

GRANT AGREEMENT
on implementation of the project EUTF05-HoA-KE-18/04: “Enhancement of livelihoods in the Kenyan Coastal Region by supporting Organic and Fair Trade certification of smallholders”

č: 181/12/2017

between

Slovak Agency for International Development Cooperation
represented by (legal representative) Dr. Ing. Zuzana Letková
address: Pražská 7, 811 04 Bratislava, Slovak Republic

hereinafter referred to as “**Agency**”;

and

Ten Senses Africa Ltd.
represented by (legal representative): Frank Omondi
Registration number/VAT number P051234515Z
Athi Business Park, Bamburi Rd., Athi River, Kenya
PO Box 54498 – 00200 Nairobi, Kenya

hereinafter referred to as “**Beneficiary**”

Preamble

1. The European Union, represented by the European Commission and the Agency signed on the 11th September 2017 the Grant Contract on the project EUTF05-HoA-KE-18/04: “**Enhancement of livelihoods in the Kenyan Coastal Region by supporting Organic and Fair Trade certification of smallholders**” (hereinafter referred to as “**Project**”) (hereinafter referred to as “**Grant Contract**”). On this legal basis including its annexes cited in the Article 6 of the Grant Contract herein, this Grant Agreement implements Project in accordance with the intervention programme “Conflict prevention, peace and economic opportunities for the youth” (EUTF05-HoA-KE-18).
2. This Grant Agreement aims to contribute to sustainable improvements in the livelihood of 15,000 smallholder farmers in Kenya who are currently engaged in cashew and sesame farming. Farmer communities shall gain improved access to markets for cashew and sesame, while achieving more stable and secure income. Beneficiary shall increase their skills and knowledge to benefit nutritionally and economically from intensified and diversified agricultural production. The Project aims to decrease poverty in the smallholder communities by reducing their vulnerability to economic shocks.

1. Subject of the Grant Agreement

- 1.1. The subject of this Grant Agreement is to implement Project by the Beneficiary who shall assist in farmers' capacity building on Fair Trade and Organic certification, and in cooperation with Agency, it shall provide a global market with a price premium for the certified cashew nuts and sesame.
- 1.2. On the basis of the present Grant Agreement, the Agency and the Beneficiary shall contribute to the achievement of the requirements of the Grant Contract together with the Farm Africa as another Beneficiary performing Project actions in accordance with the terms and conditions as stated in the Grant contract.

2. Specifications of activities

- 2.1. The parties to the present Grant Agreement shall carry out the work in accordance with the Annex I of the Grant Agreement: Description of the action (including the Logical Framework of the Project and the Concept Note), part “2.1.3. Indicative action plan for implementing the action” using their best efforts to achieve the results specified therein. They shall carry out all of their responsibilities under the present contract in accordance with recognised professional standards.
- 2.2. Beneficiary shall conduct activities arising from the Annex I of the Grant Contract, in particular shall contribute to increased cashew processing capacity.
- 2.3. Beneficiary shall provide initial baseline (current number and yields from existing trees, current farm income from cashew and sesame, challenges faced in production and marketing of nuts and crops and age of the farmers interviewed. For the baseline data, minimum statistical sample will include 100 existing cashew farmers in Kilifi 100 in Kwale, and 50 in Lamu), mid-term and project close assessments of farmers focused on good farming techniques and harvest and post-harvest procedures to increase not only the quality, but also the quantity of cashew produced by farmers.

3. Payment of funds and modalities

3.1. The Agency shall transfer the grant in total of **1 109 715 euros** to the Beneficiary's account for eligible activities listed in the Article 2 that fully comply with the Annex I par. 2.1.3. introducing Indicative action plan for implementing the action and the Annex III, in accordance with the Grant Agreement and Project performance. The grant received by the partner has to be strictly and solely dedicated to the project funding in accordance with the guidelines and regulations of the Grant Agreement. The funds to be paid to the partner shall be paid into the following institutional bank account:

Name and Address of the Account Holder:	Ten Senses Africa Ltd. Athi Business Park, P.O Box 54498-00200, Nairobi, Kenya
Name of Bank:	
Address of Bank:	
IBAN - International Bank or Account Number:	
Bank or Swift Code:	

3.2. The Beneficiary is obliged to use the given grant exclusively for the purposes defined by the Project, and in accordance with terms and provisions of this Grant Agreement and the Grant Contract.

3.3. Expenses written in the Annex III introducing the Budget for the Action of the Grant Contract should be eligible costs. At the end of the project, the spent amounts may be lower than the ones initially planned, in case the real expenses are less than expected ones. They shall under no circumstances exceed the stated expenses.

3.4. The Agency shall pay the Beneficiary for work completed satisfactorily according to the Grant Contract including its Annexes cited in the Article 6. Payment to the Beneficiary shall be made according to the following planned schedule:

3.4.1. First instalment of pre-financing: The Agency shall transfer the amount of **422 276 euros** of the Beneficiary's total direct costs budget, after the signing of the present Grant Agreement, provided that bank details are correctly provided by the Beneficiary.

3.4.2. Second instalment of pre-financing (expected amount of 230 313 euros): The Agency shall transfer of Beneficiary's direct costs budget, provided that the partner provides eligible and full supporting documentation on project expenditure of the first instalment.

3.4.3. Third instalment of pre-financing (expected amount of 229 926 euros): The Agency shall transfer of Beneficiary's direct costs budget, provided that the partner provides eligible and full supporting documentation on project expenditure of the first instalment.

3.4.4. Balance payment (expected amount of 227 199 euros): All outstanding payments to cover actual eligible expenditures that have not been received in previous instalments, shall be paid to the Beneficiary within 30 days after the Beneficiary has provided to the Agency the requested eligible supporting documentation and submitted the financial table to the Agency within the foreseen deadline. In case that actual eligible expenditure is lower than previously received instalments and parts of the funds have not been consumed until the end of the project, these funds are to be reimbursed to the Agency at the end of the project.

3.4.5. Only expenditure in accordance with the project, for which supporting documents have been provided, shall be financed.

4. Specific obligations of the Agency

4.1. The Agency shall take all the steps needed to correctly manage the Project in accordance with Grant Contract including Annexes cited in its Article 6.

4.2. In addition, the Agency shall:

4.2.1. keep the Beneficiary informed on a regular basis about all relevant information;

4.2.2. inform the Beneficiary about all essential issues connected to the Project implementation without any delay;

4.2.3. be responsible for the verification that the expenditure declared by the Beneficiary has been incurred only for the purpose of implementing the Project and corresponds to the activities agreed in the Grant Contract;

4.2.4. transfer grant to the partner in accordance with the Article 3 of this Grant Agreement.

5. Specific obligations of the Beneficiary

5.1. The Beneficiary shall respect all rules and obligations set forth in this Grant Agreement, the Grant Contract including its Annexes cited in the Article 6.

5.2. In addition, the Beneficiary shall:

- 5.2.1. commit himself to do everything in its power to carry out the activities as specified in the Annex I of the Grant Contract and foster the implementation of the Project;
- 5.2.2. provide the staff, facilities, equipment and material necessary to perform the Project activities;
- 5.2.3. support the Agency to fulfil its tasks according to the Grant Contract;
- 5.2.4. ensure adequate communication with the Agency;
- 5.2.5. ensure that interaction with other subjects takes place in continuous and smooth way;
- 5.2.6. provide the Agency without any delay with any information needed to draw up the Narrative Report (to be submitted every 6 months) and the Final Report (to be submitted at the end of the project after completion of all activities), or provide with any further information needed by the Agency;
- 5.2.7. inform the Agency immediately about any delay in the performance of the activities or any circumstance that could lead to a temporary or final discontinuation of the Project;
- 5.2.8. inform the Agency about any change in personnel, tasks or procedures of its Project team;
- 5.2.9. maintain either a separate accounting system or an adequate accounting code for all transactions relating to the project;
- 5.2.10. complete the activities foreseen for each reporting period of the Project implementation;
- 5.2.11. have the expenditures incurred and paid in the given reporting period defined in Article 3 of this Grant Agreement and submit the supporting documents on validation of expenditure to the coordinator every 12 months. The expenditure of the Beneficiary not covered by supporting documents on validation of expenditure in the given reporting period can be requested only for the next reporting deadline following to the reporting period concerned.

6. Obligations of the Agency and the Beneficiary

- 6.1. The Beneficiary is directly and exclusively responsible towards the Agency for the due implementation of its respective contribution to the Project and for the proper fulfilment of its obligations as set out in this Grant Agreement. Should a Beneficiary not fulfil its obligations under this Grant Agreement in due time, the Agency shall admonish him to fulfil them within a reasonable period of time. The Agency will undertake to find a rapid and efficient solution. Should the non-fulfilment continue, the Agency may decide to debar the Beneficiary concerned from the Project. The European Commission shall be promptly informed of such an intended decision by the Agency and the change in the partnership has to be approved by the European Commission according to the provisions of the Grant Contract.
- 6.2. The Beneficiary shall take the financial responsibility for the contribution.
- 6.3. In case of irregularities the Agency bears the overall responsibility towards the European Commission for the repayment of the amounts unduly paid. By way of the derogation from this principle if the irregularity is committed by a Beneficiary, the Beneficiary shall repay to the Agency the amounts unduly paid.

7. Accounting, Record Keeping and Reporting

- 7.1. Original invoices, debit notes, receipts, bank statements for every item of expense have to be thoroughly documented and kept by the Beneficiary and can only be financed by Project funding if they are in compliance with eligibility of expenditure. The Beneficiary is fully responsible for the correct delivery of the declaration of expenses and the appropriate application of accounting system. In more detail, the partner shall comply with the following:
 - 7.1.1. to accept the liability for the adequate and orderly accounting of this Project according to the rules and regulations of the Grant Contract for this Project,
 - 7.1.2. to be aware of the fact that the Agency will not compensate for the ineligibility of costs caused by any violation of the Grant Contract or this Grant Agreement, for which the Beneficiary is responsible. Any costs which would be assessed as ineligible by the European Commission within their final report assessment need to be reimbursed by the Beneficiary to the Agency who confirms to forward the ineligible amount to the European Commission,
 - 7.1.3. to make available any documentation on project finance and activities required by the European Commission,
 - 7.1.4. to keep a record of any expenditure incurred under the Project and all proofs and related documents for five years after the end of the period covered by the present Grant Agreement.
- 7.2. The Agency shall provide the Beneficiary with the appropriate forms for the declaration of expenses and the respective instructions for their completion. Only the Agency can submit technical implementation reports and financial statements to the European Commission by providing proof of progress of the Project. Therefore, in order to provide adequate information on the progress of the Project, the Beneficiary has to submit a Report to the Agency consisting of an activity report describing the activities carried out and their outputs and results during the reporting period, and a financial report presenting the costs incurred in accordance with the approved Annex III of the Grant Contract. Deadlines for Partner Reports are the following:
 - 7.2.1. The Beneficiary has to respect the reporting deadlines of the Grant Contract, and submit their Beneficiary Report and supporting documents on validation of expenditure to the Agency in due time as requested by the Agency, until 10 (ten) working days. Beneficiary Reports and supporting documents on validation of expenditure not submitted to the Agency within the set deadline will not be included in the

progress report of the Agency to be submitted to the European Commission. The Agency may reject any item of expenditure which cannot be justified under the Project and are not in line with the rules set out in the Grant Contract.

7.2.2. The Beneficiary Reports should be drawn up in Euro and the Beneficiary shall convert into Euro the amounts of expenditure in the list of invoices incurred in national currency before submission for validation. The expenditures shall be converted into Euro using the accounting exchange rate established by the European Commission, of the month in which the transfers from the European Commission are received in the Agency account. Practically this means that:

7.2.2.1. from the start of the eligibility period until the date that the second pre-financing is received, the rate of the month in which the first pre-financing was received should be applied,

7.2.2.2. from the date that the second pre-financing is received until the end of the eligibility period, the rate of the month in which the second pre-financing was received should be applied.

8. Audits

8.1. For audit purposes the partner shall:

8.1.1 keep at the coordinator's disposal all original documents, especially accounting and tax records, or in exceptional and duly justified cases, certified copies of original documents relating to the Grant Agreement for a period of 5 years from the date of payment of the balance specified in the Article 3 par. 3.4.3. of this Grant Agreement;

8.1.2 enable the responsible auditing bodies of the coordinator and any other outside body authorized by the European Commission to audit of the use made of the grant;

8.1.3 give these authorities any information about the project they request;

8.1.4 give them access to the accounting books and accounting documents and other documentation related to the project, whereby the auditing bodies decide on this relation. Such audits may be carried out throughout the period of implementation of the Grant Contract until the balance is paid and for a period of 5 years from the date of payment of balance;

8.1.5 give them access to their sites and business premises during the ordinary business hours and also beyond these hours by arrangement;

8.1.6 provide the coordinator with any information needed related to such an audit without any delay.

9. Information and Publicity

9.1. Any publicity measure undertaken by the partner must follow the rules applicable to the visibility in accordance to the Annex I par. 2.1.2. of the Grant Contract.

9.2. Information and publicity measures will be coordinated among the partners. The partner is equally responsible to promote the fact that financing is provided from the European Union funds to ensure the adequate publicity of the project.

9.3. The partner takes note of the fact that the results of the project as well as any study or analysis produced in the course of the project will be made available to the public and they agree that the results of the project shall be available for all partners and for the public free of charge.

10. Duration of the Agreement

This Grant Agreement shall come into force on the day when it has been signed by both parties and shall come into effect on the day of signing the contract by both contractual parties and it will come in force on a day after the day of disclosing in accordance with provision § 47a the Act No.40/1964 Coll. Civil code as amended in the Act. This Grant Agreement must be disclosed compulsorily in accordance with the Act 211/2000 Coll. on free access to information and on change and supplement of certain acts. It shall remain in force until the Grant Contract and Annexes cited in its Article 6.

11. Language

The working language of the partnership shall be English. Any official internal document of the operation shall be made available in the language of the Grant Agreement, i.e. in English.

12. Competent and applicable law

12.1. This Grant Agreement is governed by the Slovak law, being the law of the country of the coordinator and all legal relationships which arise from this Grant Agreement shall be governed by the applicable provisions of the Act No.40/1964 Coll. Civil code as amended in the Act and related legal regulations.

12.2. This Partnership Agreement is concluded in English. In case of a translation of this Partnership Agreement and its annexes into another language than English, the English version shall prevail.

12.3. The parties will make an effort to settle any disputes arising from this Grant Agreement out of the court. In case an agreement cannot be made in due time, the parties herewith agree that disputes arising from this

Grant Agreement shall fall within the jurisdiction of the Slovak courts to resolve the dispute under the Slovak law and Slovak courts thus shall be the venue for all resolving any legal dispute.

13. Other provisions

- 13.1. Any amendments to this Grant Agreement shall be in writing signed by the coordinator and the partner.
- 13.2. Amendments and supplements to the present Grant Agreement and any waiver of the requirement of the written form must be in written form and have to be indicated as such.
- 13.3. If any provision in this Grant Agreement should be wholly or partly ineffective, the remaining provisions remain binding for the parties. In this case the parties undertake to replace the ineffective provision by an effective one which comes as close as possible to the purpose of the ineffective one.
- 13.4. The coordinator and the partner commit themselves to taking measures to ensure that all staff members carrying out the work respect the confidential nature of information regarded as such, and do not disseminate it, pass it on to third parties or use it without prior written consent of the coordinator and the partner.
- 13.5. Three original copies will be made of this Grant Agreement; of which each party keeps one original and one original is attached to the Grant Contract.

14. Annexes

- 14.1. The following documents are annexed to this Grant Agreement and form an integral part of it:
 - 14.1.1. A copy of the Grant Contract,
 - 14.1.2. Annex I of the Grant Contract: Description of the action (including the Logical Framework of the Project and the Concept Note),
 - 14.1.3. Annex III of the Grant Contract: Budget for the Action (worksheets 1, 2 and 3),
 - 14.1.4. Annex VII of the Grant Contract: Terms of reference for an expenditure verification of a European Union financed grand contract for external actions and model report of factual findings.
 - 14.1.5. Annex X: Narrative report form
- 14.2. In case of a conflict between the provisions of the present Grant Agreement and any Annex thereto, the Annexes provisions shall take precedence.

15. Termination

- 15.1. In the event that the partner fails to perform any obligations under the Grant Agreement or the Grant Contract, the coordinator may terminate or cancel this Grant Agreement.
- 15.2. The coordinator shall have the right to terminate the present Grant Agreement if the partner has made false declarations to the coordinator on work carried out or on expenditure. If the present Grant Agreement is so terminated, the coordinator may require the partner to reimburse all or part of the payments made under this Grant Agreement.
- 15.3. The project is governed by the terms of the Grant Contract and the applicable rules of the European Union.

Signatures

We, the undersigned, declare that we have read and accepted the terms and conditions of this Grant Agreement as described here before, including the annexes thereto.

For the Agency

Dr. Ing. Zuzana Letková

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Name of the legal representative

Director

.....
Position

December 1, 2017, Bratislava

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Date and Place

.....
Signature

Stamp of the institution

For the Beneficiary

Frank Omondi

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Name of the legal representative

Executive Manager

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Position

December 4, 2017, Nairobi

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Date and Place

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Signature

Stamp of the Institution