



Annex

GENERAL CONDITIONS OF THE FEDERAL DEPARTMENT OF FOREIGN AFFAIRS FOR CONTRACTS CONCERNING FEDERAL CONTRIBUTIONS FOR PROJECTS (GCC)

1. Field of Application

- 1.1. Unless otherwise agreed upon in written form, the present general conditions shall form an integral part of any contract of public law which concerns the granting of a federal contribution (hereinafter referred to as “the contribution”) destined for the realization of a project (hereinafter referred to as “the project”) in relation with the activities of the Federal Department of Foreign Affairs (hereinafter referred to as “FDFA”), concluded between the FDFA and a Swiss organization (hereinafter referred to as “the organization”).
- 1.2. All modifications of the contract, of the GCC or of the other Annexes of the contract have to be in writing.

2. Responsibility – Rights and Obligations of the Organization

- 2.1. The organization bears the responsibility for the project. The organization and the FDFA conjointly establish the project’s success criteria, the objective of the project and the control of the financial means committed and evaluate the experiences acquired.
- 2.2. The project must be implemented in conformity with the project description (cf. annex to the contract). It may be implemented either by the organization itself in cooperation with a partner organization of the beneficiary country, or by the partner organization in the beneficiary country. The project description shall be formulated clearly and understandable.
- 2.3. In any and all events, the organization is exclusively responsible to the FDFA, the latter’s commitment being limited solely with respect to the organization.
- 2.4. The organization commits itself to ensuring the optimal implementation of the contribution. It guards the beneficial insertion of the project into the local circumstances. Should the need arise, it proposes to the FDFA to modify the project description and the budget (cf. contract annexes). It immediately notifies the FDFA in written form of any event that could modify or endanger, be it partially or totally, the scheduled realization of the project, or that might negatively influence or compromise the execution of the contract, submitting to the FDFA proposals for any eventual modifications it may deem necessary. In urgent situations, the organization takes the necessary provisional measures and informs the FDFA without delay.

- 2.5. Modifications affecting the project description, its financing or of the expenses provided in the budget, are to be approved by the FDFA beforehand in written form (cf. also article 4 below).
- 2.6. Without contrary instruction by the FDFA, the organization commits itself to clearly mentioning the FDFA's participation in the project both during the period of project implementation and within the framework of its publicity and information activities.
- 2.7. The results of the activities performed based on this contract as well as intellectual property rights including copyrights shall be owned by the organization. The FDFA is entitled to unrestricted access to these rights, in particular the unlimited right of copy, utilization, and diffusion free of charge. In case these intellectual property rights generate any revenue, the parties shall agree upon the utilization of the said revenue.
- 2.8. The organization is responsible for its personnel and, for this purpose, concludes employment contracts complying with the applicable legal dispositions. Taken as a whole, the conditions of employment must not be more favorable than those granted by the FDFA in similar cases. The organization ensures that its personnel respect the laws of the partner country. It abstains from any interference in the partner country's politics and makes sure that it does not compromise the relations between Switzerland and the partner country.
- 2.9. All oral or written exchange of information, including abstracts thereof, between the FDFA, other offices of the Swiss Confederation and the organization is confidential. The organization adverts its personnel to the resulting obligation to observe discretion.
- 2.10. Any publication and/or communication relating to the exchange of information or documents mentioned under article 2.9., is subject to prior written authorization by the FDFA. If the FDFA accords the organization its authorization to provide information, the organization is obliged to truthfully provide this information and mention the FDFA by name. Any communication relating to the contract addressed to the mass media or diffused in any other public form (press, radio broadcast, television, cinema, internet, etc.), is subject to prior written authorization by the FDFA.
- 2.11. The organization may not assign the benefits of the contract to a third party without the written consent of the FDFA.

3. Structure of the Contribution - Utilization of the Funds by the Organization

- 3.1. The FDFA transfers the contractually stipulated federal contribution only if the financing of the whole project is assured by the organization.
- 3.2. The budget drawn up by the organization and attached to the contract (annex) determines the FDFA's contribution and the organization's total contribution to the project (the organization's own funds and third-party funds for the project) (cf. also under article 4 below).
- 3.3. If the contract provides, the FDFA can furthermore allocate an aggregate amount to the organization as a contribution to the administrative costs (hereinafter referred to as "CAC"). This amount is transferred with the instalments and apportioned in equal

parts onto each of the instalments. The CAC corresponds to a maximum percentage of the contribution that is determined in the annex bearing the same name. The mode of calculation of the CAC, along with the expenses that are covered by it, are also established in this annex. In case the consolidated final financial report – in conformity with article 6.2. of these General Conditions – states that the organization's contribution to the project was over 20% less than the participation provided in the budget, the organization is obliged to inform the FDFA of this effect. If, at the same time, this reduction results in a significant reduction of the organization's expenses for managing the project, the FDFA can demand a reimbursement of the CAC proportional to the reduction of the organization's contribution to the project.

- 3.4. The organization is obliged to inform the FDFA in a transparent manner about all contributions requested, promised or received from third parties or made available by the latter for the project, as well as about all estimated – material or immaterial – contributions to the project by the organization or by third parties.
- 3.5. The organization deploys the contributions of the FDFA and the other contributions designated or received for the project consecutively according to the needs, at the same payment frequency and proportional to the financing key (percentage of the federal contribution in relation to the total budget). Else, the FDFA can, after written notification, suspend payments or revert to the legal means according to article 10.2. below.
- 3.6. The contributions listed in the budget can not be used for other purposes unless agreed to by FDFA in written form beforehand.

4. Budget

- 4.1. The organization establishes a total budget for the total project financing and project duration (the project budget). The budget must comply with the following minimal standards:
 - correspondence to the different actions stipulated in the project description;
 - establishment of annual budgets if the duration of the contract is equal to or exceeds two years;
 - establishment of the budget on the basis of concrete data. Uncertain positions must be designated as such (untied funds); the FDFA is entitled to request additional information as needed;
 - establishment of the budget in Swiss francs (CHF), with indication of the exchange rate. The exchange rates must correspond to the current rate of exchange; subject to this reservation, they may be rounded up;
 - reserves calculated for inflation must be indicated.
- 4.2. The budget agreed upon by the parties and annotated in the Annex is binding. It cannot be modified without the prior written consent of the FDFA. Nevertheless, the organization can, without prior consultation of the FDFA, make budgetary changes within the project budget provided that these changes: (i) do not cause the total amount of the project budget to be exceeded, (ii) do not exceed 10% per given budget position and (iii) are notified to the FDFA with the next financial report at the

latest. In the event that during the course of contractual implementation the organization should notice that the project budget may undergo significant changes (more than 10% per budget position) and/or that differences may arise between the effective expenses (according to the various positions) and the budgeted expenses, and/or in the project budget taken as a whole (expenses and returns), it is obliged to inform the FDFA immediately in written form and to obtain the latter's written consent.

- 4.3. If the project budget is modified, the contribution is adapted accordingly, taking into account the financing key stipulated in the contract (percentage of the federal contribution in relation to the total budget). An increase of the contribution or a modification of the financing key requires a well-founded request along with the prior written consent of the FDFA.
- 4.4. If the contract duration exceeds 24 months or on express demand in written form by the FDFA, the organization submits an annual budget to the FDFA at the beginning of every year.

5. Transfer of the Contribution

- 5.1. The contribution is transferred onto the project account opened by the organization in Switzerland. Upon request of the organization, the FDFA can authorize it to administer a single bank account embracing various projects.
- 5.2. The deployment of the contribution by the organization must be transparent, revisable, and effectuated in a safe and secure manner in conformity with the customary rules applying. The amounts that the organization transfers to the beneficiary country for the implementation of the project must be transferred by official or officially recognized channels. The funds allocated to the project must be used solely for the project, i.e., any personal utilization or disposition to another end whatsoever is excluded. Moreover, the organization shall take all measures necessary in order to guarantee the security of the funds and, in particular, shall ensure that the local bank accounts hold only the funds that are necessary for the execution of the project.
- 5.3. The contribution is transferred by instalments. In principle, instalments are effectuated at average due date.
- 5.4. The FDFA effectuates the instalments as soon as the operation reports and the financial reports according to article 6 below are presented to and approved by FDFA. The contract can provide for complementary stipulations.
- 5.5. In the event that the final financial report should reveal a remaining balance in accordance with article 6.2., this balance is either credited against or assigned to the last instalment or reimbursed to the FDFA within 60 days following the acceptance of the final financial account or, in the case of a further project phase, deducted in the following phase.
- 5.6. Subject to the condition that the instalments are effectuated at average due date, any eventual accrued gross interest of the contribution that is credited to the project account, belongs to the FDFA, and must be booked like a payment of the FDFA. Such interest will either be deducted from the FDFA's final payment as stipulated in the contract, or be reimbursed to the FDFA upon presentation of the annual total

interest accounts by the organization within 90 days following the end of every completed project year.

6. Operation Reports and Financial Reports

6.1. Unless otherwise expressly agreed in the contract, the organization commits itself to submitting to the FDFA the following **operation reports**:

- a) a detailed final operation report within 180 days following the end of the project;
- b) if the duration of the project exceeds 18 months, an annual operation report within 180 days following the end of each project year;
- c) if stipulated in the contract, intermediate operation reports by the specified dates and in conformity with the specified modalities.

Copies of the relevant communications to and from the authorities of the partner country must be annexed to the operation reports. The FDFA can request complementary reports or, if need should arise, interim reports.

6.2. Unless otherwise expressly agreed in the contract, the organization commits itself to submitting to the FDFA, on the basis of the agreed budget, the following **financial reports**:

- a) if provided in the contract, intermediate financial reports by the specified dates and in conformity with the specified modalities.
- b) a final financial report of the entire project phase within 180 days following the end of the project. Unless article 6.2. c) below is applicable, the final financial report must be reviewed by an external auditor, in case of the total contract amount exceeds CHF 100'000.-;
- c) if the duration of the project exceeds 18 months or if the contract provides for in the case of a shorter duration, an annual externally reviewed financial report of the past year of the project together with an audit report or attestation according to article 7.5. below, this, within 180 days following the end of each project year, in case of the total contract amount exceeds CHF 100'000.-.
- d) upon request of the FDFA, a local financial review in accordance with article 7.4. or an attestation in accordance with article 7.5. and the documents as per article 7.7.

6.3. The interim and final financial reports submitted in accordance with the annex "Presentation of the financial reports" must comply with the following minimum standard requirements:

- Clear, transparent and verifiable.
- Presentation of the expenses in conformity with those of the contractually agreed- upon budget (annex).
- Presentation of all the returns and expenses according to the gross-product principle, i.e., all returns and expenses must be indicated separately and must not be offset or compensated.

The transfers of funds from the Swiss organization to the local partner organization must be considered as advance payments (instalments) and not as project expenses.

Any eventual interest must be indicated separately:

- all eventual interest accrued to the contribution of the FDFA prior to its utilization must be considered as an additional payment of the FDFA and deducted from the last instalment.

- any eventual interest earned by the local partner must be clearly indicated in the accounts as a return.

The financial reports are drawn up in Swiss francs. The disbursements in local currency are converted into Swiss francs at the average exchange rate during the period of transfer. The applied exchange rate must be specified.

7. Accounting of the Organization – external financial review

7.1. Unless otherwise stipulated, the organization maintains a consolidated accounting in Switzerland, which includes the local project accounting as well as all other activities in accordance with the budget. The organization is responsible for ensuring the conformity of the accounting administered in Switzerland with those, administered locally in the partner country.

7.2. The accounts must comply with the relevant accounting principles of Swiss GAAP FER. For non-profit organizations, Swiss GAAP FER 21, "Accounting Standards for Social Non-Profit Organisations" shall apply.

The project accounting is the subject of the external review. The project accounting is compiled at the organization's head office and includes the financial transactions that are carried out in Switzerland for the project, as well as all income and returns and expenses associated with the implementation of the project in the partner country.

7.3. The consolidated accounting maintained in Switzerland must be audited by a financial auditor mandated and authorized by the FDFA. The financial auditor bases his/her analyses on the review and the report of the local auditor and shall indicate this fact in his/her own report (indicating the corresponding extent where deemed necessary) (article 7.4.) or on the attestation of the organization (article 7.5.) The financial auditor reviews the accounting compliance and certifies the conformity of the expenses incurred in Switzerland with the stipulations provided in the contract concluded between the FDFA and the organization. In addition, the financial auditor reviews the quality of the internal controlling system as well as the application of the stipulations mentioned in the articles 7.4 and 7.5 below provided by the organization and confirms it in its financial review. (based on the specifications regarding the external review of the project accounts at the head office of the contractual partner).

7.4. In the case of project contributions exceeding the amount of CHF 100'000, the organization mandates a local trust company to undertake the financial review of the local accounting, in agreement with the competent embassy or cooperation office or, in case no cooperation office exists on location, by agreement with the headquarters. The local auditor reviews the internal controlling system as well as

the accounting compliance, and its conformity to the goals of the project as well as the expediency and the cost effectiveness of the committed funds (TOR Financial Review Agreed-upon procedures engagement). On request of FDFA, the organization provides to FDFA the local financial review.

- 7.5. In the case of contributions up to a maximum amount of CHF 100'000, the organization can, in agreement with the FDFA, waive the external financial review of the local accounting. Under these circumstances, the organization attests that it has either directly or indirectly through a third party mandated by it, visited the project at least once a year and that it has reviewed, on the basis of random inspections, the compliance, the conformity to the goals of the project as well as the expediency and the cost effectiveness of the locally committed funds.
- 7.6. In the event of accounting inconsistencies being discovered without the organization taking the measures considered to be necessary by the FDFA, the FDFA's payments shall be suspended until the facts of the case clarified. Any disbursements that do not conform to the criteria of an efficient and careful commitment of funds, are to be borne by the institution itself.
- 7.7. During the duration of the contract, the annual report, the balance of accounts, the profit and loss account and/or the statement of operations as well as the organization's audit report, must be automatically submitted to the FDFA within a period of six months following the end of the business year. On demand of the FDFA, the organization provides it with its own annual report, along with the local audit reports and/or the attestations concerning the local accounting, as well as the annual audit reports.
- 7.8. All of the receipts connected to the accounting and the invoicing must be conserved for a period of 10 years. They must be numbered, cancelled and filed in a chronological order.

8. Right to Control

- 8.1. The FDFA and the Federal Audit Office, as well as any third parties designated by them, are entitled to a right of control over the project.
- 8.2. In the event of an inspection of the project conducted by the FDFA, by its designees or by the Federal Audit Office, the organization provides all the required documentation and all the necessary information.

9. Anti-Corruption Clause

Within the framework of this agreement, the Parties shall neither directly nor indirectly propose benefits of any nature whatsoever. They shall not accept any such proposals. Any corrupt or illegal behaviour signifies a violation to the present agreement and justifies its termination as well as/or the recourse to supplementary measures in accordance with applicable legislation.

The organization commits itself to ensuring that this clause is respected as well by any partner organization it cooperates with.

10. Cancellation of the Contract

- 10.1. In the case of defective implementation of the project by the organisation despite written reminder by the FDFA, the FDFA is entitled to reduce the federal contribution or demand a partial reimbursement together with 5% interest in conformity with the Federal Act of 5. October 1990 on Financial Aids and Compensations (Subsidies Act, SR 616.1).
- 10.2. In the event of one of the contractual parties failing to respect or to implement or in any way violating its contractual obligations, the other party can, after having presented a formal notice of default, cancel the contract with immediate effect in accordance with the Subsidies Act.
- 10.3. If events resulting from *force majeure* (natural disasters) or war or political unrest should prevent the execution of contract, either party has the right to terminate the contract with effect from the moment when the impossibility arises or the political unrest begins. The organization submits a final report as well as a final financial report. The FDFA shall participate in covering the costs emerging of a premature end to the contact in accordance with the original financing key.
- 10.4. In the case of premature termination of the contract, the organization establishes a final operation report together with a final financial report. The FDFA shall participate in any eventual expenses and financial consequences arising from the untimely termination of the contract proportionally according to the original financing key, unless the organization itself is at fault. All of the FDFA's advance payments as well as any material acquired with FDFA's funds that have not yet been utilized in the project, must be restituted to the FDFA within three months following the premature termination of the contract.

11. Duration of the Contract

The contract shall end when all the parties have fulfilled all their contractual obligations, but at the very latest on the date of the transfer of the final instalment by the FDFA. This transfer is realized only after the FDFA has received the final operation report and the audited final financial report and formally accepted them. If a final instalment is not due, the contract shall end six months after the acceptance by the FDFA of the final operation report and the final financial report, unless the FDFA has lodged objections in written form prior to the expiration of this deadline.

12. Relation of the Contract to other Contractual Documents

The provisions of the contract have priority over the general conditions for contracts and all other annexes to the contract.

13. Legal Recourse

In the case of disputes regarding the application or interpretation of this contract, the Federal Act of 20 December 1968 on the Administrative Procedure (SR 172.02) shall apply.