

**Grant Agreement
Between
The Partnership for Transparency Fund, Inc.
And
Transparency International Estonia (MTÜ Korruptsioonivaba Eesti)**

1. Transparency International Estonia (MTÜ Korruptsioonivaba Eesti) (hereafter TIE) has requested financial support of The Partnership for Transparency Fund, Inc. (hereafter PTF) to implement a program to reduce corruption in local governments in Estonia. The program will be called “Enhancing Internal Supervision Capacity of Local Governments in Estonia” and will commence from July 1, 2010.
2. TIE has submitted the attached Project Proposal (Annex 1), which includes background information on TIE, a Logframe (Annex 2), an Operational Plan Timetable (Annex 3), and a Project Budget (Annex 4).
3. On the basis of this information and exchanges of emails to clarify selected issues, PTF has approved a grant of up to US\$27,930 (United States dollars twenty-seven thousand nine hundred thirty) to be disbursed in four tranches, each for the purposes spelled out in the attached documents. The tranches will be disbursed as follows:
 - a) First tranche of \$10,000 (United States dollars ten thousand) to be disbursed within two weeks of signature of this Grant Agreement.
 - b) Second tranche of \$10,000 (United States dollars ten thousand) to be disbursed once a certified statement of expenditure is received by PTF showing the itemized use made of the first tranche funds, accompanied by a brief report on progress made in the implementation of the project showing that the following activities have been completed satisfactorily: (1) Hiring of agreed staff; (2) Agreements with six local governments; (3) Establishment of advisory group; (4) Completion of draft supervision manual and self-assessment questionnaire; and (5) Completion of first survey.
 - c) Third tranche of \$5,000 (United States dollars five thousand) to be disbursed once a certified statement of expenditure is received by PTF showing the itemized use made of the first and second tranche funds, accompanied by a brief report on progress made in the implementation of the project showing that the following activities have been completed satisfactorily: (1) Completion of activities with six local governments; (2) Completion of revised supervision manual and self-assessment questionnaire; (3) Plan for carrying out five regional workshops.

- d) Fourth tranche of \$2,930 (United States dollars two thousand nine hundred thirty) to be disbursed on receipt from TIE of a satisfactory project completion report that describes and assesses the project achievements, including an assessment of the project's impact and a final certified statement of project expenditures.
4. TIE on its part commits to provide counterpart funding of \$2,800 (United States dollars two thousand eight hundred), or its equivalent in local currency, to make up the balance of the \$30,730 (United States dollars thirty thousand seven hundred thirty) estimated total cost of the project, and any additional balances needed to complete the project.
 5. The PTF grant will be made available to TIE on the following conditions:
 - a) The grant will be used only for the purposes described in the attached Project Proposal. Any material changes in the use of project funds or project design shall be made only with the prior agreement of the PTF.
 - b) If PTF finds that the its grant was not used/is not being used for the purposes or in the manner described in the Project Proposal or the conditions have changed such that the project is not likely to achieve its objectives, PTF has the right to cancel the remaining tranches of its grant. In case PTF finds that its grant funds were willfully misused by TIE, PTF reserves the right to require the full refund of its grant.
 - c) Any funds disbursed by PTF remaining unutilized at the end of the project shall be returned by TIE to the PTF.
 - d) TIE shall keep a record of all expenditures incurred under the project and will provide PTF a full certified accounting of these expenditures, with relevant documentation, [1] following expenditure of the first tranche funds, and [2] on completion of the project, but in any event no later than August 1, 2011. These expenditures will also be subject to the regular auditing requirements of TIE, and TIE will furnish PTF with a copy of the relevant audit if so requested.
 - e) TIE will make brief quarterly reports on the implementation of the project accompanied by a statement of expenditure showing the use of PTF funds and, on project completion, a full detailed final report summarizing the implementation of the project and its outcome and assessing the impact of the project on reducing corruption, its likely sustainability and the lessons learned, together with a certified final itemized statement of expenditure. The latter report will be sent within two months of the completion of the project, together with a copy of any other reports prepared under the project.
 - f) Following project completion, the PTF may make its own independent ex post evaluation of the implementation, outcome and impact of the project. TIE

will furnish the person appointed to undertake this task all possible assistance and access to all relevant documents and personnel.

- g) TIE will post this Grant Agreement, the Project Proposal, the final project report, and the statement of expenditures on the TIE's website, and PTF shall have the right to post on its website such documents and any other reports received from TIE or from its independent evaluation of the project.

6. TIE will be responsible for securing all necessary government approvals of the grant, if any, and any necessary government filings and will be responsible for paying any tax liability arising from the grant. TIE shall compensate PTF in the event that PTF suffers any liability or expense as a result of TIE's failure to obtain any such required approvals or to pay any such tax liability.

7. The signed copy of this Grant Agreement and the request for the subsequent tranche releases may be sent by email to the PTF Secretary at: danielgritchie@gmail.com. The two original copies of the Grant Agreement should be mailed to Daniel Ritchie, Secretary, PTF, at 1875 Connecticut Avenue, N.W., Suite 1210, Washington, D.C. 20009.

8. The responsible PTF Project Advisor in respect of this project is Michael Lippe (mjlippe@aol.com) or such other Project Advisor as PTF may subsequently notify to TIE. Such Project Advisor shall be TIE's principal point of contact in respect of the project.

9. The responsible TIE project director in respect of this project is Asso Prii (asso.prii@transparency.ee) or such other project director as TIE may subsequently notify to PTF. Such project director shall be PTF's principal point of contact in respect of the project.

10. Each of PTF and TIE represents and warrants, for the benefit of the other party, that:

- a. it is a legal entity recognized under the laws of the jurisdiction of its formation or in which its principal activities are conducted; and
- b. this Grant Agreement constitutes its legal, valid and binding obligation, enforceable in accordance with its terms.

In addition, TIE represents and warrants, for the benefit of PTF, that the information set forth in the Project Proposal does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

11. This Grant Agreement shall be governed by the laws of the District of Columbia in the United States of America, the jurisdiction in which PTF is organized as a not-for-profit corporation and in which its principal executive offices are located. In the event of

any dispute between the parties in respect of the Grant Agreement, the parties shall act in good faith to resolve such dispute through discussions and negotiation, and they may seek the assistance of a third party mediator to assist them in the resolution of such dispute. In the absence of a mutually acceptable resolution, such dispute shall be resolved by arbitration in accordance with the UNCITRAL Arbitration Rules in effect on the date of this Agreement. Any such arbitration shall be conducted in the English language before an impartial single arbitrator sitting in Washington, D.C., appointed by the American Arbitration Association as appointing authority.

Attachments:

1. Project Proposal
2. Log Frame
3. Operational Project Timetable
4. Project Budget

Dated:

For
The Partnership for Transparency Fund, Inc.

Daniel Ritchie
Secretary

Dated:


10/6/2010

For
Transparency International Estonia (MTÜ Korruptsioonivaba Eesti)

TARMU TAMMERK

1. 
Signature

Member of the board
Title

2. 
Signature

Member of the Board
Title

J. Teher

Addresses for Notices:

Transparency International Estonia (MTÜ Korruptsioonivaba Eesti)
Attention:
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10151 Tallinn, Estonia

Partnership for Transparency Fund, Inc.
Attention: Secretary, PTF
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Washington, D.C. 20009