONDITIONS OF FUNDING

Purpose

6. **The Recipient** agrees to apply the total amount of funding (as stated in clause 2 above and Schedule Two) solely for the purpose for which it has been given. The purpose for which the funding has been given is set out in Schedule One. If **the Recipient** uses the funds for anything other than the agreed purpose **the Recipient** undertakes to re-imburse such funds to NZAID. **The Recipient** agrees to carry out the Project as set out in Schedule One in accordance with the conditions of this Arrangement and NZAID's operating principles.

Amount of funding and payment

7. **The Recipient** agrees to apply the funding stated in clause 2 above for this Project in accordance with the approved budget set out in Schedule Two. **The Recipient** will refund to NZAID any funds, which are unspent at the end of the period to which the funding relates.
8. NZAID undertakes to make funding payment(s) in accordance with the schedule of payments set out in Schedule Three. The first payment will normally be made upon return of the signed Arrangement to NZAID. If more than one payment is due under this Arrangement then before making any additional payment(s) NZAID must be satisfied as to **the Recipient's** performance under this Arrangement, and in particular all reporting requirements, and may withhold payment, in whole or in part, where it is not satisfied. No further payment(s) will be made by NZAID unless and until **the Recipient** has fully acquitted for the previous funding. Where unspent funds remain from a previous reporting period NZAID may deduct such amount from any subsequent payment(s) falling due.
9. If more than one payment is due under this Arrangement then any ongoing funding under this Arrangement is subject to an appropriation by the New Zealand

Parliament of sufficient funds for the type of activities provided for under this Arrangement.

USE THIS NEXT CLAUSE FOR NZ NGO IF FUNDS ARE TO BE TRANSFERRED TO PARTNER ORGANISATION OVERSEAS. Otherwise delete clause and substitute the words "10. Not Applicable" in order to retain paragraph numbering.

10. The Recipient, in seeking an exemption from GST for funding sent to a partner organisation overseas, agrees to be bound by the following specific conditions of this Grant Funding Arrangement. The portion of funds to be transferred to the partner overseas organisation must comply with the following conditions:
- a. the money is transferred outside New Zealand, and
 - b. the money is transferred to an overseas partner organisation that is operating overseas at the time the payment is received by them, and
 - c. the money is used by the overseas partner organisation to acquire goods or services outside New Zealand.

Accounting for the funding

11. The Recipient agrees to keep separate accounts for the funding which it receives under this Arrangement. These accounts must be kept to the standard of generally accepted accounting practice to ensure sound financial and management systems, and internal controls relating to the funding. The Recipient will preserve its financial records for the Project for a period of seven years from the date on which the funds were provided.
12. The Recipient acknowledges that it is receiving public funds from the New Zealand government and agrees to provide a high level of accountability to NZAID in respect of these funds. The Recipient will allow NZAID access to all accounting information relating to this Project. Where NZAID seeks access to information it will give the Recipient ten working days notice. The Recipient agrees to provide the information requested within ten working days of being given notice. NZAID may take copies of any information provided.
13. The Recipient will ensure that the Project and its funding are covered by its annual audit and that the audited accounts include an audit note explaining how the funding has been spent. A copy of the audit report will be provided to NZAID within three months of the end of the Recipient's financial year.
14. NZAID may audit the Recipient's expenditure in relation to the funding and the Recipient agrees to allow NZAID to carry out such an audit and will co-operate with any on-site audit and investigations by making available all records and accounts relating to the funding.
15. The Recipient undertakes to lay an immediate complaint with the Police, or local policing authority, if any NZAID funding is stolen or misappropriated.

Purchasing Goods or Services

16. Although the ultimate responsibility for the procurement of goods, works, or services rests with the Recipient, NZAID, for its part, has the obligation to ensure that NZAID funds are used with due attention to economy and efficiency. The Recipient may follow its own procurement guidelines and procedures in securing the supply of goods, works, or services for the Project so long as the guidelines, procedures and practices reflect the New Zealand Government's *Mandatory Rules for Procurement*

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(endorsed by Cabinet 18 April 2006) and appropriate standards that reflect good procurement practice and adhere to the principles of openness, transparency, fairness, accountability, value for money, due diligence, efficiency and economy.

Reporting

17. **The Recipient** agrees to report to the NZAID officer at the times specified in Schedule Three. Such reports must include the following information:

- a. information required relating to the reporting period:
 - i. a note of all activities completed for the period
 - ii. an assessment of the extent to which the objectives of the Project were met
 - iii. a note of any problems which occurred
 - iv. a full reconciliation of expenditure against budget for the reporting period including the amount of any unspent funds remaining.
- b. information required relating to the next reporting period: (if applicable)
 - i. the activities and budget planned for the following reporting period
 - ii. details of any emerging problems which could place the Project at risk during the following reporting period
 - iii. details of any changes which **the Recipient** wishes to make to the purpose of the Project or the approved budget during the following reporting period.

18. In addition to providing reporting under clause 17 and Schedule Three **the Recipient** agrees to provide NZAID with informal reports on the Project activities on request, as well as providing information to NZAID when opportunities arise.

Review of the Project

19. NZAID may review the Project and this Arrangement at any time. During such a review **the Recipient** agrees to cooperate fully with all reasonable requests from NZAID for information.

Indemnity and Insurance

20. **The Recipient** agrees to indemnify NZAID at all times against any actions, claims, liabilities, damages or expenses suffered or incurred by NZAID as the result of, or arising from the Project.

21. **The Recipient** agrees to be responsible for insurance cover against loss of life, personal accident and illness, loss, theft and damage to personal effects in respect of the Project and all project activities and personnel. NZAID shall have no responsibility for any insurance cover for **the Recipient's** personnel, property, or actions.

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Confidentiality

22. Both parties agree to respect the confidentiality of information provided by the other as ‘confidential’, ‘restricted’, or ‘in-confidence’. Neither party will disclose such information to any third party without first obtaining the other’s written consent. The Recipient acknowledges that NZAID may, however, be required by law or government convention to disclose information and cannot guarantee the confidentiality of information provided by **the Recipient**.

Relationship between the parties

23. Both parties agree that **the Recipient** is an independent agency that has developed the Project and is responsible for carrying out the Project. **The Recipient** agrees to be responsible for all project management, monitoring, accounting and reporting.

24. Both parties agree that this Arrangement cannot be construed as creating a legal partnership, or relationship of employer and employee or principal and agent.

25. **The Recipient** shall in no circumstances during or after the course of this Arrangement make any commitments on behalf of the New Zealand Government relating to the expenditure of official development assistance or any other official funds.

Promoting NZAID’s support

26. **The Recipient** agrees to acknowledge NZAID’s assistance and support for this Project in any publicity material, media reporting and annual reports. In doing so **the Recipient** will make it clear that it is responsible for the implementation of the Project.

27. Before using NZAID’s name, logo design, or branding **the Recipient** will first obtain NZAID’s consent.

28. The fact that NZAID has entered into this Arrangement cannot be used by **the Recipient** as any form of endorsement by NZAID of **the Recipient’s** organisation.

29. **The Recipient** agrees not to associate the New Zealand Government with any adverse comments it may make about any other organisations or governments or government agencies.

Variation

30. The terms of this Arrangement, including the purpose and payment(s), may be modified, limited, extended or terminated. No variation to this Arrangement shall be effective unless it is agreed in a formal Letter of Variation and signed by both parties, or varied electronically through an exchange of e-mails under clause 31. Where **the Recipient** seeks to vary any material aspect of this Arrangement it must first obtain approval of NZAID prior to incurring any additional costs or additional tasks and prior to the Arrangement expiring.

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Fiscally neutral variation

31. NZAID recognises that events or other variables not foreseen at the commencement of the Arrangement, and beyond the control of **the Recipient**, may give rise for the need to extend the duration of the period of funding as set out in clause 3 above, or to agree changes to aspects of the project implementation or use of unspent funds. Where the variation is fiscally neutral (i.e. the changes do not result in a change to total costs) and if an extension is required for a period no longer than six months, the variation may be made electronically through an exchange of emails between the NZAID Development Programme Manager, NZAID Manager at Post, or NZAID Team Leader and **the Recipient**. The email variation must state the full scope of the agreed change(s) and, if applicable, record the reason(s) justifying any extension of time. This e-mail exchange must be completed prior to **the Recipient** implementing the changes and prior the Arrangement expiring.

Extraordinary Events

32. Neither party shall be liable for any failure to perform or any delay in performing their obligation(s) under this Arrangement where the cause of such failure or delay is beyond that party’s reasonable control, (force majeure). The party claiming suspension of its obligations for this reason must immediately give written notice to the other.

Anti Corruption

33. Consistent with both parties commitment to good governance, accountability, and transparency, each party reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Project or project funding.

34. Parties warrant that they shall not make, cause to be made, nor receive any offer, gift (over the value of NZ\$100), payment, consideration, inducement, reward or benefit of any kind, which would, or could be construed as an illegal, corrupt or unethical practice. Any such conduct may be grounds for immediate termination of this Arrangement, or the taking of such corrective action as the other party deems appropriate.

35. Where either party, or any responsible officer of a party, is investigated for fraud, corruption, embezzlement, dishonesty or bribery, or where there is a finding of fraud, corruption, embezzlement, dishonesty or bribery against a party or any responsible officer, or where a responsible officer is convicted of a serious criminal offence that brings that party into disrepute, or the nature of the conviction is incompatible with the objective(s) of the Project, this event may be grounds for the other party to immediately terminate this Arrangement by giving notice in writing to the other party.

Anti-terrorism

36. **The Recipient** must use its best endeavours to ensure that funds provided under this Arrangement do not provide direct or indirect support or resources to organisations and/or individuals associated with terrorism. If, during the course of this Project, **the Recipient** discovers any link whatsoever with any organisation or individual associated with terrorism it must inform local Police immediately.

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Termination

Termination for Default

37. Where either party breaches any material condition of this Arrangement and the breach is not remedied to the other's satisfaction within a reasonable period of time, then the other party may terminate this Arrangement, in whole or in part, by giving the other party fourteen calendar days notice in writing.

38. In the event that NZAID is dissatisfied as to **the Recipient's** ability to implement the Project successfully, or the quality of outcomes achieved, or the rate of progress being made, or any material aspect of the project implementation, operation or financial management NZAID may terminate this Arrangement in whole or in part, by giving **the Recipient** fourteen calendar days notice in writing.

Termination for Insolvency

39. NZAID may at any time terminate the Arrangement by giving notice to **the Recipient** if **the Recipient** becomes bankrupt or otherwise insolvent. Termination will be with immediate effect on receipt of NZAID's notice.

Termination for Convenience

40. Either party may terminate this Arrangement at any time for its convenience and upon which clause 7 will apply. The notice of termination must specify the date upon which such termination becomes effective, but no less than thirty calendar days from the date of the notice.

Notices

41. All legal and formal notices under this Arrangement shall be in writing to the address specified in Schedule Four. The term 'in writing' means communicated in written form, in English, with proof of receipt.

Resolving disputes

42. Both parties shall make every effort to resolve amicably by direct informal negotiation any disagreement or dispute arising between them under or in connection with this Arrangement. In doing so the parties will act in good faith, in a spirit of goodwill and cooperation. If they are unable to resolve their disagreement they will refer the dispute to mediation.

43. Both parties agree that this Arrangement is subject to the jurisdiction of New Zealand law and shall be governed by and interpreted in accordance with the laws of New Zealand.

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Survival of Obligations

44. The following clauses shall remain in full force and effect following the expiry or termination of this Arrangement:

- a. Purpose Clause 6
- b. Accounting Clauses 11 to 15
- c. Reporting Clause 17, 18 and Schedule 3
- d. Indemnity and Insurance Clause 20 and 21
- e. Confidentiality Clause 22
- f. Anti-corruption Clause 33 to 35
- g. Anti-terrorism Clause 36
- h. Notices Clause 41 and Schedule 4.
- i. Resolving Disputes Clauses 42 and 43

Acknowledgement

45. By signing this Arrangement **the Recipient** acknowledges to have read and understood the above conditions of funding and agrees to be bound by them.

EXECUTION

The undersigned, being duly authorised to do so, have executed this Arrangement as follows:

**signed for and on behalf of the
Executive Director New Zealand
Agency for International Development**

**signed for and on behalf of **the
Recipient****

signature

signature

full name

full name

position

position

date

date

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SCHEDULE ONE
DESCRIPTION OF PROJECT

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SCHEDULE TWO
APPROVED PROJECT BUDGET

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SCHEDULE THREE REPORTING & PAYMENTS

Date payment due	up to the following amount	reporting/documentation to be submitted to NZAID prior to payment being approved by NZAID
on signing	NZ\$<insert amount>	on return of signed Arrangement to NZAID.
date	NZ\$<insert amount>	<p>An Interim Progress Report delivered to NZAID by <insert date> covering the following:</p> <ol style="list-style-type: none"> 1. a narrative report of all activities completed, and activities currently underway 2. an assessment of the extent to which the objectives of the Project are being met 3. a note of any problems or issues which have occurred or any emerging risks affecting the implementation of the Project 4. an <u>Acquittal Report</u> providing a full reconciliation of expenditure against budget for the reporting period, detailing the amount of any unspent funds (as per Annex 1). <p>All in conformity with the reporting requirements under clause 17.</p>
date	NZ\$<insert amount> <u>or nil</u>	<p>A Project Completion Report delivered to NZAID by <insert date> covering the following:</p> <ol style="list-style-type: none"> 1. a narrative report summary of all activities undertaken and completed 2. an assessment of the extent to which the objectives of the Project have been met 3. a note of any issues or risks which emerged and which affected the implementation of the project 4. a final <u>Acquittal Report</u> providing a full reconciliation of expenditure against budget for the full period of funding, detailing the amount of any unspent funds remaining. <p>All in conformity with the reporting requirements under clause 17.</p>
Total funding up to:	NZ\$XX,XXX	

The Recipient is required to provide all reports and documentation to the following NZAID officer:

Development Programme Manager for <insert name of programme>

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SCHEDULE FOUR
ADDRESS FOR NOTICES

Notices to NZAID

for mail:

Executive Director
New Zealand Agency for International
Development
Ministry of Foreign Affairs and Trade
Private Bag 18 901
Wellington 5045
New Zealand

Attention:

for deliveries:

Executive Director
New Zealand Agency for International
Development
Ministry of Foreign Affairs and Trade
Level 10
195 Lambton Quay
Wellington 5045
New Zealand

Notices to the Recipient

for mail & deliveries:

[insert postal address]

<Address>
<Address>
<Address>
<Address>

Attention:

[insert physical address]

<Address>
<Address>
<Address>
<Address>

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Annex A

Acquittal Reporting Requirements

Introduction

Part of the accountability process operated by the New Zealand Government is to ensure that public funds are used for the purpose(s) for which they have been given.

In the case of grant funding the main method of obtaining this assurance is to rely on a simple acquittal process. This is a straightforward reconciliation of the original budget against actual expenditure for a preceding period of funding.

Acquittal Reporting

In preparing an Acquittal Report the recipient is providing a statement that confirms:

- the grant funds were received and used for the agreed purpose(s)
- all money is accounted for
- the money was fully spent, or
- where some funds remain unspent: confirmation of the amount of the unspent funds to allow the money to be returned to NZAID or agreement reached as to approving their being used for another purpose.

Model Acquittal Report

Attached is a model Acquittal Report which may be used by the recipient in preparing their reports back to NZAID under this Arrangement.

In addition to Acquittal Reporting the recipient may also be asked to provide, or may opt to provide, a copy of the organisation's financial statements and / or audited accounts.

Important Conditions

It is important that the Recipient is aware of and meets the following conditions in providing Acquittal Reports:

- the Acquittal Report must be provided on time. The due date for the Report is set out in Schedule Three.
- The Report, at a minimum, must include the type of information set out in the attached model Report.
- Under no circumstances will NZAID provide further funding unless and until an Acquittal Report has been provided accounting for the preceding period of funding.
- The recipient does not need to provide copies of receipts for expenses along with the Acquittal Report, although they are required to file these receipts and make them available for audit purposes.
- In the event that there are any special conditions that the recipient is required to meet in relation to the funding the Acquittal Report must also provide evidence that those requirements have been complied with.

