**ANNEX [X]**

**(to attach to the Project/Portfolio Document when UNDP is NOT the Implementing Partner)**

**On-Granting Provisions Applicable to the Implementing Partner**

Whereas the Implementing Partner (“IP”) has been selected by UNDP and the Government to undertake grant-making activities under the Agreement in accordance with the Project/Portfolio Document (Annex A), the IP agrees to be bound by the following additional provisions:

1. **Grant Award Process**
   1. The IP shall be fully accountable for the completion of all grant making activities in accordance with its financial regulations, rules and policies, to the extent that they are consistent with UNDP’s grant policies and Financial Regulations and Rules. If they are not consistent, UNDP's grant policies and Financial Regulations and Rules must be followed.
   2. The IP shall conduct an assessment of grant recipient proposal(s) against set selection criteria established in the Project/Portfolio Document or in the call for proposals, and shall submit eligible grant proposal(s) to the Project/Portfolio Board or designated grant selection committee for consideration and final selection.
   3. The IP shall ensure that:
2. the grant award process is organized in a fully transparent manner that guarantees impartiality and equal treatment to all applicants;
3. all stages of the grant award process are formally documented through standardized checklists and forms;
4. grants are awarded in accordance with formal rules of procedure, including adequate due diligence policies and processes;
5. the evaluation process is based solely on the established criteria for eligibility, selection and exclusion as indicated in the call for proposals;
6. the grant recipient is duly organized and in good standing in its state/country of organization, as well as the eligibility of activities to be carried out with the grant award;
7. all applicants are notified in writing of the grant award outcome;
8. the grant award decision is made public within a reasonable timeframe following its issuance;
9. grant funds are channeled transparently and effectively to grant recipients;
10. no grant is awarded retroactively for activities already started or completed at the time of the application; and
11. procedures are in place (and set forth in any agreements the IP enters into with grant recipients pursuant to this Agreement) to:
    * 1. recover grant funds unduly paid, and/or to prevent and address irregularities and fraud by the grant recipient; and
      2. suspend, reduce or terminate the grant if the grant recipient fails to comply with its obligations.
    1. Funding provided by the IP to any individual grant recipient shall not exceed $150,000 per individual grant and $300,000 on a cumulative basis within the same programme period.
12. **Managing and Monitoring Performance of Grant Recipient(s)**
    1. The IP shall supervise and monitor the grant recipient’s activities and its achievement of specified results pursuant to the grant proposal selected by the Project/Portfolio Board or designated grant selection committee, including the schedules set forth therein.
    2. The IP shall measure the grant recipient’s performance based on results achieved against agreed performance targets in the grant agreement. Performance shall be monitored and assessed through the progress narrative and financial reports specified in Section 3 below.
    3. The IP shall ensure that each deliverable for which a grant recipient is responsible for achieving has an effective performance target against which the grant recipient must report periodically and which the IP will monitor through regular reporting, at least on an annual basis.
    4. UNDP may, during the term of the Agreement, undertake various independent assurance measures (such as spot checks or audits) regarding the IP’s activities that are the subject of this Agreement, including monitoring and oversight, as well as independent assurance measures of the Responsible Party (where applicable) and grant recipients’ programmatic and financial activities.
13. **Reporting and Audit**

3.1 The IP shall have in place its own systems to assess and monitor the grant recipient’s activities and use of grant funds, including reporting and audit requirements.

3.2 The IP shall ensure the timeliness and accuracy of the grant recipient’s reporting in relation to the grant and shall be responsible for the management of the grant recipient’s audits. The IP shall determine the frequency of audits of grant recipient(s), evaluate audit quality, and monitor audit findings and any corrective measures to ensure resolution. Notwithstanding the above, UNDP shall have the right to audit or review the IP’s and the grant recipient’s related books and records as it may require.

3.3 The IP shall consolidate the reporting from grant recipient(s) and submit **annual financial and narrative progress reports** to UNDP no later than 30 days after the end of the year. In the event that the IP engages a Responsible Party to undertake its grant-making obligations and responsibilities (as further described in Section 5 below), the IP shall cause the RP to consolidate the **annual financial and narrative progress reports** from grant recipient(s) and submit the aforementioned to the IP no later than 30 days after the end of the year. The IP will in turn review and submit the consolidated reports to UNDP no later than 45 days after the end of each year.

3.4 The IP shall provide progress reports (“Performance Reports”) including financial and narrative information, to UNDP at least 30 days before the expected release of the next tranche or at least annually within 30 days after the end of each year until the activities have been completed. In the event disbursement of funds from UNDP to the IP is to be made quarterly, Performance Reports should be submitted to UNDP on a quarterly basis. The Performance Reports should include a dated certification by the IP’s representative with institutional responsibility for financial reporting.

3.5 The IP shall ensure that the grant recipient(s) are audited in accordance with the terms of the relevant agreements. Upon request, the IP shall furnish or cause to be furnished to UNDP a copy of audit reports of the grant recipient(s).

1. **Responsibility of the IP** 
   1. The IP shall be solely liable for claims by third parties arising from the grant recipient’s acts and/or omissions in the course of performing activities under the agreement entered into with the IP pursuant to this Agreement. UNDP shall assume no responsibility for the actions of grant recipients and shall in no way be held liable for third party claims arising therefrom.
2. **Engagement of a Responsible Party to Undertake the IP’s Grant-Making Responsibilities and Obligations**

In the event that the IP engages a Responsible Party (“RP”) to undertake its grant-making responsibilities, the IP agrees to the following additional provisions:

* 1. In selecting an RP to undertake the grant-making activities, the IP shall use the same capacity assessment process and due diligence standards applied by UNDP to assess the IP’s financial and grant management skills prior to signing this Agreement.[[1]](#footnote-2) The IP shall select the RP in consultation with the Project/Portfolio Board, as such term is defined in the Project/Portfolio Document, and which includes UNDP and the IP.
  2. The IP shall sign an agreement with the RP, the terms of which shall be subject to, and construed in a manner that is fully in accordance with, all of the provisions of this Agreement. The IP shall remain responsible for the acts and omissions of the RP in relation to the on-granting activities as if they were the acts and omissions of the IP.
  3. The IP shall ensure that all provisions, commitments and performance standards that apply to the IP in Paragraphs 1 – 3 above shall apply to the RP unless otherwise agreed by UNDP.
  4. The IP shall ensure that each responsibility contracted to the RP has an effective performance indicator against which the RP must report periodically and which the IP will monitor through regular reporting and spot-checking, at least on an annual basis.
  5. Funding provided by the RP to any individual grant recipient shall not exceed $60,000 per individual grant and $120,000 on a cumulative basis within the same programme period.
  6. The disbursement of grant-making funds from UNDP to the IP shall be made quarterly and in arrears upon submission to and acceptance by UNDP of the quarterly narrative and financial reports provided in Paragraph 3.4 above.
  7. Payments from the IP to the RP must be made as Performance-Based Payments and contingent solely upon or subject to the achievement of specific results. The RP shall self-finance all or a significant portion of the grant funds necessary to achieve the required measurable results until the pre-agreed performance measures are achieved by the RP and the grant recipients, as measured and approved by UNDP.
  8. The IP shall ensure that the RP is audited in accordance with the terms of the relevant agreements. Upon request, the IP shall furnish or cause to be furnished to UNDP a copy of audit reports of the RP.
  9. Any attempted or purported assignment, delegation or other transfer of obligations of the IP set forth in the above on-granting Provisions shall be void and have no effect, except with the prior written consent of UNDP.

1. The UNDP Partner’s Capacity Assessment tool is available here - [Partner Capacity Assessment](https://popp.undp.org/node/956). [↑](#footnote-ref-2)