

## **Guideline to the agreement for bilateral and multilateral support through Union to Union**

This guideline aims to clarify the articles that raised most questions during the consultation period. The structure of this guidelines follows the agreement. If you have additional question, please contact your programme officer. The guidelines might then be consequently updated.

### **§1. CONTRACTING PARTIES**

#### **One agreement per GUF (Multilateral) or Swedish Trade union (Bilateral)**

For the period *Union to Union* signs one agreement per GUF (multilateral) or Swedish Trade Union (bilateral) for that whole portfolio. This is expected to provide a better overview and follow-up of the project portfolio that *Union to Union* has with each agreement partner and simplify the administration. However, the agreement will still specify each project's objective matrix and budget. The reporting, both the narrative and financial, as well as audit shall be specific for each project as well.

#### **Signatures**

Full signature is required at the last page of the main agreement text. Short signature is required on each page of the agreement, all appendixes and supporting documents.

### **§2. THE AGREEMENT AND BUDGET**

#### **Budget**

The agreement will be filled in with figures per year for each project. The amounts are based on the budgets included as Annex A. The allocated amount includes the own contribution from the Swedish union. The allocated amounts are in SEK.

All amounts are conditional on Swedish International Development Cooperation Agency (Sida) making sufficient funds available to *Union to Union* as well as the Swedish Union(s)'s complementary financing (**own contribution**) that are included in the specified amounts for each year. The Swedish Union(s) will have separate agreements with *Union to Union* for their own contribution covering all the agreements they have commitments in.

#### **Appendixes**

- A. Approved project budgets for each project and year
  - The budget for each project including all levels in the project is the basis for the amount allocated to the project as well as the amount of own contribution.
  - The submitted budgets for the first year (and second year when possible) must be detailed as far as possible and supported by the budgets from underlying partners/levels.
  - The budgets for the following years may at the signing of the agreement have less details but detailed budgets must be submitted before the start of each year.

B. Objective matrices for each project

The final version of the objective matrix for each project, approved by *Union to Union* in the application assessment process, will become part of the agreement.

C. Own contribution from Swedish union(s) and amounts

This annex will be a summary of the undertaking of all the Swedish union(s) for each project in the GUF agreement portfolio. It will also be part of agreements for the own contribution with each Swedish affiliate union.

D. *Union to Union's* Audit instruction

The new audit instruction must be forwarded to all level auditors and used for all audits in the projects, unless another instruction is agreed upon. The audit instruction may be subject to updates pending on new requirements from Sida.

E. *Union to Union's* Anticorruption policy

The policy must be forwarded to all level partners and informed about in the projects, unless another policy is agreed upon.

F. *Union to Union* procurement regulations

The procurement regulations must be forwarded to all levels in the projects, unless another regulation is agreed upon. The regulation may be subject to updates pending new requirement from Sida. This is a minimum requirement; more strict regulations may of course be used.

### Agreements on sub-subsequent levels

The Co-operation Partner may use their own agreement templates to regulate the transfer of project funds to any sub-subsequent level. Please note that a "sub-subsequent level" includes GUF's regional and sub-regional offices. It is obligatory to send the template to *Union to Union* for approval in advance. The approval process might deem that a chosen form is not fulfilling all requirements and therefore must be complemented or revised.

Please note that *Union to Union*, on its web site, provides a template for agreements on sub-subsequent level that can be used by all partners and adjusted to their own needs. Two versions are available: One to a regional partner that will also make an agreement on the next level and one to local partner.

All agreements on sub-subsequent levels must include all "relevant" conditions stipulated in the agreement between *Union to Union* and GUF. By "relevant" *Union to Union* means the conditions that are specific for handling Sida-funds in the project. *Union to Union* recommends its partners to check their own templates against the additional audit assignment ISRS 4400 (part of the Audit instruction, annex D) to make sure that the project's financial management's set up is correct.

The Co-operation Partner must submit copies of the agreement(s) on sub-subsequent levels to *Union to Union* before funds are transferred to that partner.

Please note that before an agreement is signed an assessment of the financial and administrative capacity must be made. The assessment of the financial and administrative capacity does not require any specific format. The internal control and financial management (including financial risk management) can be limited to the points listed in the ISRS 4400. If there is a need to strengthen the partners' capacity in any of the assessed areas, it should be noted in the assessment document. *Union to Union* can assist the Co-operation Partner in addressing capacity building needs of the partners on the sub-subsequent levels.

### §3. SPECIAL CONDITIONS

The purpose of the special agreement conditions is to strengthen *Union to Union's* and the Co-operation partner's internal control mechanisms. Special conditions will be used on the basis of *Union to Union's* assessment of the financial and administrative capacity of the agreement partner.

The special conditions establish specific points for follow-up during the project period.

If *Union to Union's* assessment does not require any special conditions, the standard phrase will be left in the text: (If there are any special conditions, they will be listed here.)

### §4. CONDITIONS FOR DISBURSEMENT OF FUNDS

If Sida does not make sufficient funds available, *Union to Union* is entitled to withhold payment of the contribution to the extent *Union to Union* considers necessary (ref §2). A dialogue will be started as soon as possible should this become an issue.

#### **Own contribution**

*Union to Union* will send project funds to the GUF after the relevant Swedish Union(s)' complementary financing (own contribution) has been paid into *Union to Union's* bank account.

*Union to Union* signs a specific agreement that regulates the own contribution with each Swedish union. An invoice for the full amount of the relevant projects will be sent to each Swedish union in January each year. In each GUF agreement a list will be included (annex C) of all amounts for all projects.

#### **Bank account**

Please observe that it is mandatory that allocations from *Union to Union* are kept in a bank account in the name of the Co-operation Partner. The bank account must be **signed jointly by two authorized signatories**.

A bank certificate, not older than three months, must verify the bank account information of the Co-operation Partner. This certificate shall be sent to *Union to Union* once during the

agreement period, before the first disbursement. It applies even if the bank information remains the same from the previous period.

Please notify *Union to Union* of any changes regarding bank account information – at the latest in connection with a funds request.

The **international banking system shall be used** to transfer funds to co-operating organisations on sub-subsequent levels of the project chain. When the funds cannot be transferred using the banking system a request must be made for the funds to be transferred in an alternative, secure, way. This request must specify why, how and alternatives to the banking system as well as how it will be followed up. *Union to Union* and the agreement partner will then agree upon routines and procedures for follow up if the request is approved.

## **§5. REQUEST FOR AND DISBURSEMENT OF FUNDS**

*Union to Union* will transfer the Sida funds together with the own contribution from the Swedish Union(s) to the GUF on each transfer.

The request form is available on *Union to Union's* website and versions from previous years will not be accepted as the new version is updated to accommodate administrative requirements for *Union to Union*

### **Disbursements**

The maximum percentage for the requests is 50/25/25% in order to be connected to the requirement for reporting from the Co-operation Partner.

1. The **first disbursement** may be done upon signature by both parties of the agreement and submission of the bank certificate. It can be a maximum of 50% of the current year's allocation (not budget amount) in the agreement. No funds will be transferred until the own contribution from all Swedish unions contributing the project has been paid to *Union to Unions* bank account.
2. The **second disbursement** each year corresponding to 25% of the current year's allocation may be done after approval of the annual report(s) from the previous period. A total of 75% of the year's allocation is the maximum amount at this time. The second disbursement will be made after 1 June.
3. The **third disbursement** each year corresponding to the remaining funds of the current year's allocation may be done after approval of the mid-term report(s) for the current year. The third request may be divided into two requests related to the forecast in the midterm report.

The final request must be submitted before **30 November** to ensure that *Union to Union* can pay out the funds before the end of the year.

### **Confirmation of receipt of transfer**

When the Co-operation Partner has requested and received a transfer of funds, a confirmation with copy of the deposit stating the amount received, must be sent to

*Union to Union*'s controller with copy to the program officer. The receipt must also state in which currency the requested amount was received.

The acknowledgement of receipt should be sent promptly to ensure both parties that the funds have reached the recipient and that there is no problem in the international banking system.

Confirmation of receipt from the previous request is required before any new funds will be sent. This is part of the anti-corruption policy to ensure that no fraud has been committed in the transfer chain.

#### **Request for using funds after the end of year**

When activities are delayed or needs to be executed between 1 January and 30 January the following year but has been received within the current year and will be included in the audit for the year, a written request must be submitted beforehand to *Union to Union* no later than **30 November** the current year.

## **§6. CONSIDERABLE CHANGES**

### **Regulation of changes in the projects**

Conditions for considerable deviations during an on-going project are regulated in the agreement and bound to each specific project's budget and objective matrix.

The Swedish Unions and the GUF apply their own routines and processes for the dialogue on considerable changes. The final approval of a considerable change must however always be made by *Union to Union* in advance of the proposed change.

If any changes of budgets between projects in the GUF agreement portfolio should be discussed, please note that any funds not needed in a project might be subject to reallocation within the *Union to Union* portfolio instead to promote for example Innovative project windows. Please also note that all projects do not always have the same Swedish unions supplying the own contribution.

Changes of budget between levels: GUF-level (level 3) – regional level (level 4) and local level (level 5) to a higher level (as an example from level 5 to level 3) are always considered as a considerable change. The CIVSAM funding from Sida has as one of the goals that funds should reach local level as far as possible, therefore changes in the budgets to level 5 are encouraged.

Please note that if 10% is less than SEK 50,000, this change does not fall under definition of "considerable change" regardless of the total budget amount.

Changes that affect the project but are not "considerable changes" should preferably be communicated to the responsible programme officer at *Union to Union* for information in an email but do not need approval.

## §7. REPORTING

### Report formats

*Union to Union's* templates for narrative and financial reporting are published on the website: For bilateral projects in Swedish: <https://www.uniontounion.org/partner/utvecklingsprojekt>  
In English: <https://www.uniontounion.org/partners/eng>  
In Spanish: <https://www.uniontounion.org/node/7956>  
Some documents are provided in French as well, they are available on the English page.

If a co-operation Partner wants to use their own templates, please send them in in advance to be approved by *Union to Union* in time.

The Co-operation Partner shall submit all reports within the framework of this Agreement in English.

### Deadlines

15 August - Midterm report

1 March - Annual report, Audit ISA 800/805 plus ISRS 4400, a Management Letter

15 March - Management Response to the audit from the partner

### Mid-term report

For the narrative reporting a template will be available on the website.

The financial report will include comments in the narrative report and the Excel file used for the budget updated with a preliminary outcome for the first six months noted. The preliminary outcome is not subject to audits but can be estimates and the predicted full outcome of audits in the budget may be included.

Requirement for a Mid-term report includes an estimation of funds needed for the rest of the year and a motivation for requesting the last 25% in relation to the activity plan and exchange rate changes.

The third disbursement request can be done only after approval of the Mid-term reports and must be supported by an updated forecast related to an outcome stated as well as the activities planned for the remainder of the year.

### Annual report

See the **Guideline for reporting** for more detailed information.

Please note that *Union to Union* in connection to the Annual report might request that each level in the project submit their own audited financial statements for the whole organisation. This is a measure to strengthen the internal control and prevent the risk of a double funding.

## Spot checks

Spot checks will be made as part of the compliance with this agreement and as a part of the assessment of the financial and administrative capacity as well as the requirement that *Union to Union* is well informed about partners and results in the project portfolio.

## §8. FINANCIAL REPORTING

This paragraph provides practical guidance for how project related costs shall be recorded and handled. You can compare your system for handling project funds against the additional audit assignment ISRS 4400 to be sure that everything's in place. Please note that **no documents or records mentioned in the paragraph need to be sent to *Union to Union*** unless requested on spot check basis.

### Accounting principles

Reconciliation of the bank accounts for project funds as well as any petty cash must be made monthly. Those partners on sub-subsequent levels which do not have access to an internet bank, can for example use bank statements received on paper after the latest transaction. Reconciliations do not need to be sent to GUF or *Union to Union*, if not stated otherwise in an agreement between the partners.

National accounting principles and tax rules must be followed and verifying this is part of the audit checklist.

### Records and filing

Documents must be presented on spot check basis but are not required to be sent to *Union to Union* otherwise.

### Eligible costs

Eligible costs must be considered already during the budgeting and shall be considered while making any changes in the budgets. Underlying budgets shall clearly show what kind of cost are included in the budget lines in the Budget template submitted to *Union to Union* with the application.

Please read through the list of not eligible costs in the agreement carefully.

Eligible costs are costs that can be directly linked to the project budget and activity plan.

Eligible costs are costs that can be directly linked to the project budget and activity plan and:

- a) has occurred during the activity period.
  - i. Costs for services shall refer to completed activities, and supplier costs shall refer to the cost of delivery and installation of goods during the Activity Period. Signing contracts, orders or entering into any commitment that may entail expenses during the Activity Period for future delivery of goods and services after the end of the Activity Period does not meet this condition.

- ii. Costs incurred must be paid before the final report is submitted. Expenses may be paid afterwards provided they are indicated in the final financial report together with the estimated payment date.
  - iii. Exceptions are allowed for costs relating to final reports, including verification of costs, audit or final evaluation of the Project/Activity that may have arisen after the end of the Activity Period.
- b) they are specified in the overall budget for the Project/Activity and have been specified in the approved work plan and Budget.
  - c) they are necessary for the implementation of the Project/Activity
  - d) they are identifiable, verifiable and registered in the Partner's accounting and established in accordance with the accounting standard applied in the country where the Partner has its registered office, or which is established in accordance with "International Financial Reporting Standards" (IFRS) and is in accordance with the accounting principles that the Collaborating Party normally applies.
  - e) any wage costs that burden the Project must be recorded in a systematic way throughout the Activity Period and must be verifiable with underlying documentation. Worked time must be documented continuously during the project and verified by the manager. Any deviations between recorded time and time worked must be adjusted on an ongoing basis, and
  - f) they are reasonable, justified and follow the principles of responsible financial management, above all in terms of resource management and cost efficiency.

### **Staff costs**

Staff costs must be recorded on a monthly basis and be verified against underlying documentation (approximations are acceptable). The documentation must have a managers (or equivalent) approval in writing on it.

The partners must ensure that labour standards, regardless of the type of employment or service relationship that binds the employee, strictly follow national labour legislation and always ensuring the labour rights that such contractual modality stipulates.

### **Interest gains**

Surpluses resulting from interest in the project bank account shall be used to finance activities in line with the approved project objective(s). It is filled in on the Excel template in the sheet "Transfers and Balances" and thus shown as a part of the income for the project on each level. Only interest from the project funds shall be included. If the local organisation does not have separate bank accounts for project funds for each agreement period, this shall be commented on in the narrative report to avoid entering own funds in the project outcome reporting.

### **Exchange rate gains/losses**

Use of any exchange rate gain attained during the year needs prior approval.



Since the allocation for each project is requested in three instalments normally any gains or losses are adjusted for with budget updates. Please note that any funds that are not absorbed in the original budget lines require approval from *Union to Union* before being used for additional activities. During that approval it can be discussed if the additional funds are due to other reasons than exchange gains. Exchange rate losses will not be compensated for by *Union to Union* or Sida.

Additional information on how the exchange rate gain can be calculated on end of the year balances can be found in the Guideline for Financial Reporting, under the section “Exchange rates gains or losses”.

## §9. AUDIT

The GUF (Multilateral) or Swedish Trade union (Bilateral) is responsible for the audit of the project funds received from *Union to Union*. Each project must be audited according to the *Union to Union* instruction. If the audit report covers the whole portfolio, all project(s) concerned must be stated and each remark must specify the project(s) concerned.

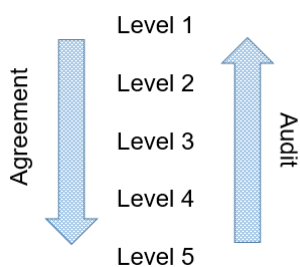
The complete audit includes two parts: **ISA 800/805 + ISRS 4400**. The auditor shall produce a Management Letter and the Co-operation Partner must submit a Management Response, even if there are no issues raised by the auditors. This requirement is to document that the Management Letter has been read by the Co-operation Partner. The Co-operation Partner may also include its own remarks even if no issues were raised by the auditors.

Please observe that no separate audit of the funds on level 2 (Swedish unions) is required in the agreement for the GUF. The GUF receives all project funds from *Union to Union*, i.e., both the Sida funds and the own contribution from the Swedish unions and is responsible for the audit of the project. Any costs, reimbursed by the GUF to level 2, Swedish union, will be audited at the GUF level.

A list of all co-operating organisations and their auditors must be submitted upon request *Union to Union*. The list must contain information on their auditors' independence and qualifications. If any auditors cannot be IFAC affiliated but follow the regulations in a specific country, they might be eligible to be used if prior agreement is attained.

### Audits on sub-subsequent levels

The requirements for audit **on all levels** are the same. This principle follows the rule of so called “unbroken chain of agreements and audits” through all levels:



### Exception from standard audit requirements

Agreements with local partners (level 5) may be **audited on a regional level** (level 4) after approval from *Union to Union*. It means that all project funds are still subject for audit, but the audit is done not where the costs have occurred (level 5) but on the level above (level 4).

The procedure for approval of any exception is:

1. The Co-operation Partner sends a written request to *Union to Union*. Request must include:
  - An explanation on why an audit according to the standard audit requirements cannot be performed.
  - The Co-operation Partner's description of the local partner as well as the assessment of the local partner's administrative and financial capacity for the handling of Sida funds.
  - Description of what alternative procedures for assurance of proper use of funds that will be applied. Alternative procedures can include for example verifications provided by the local partner that the activities have taken place:
    - Confirmations on booking from hotels or other venues
    - Agendas and Notes from the meeting/seminar etc.
    - Lists of participants with signatures from the participants
2. *Union to Union* grants approval if all conditions are fulfilled.
3. The local partner is informed what regulations apply and that *Union to Union* reserves the right to make a spot-check control of compliance.

### Bilateral agreements and agreements on sub-subsequent levels

The requirements for agreements between *Union to Union* and a Swedish union in bilateral projects are the same as in agreement between *Union to Union* and GUF.

The template for agreements on sub-subsequent levels allow for adjustments concerning for example frequency of funds request or reporting; otherwise, the same.

## §10. PROCUREMENT

The *Union to Union* Procurement regulation (annex F) shall be considered as minimum requirements and the Co-operation Partner may apply other rules which will ensure that procurement of goods and services will always be carried out in accordance with good practice.

Tenders and tenderers shall be treated objectively in order to promote equal conditions and transparency. Motivation for choosing which tender to follow shall be documented and available for any review or audit. If the tenders received are not sufficient a new request for tenders shall be made.

All sub-subsequent levels of the project chain must be aware of the procurement regulations applicable for costs covered by project funds.

## §11. ANTI CORRUPTION, GOOD GOVERNANCE

### Improper use of funds

In addition to *Union to Union's* Anticorruption Policy (annex E) partners can also use *Union to Union's* "Guideline for handling corruption cases for partners". All necessary practical steps are described in this guideline, which can be downloaded from *Union to Unions* website. In case of suspected corruption, the guiding principle is to *never accept, always take action and always inform*.

*Union to Union* must be informed already when irregularities or corruption is suspected, not after the investigation has been done. This may be in an email at the early stage and according to the "Guideline for handling corruption cases for partners" if there is a case.

During 2023 a Complaints/Whistle blower function will be made available on *Union to Union's* website.

## §12. GENERAL RIGHT TO WITHHOLD FUNDS

It is stated in this article that *Union to Union* reserves the right to withhold transfer of funds relating also to other projects of the Co-operation Partner not only to the specific project which has been duly reported. If a satisfactory motivation and a plan of handling the delay is provided, *Union to Union* can continue financing other projects.

## §13. REPAYMENT OBLIGATIONS

### Funds not requested from *Union to Union*

*Union to Union* urges all partners to make realistic forecast in the Mid-term report and by the end of the year in regard to how much project funds will be **unrequested**. The unrequested funds are the main source of financing for new innovative project proposals that will strengthen the results achievement in the *Union to Union* project portfolio.

### Funds requested from *Union to Union* but not used

If funds have been requested but not used and the Co-operation Partner wishes to forward/roll-over any **balances** from year to year, a written request must be made no later than 30 November the current year. The request must include an activity plan and specify the probability to use the balance in relation to the allocation for next year.

Note: the outgoing balance at the end of the year is calculated into SEK at the official exchange rate in Sweden. Please contact *Union to Union* if you have any questions regarding the exchange rates and how they influence the project funds. The final value of the outgoing balance in SEK for each project as a whole (not per level in SEK) will be notified by *Union to Union* in the Project Memo Report in May each year.

## §14. FOLLOW-UP

### Annual meeting

During the annual meeting between *Union to Union* and the contractual partners, GUF and Swedish unions, a follow up will be made of the conditions in this agreement as well as future issues. The documentation of conclusions will include any new Dialogue objectives as well as any new Special conditions discussed at the meeting.

### Dialogue objectives

The purpose of the dialogue objectives is to unify how *Union to Union* handles the dialogue process with all its contracting partners. There are some standard dialogue objectives that concern agreement compliance and results reporting. These dialogue objectives reflect the common issues that *Union to Union* systematically needs to strengthen throughout the whole project portfolio.

An agreement can also include specific dialogue objectives to facilitate the dialogue and follow-up of issues specific for the concerned GUF. The specific dialogue objectives are a result of *Union to Unions* assessment of partner's institutional capacity or the state of an individual project.

## §15. OBLIGATION TO INFORM AND RECEIVE VISITS

### General note on transparency

Sweden has decided on a Transparency Guarantee, which means that public information about Swedish aid, such as documents and data regarding a programme/project, is made available on Openaid.se. Read more on <https://openaid.se/en/about-openaid>

Before a document is made available to the public, an assessment is made by *Union to Union* and consequently Sida whether any information is classified and should therefore not be disclosed.

Processing of personal data is regulated by EU's General Data Protection Regulation (GDPR). Sida may process personal data of Sida's cooperation partners and its employees in order to carry out our mission as a government agency. The lawful ground for processing the personal data is to satisfy public interest. Read Sida's Privacy Notice here: <https://www.sida.se/English/About-us/about-the-website/privacy-notice>

### Other funding

In case another organisation or TUSO allocates funds for activities included in the project inform *Union to Union* as soon as possible thereof. This is a measure to strengthen the internal control and prevent the risk of a double funding.

### Production of materials

In the production of printed and published materials and in connection with activities, the Co-operation Partner shall inform/declare it is with the contribution of

*Union to Union*. Note that the Co-operation Partner is responsible for the content, not *Union to Union*, unless otherwise agreed.

#### **Visits and reviews**

The right to visit, review and follow-up all projects or activities and local partners that are financed fully or partly by *Union to Union* is also to strengthen *Union to Union's* program officers in the effort to support the activities as well as part of the internal control mechanisms.

#### **§16. EVALUATIONS**

Evaluations of projects financed by *Union to Union* is vital both as a learning process and as part of the internal control mechanisms.

#### **§17. DISPUTES**

Disputes shall be resolved primarily in negotiations between the contracting parties.

#### **§18. VALIDITY AND EXPIRY OF THE AGREEMENT**

This Co-operation Agreement will enter into force when it is signed by both parties and one original copy has reached *Union to Union* and will remain in force until the reporting obligations in accordance with this agreement have been fulfilled. Please make sure that the signature also is dated.