

INVITATION TO TENDER
KLKH 111/2016
Annex 5.2
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**CUSTOMIZED CONTRACT BETWEEN
[CONTRACTING AUTHORITY]
AND
[ADMINISTRATOR]**

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CUSTOMIZED CONTRACT

CONTRACTING PARTIES

- (1) Contacting authority (business identity code) (**contracting authority**), address; and
 - (2) Administrator (business identity code) (**Administrator**), address
- (1) – (2) together: **contracting parties** and separately: **contracting party**

BACKGROUND AND PURPOSE

- (A) The contracting authority of this contract can be any of the following: all Finnish municipalities, joint municipal authorities, public utilities, universities of applied sciences, as well as such subsidiaries of municipalities or joint municipal authorities that are governed by the municipalities or joint municipalities alone or together with organizations belonging to the local authority corporations as stated in the Accounting Act (1336/1997) chapter 1, § 5. Contracting authorities can also be organizations following public procurement through joint procurement contract, such as the organizations of the Finnish Evangelical Lutheran and Orthodox churches and the Church Resources Agency. Also, the Association of Finnish Local and Regional Authorities can act as contracting authority, as well as the corporations owned by it.
In the course of the healthcare, social welfare and regional government reform, the participation of counties and their subsidiary organizations in Kuntahankinnat [organization owned by the Association of Finnish Local and Regional Authorities, which procures framework agreements of goods and services on behalf of its clients] may become possible.
- (B) The Administrator is [general description of the business activities by the Administrator]
- (C) Kuntahankinnat and the Administrator signed a framework agreement [date] pertaining to the Project Administrator for the impact investing project (**framework agreement**). As part of it, and at the same time as commitment to its terms, the contracting authority and the Administrator composed this customized contract (**contract**). This contract determines the specific terms applicable to the provision of services ordered from the Administrator by the contracting authority.

In case of contradiction between the contract and the framework agreement, the wording of the framework agreement shall be valid. This contract can only specify the terms of the framework agreement. This contract must specifically point out the extent to which the framework agreement has been specified.

1 DEFINITIONS

Project refers to the Administrator's set of measures, as part of which the Service is produced.

Service refers to all the services for children, youth and families which are subject to this contract and which have been described in Annex 1 of the framework agreement (Definition of the target area of the project) and identified in Annex 2 (Service description)

In this project, child and youth refer primarily to a person under 21 years of age. For the advantage of the young person, the age limit may be raised to 25 years, if his or her situation requires the continuation of the support at 21 years of age. For activities subject to the Youth Act (72/2006), such as outreach youth work, the maximum age may be 29 years, as determined in the above act, at the same time being the maximum age in the definition of youth for the projects conducted in the target area of this procurement.

Service material

refers to the documentation and other results, material and data produced in connection with the production of Service.

Economic modeling

The economic modeling of the project helps to predict the potential savings achieved by the contracting party in the project, as well as the profitability of the project from the point of view of the various parties concerned. It determines the target group of the project (the basis of segmentation and the expected size of the segments), identifies the causes for the expected cost development as well as the root causes behind them, as well as which preventive measures could reduce the costs. On the basis of this, the output targets (in terms of well-being and/or economic output) and the service needs and their costs will be determined.

Requirements

refer to the requirements placed on the Service, described in Annex 1 of the framework agreement concerning the target area, and otherwise in Annexes 1 and 2 of the contract.

Effective date

Refers to the date when this contract takes effect as stated in passage 9.1.

Otherwise, this contract applies the definitions listed in the framework agreement.

2 THE SUBJECT OF THE CONTRACT

2.1 The subject of this contract are the services ordered from the Administrator by the contracting authority.

2.2 The Service and the requirements placed on the Service as well as their definitions are described in more detail in the annexes of this contract.

2.3 The duties of the Administrator include especially the following, however not only the following, subtasks:

(a) The finalization of the project plans and of the Service modeling as well as the developing of the economic modeling together with the

contracting authorities concerned, i.e. of the impact indicators determining the reimbursement;

- (b) the establishment of the financing instrument for the Service;
- (c) the raising of funds for the Service financing instrument and its continuing management;
- (d) the planning and management of the Service's service production for children, youth and families;
- (e) the organization of the service provision for the Service together with service providers and the contracting authority;
- (f) the continuing monitoring of the Service and reporting to the contracting authority at least semi-annually;
- (g) other tasks concerning the commencement and continuing production of the Service or tasks caused to the Administrator, according to its role, by regulatory legislation.

2.4 If needed, the contracting authority makes an agreement on the payment transactions concerning the Service with a private equity fund or similar financing instrument possibly established by the Administrator.

2.5 For Service properties, chapter 4 of the JYSE 2014 SERVICES shall be applied.

3 GENERAL DUTIES OF THE CONTRACTING PARTIES

3.1 Shared duties of the contracting parties

3.1.1 If required by the Act on Public Procurement (348/2007) or other directive legislation, the contracting authority and the Administrator are responsible for the competitive tendering of the service provider or service providers (Service provider) who are, when needed, responsible for the content of the Service production.

3.1.2 It shall be noted, for the sake of clarity, that the Service provider may not act as an investor of the private equity fund or similar financing instrument related to the Service.

3.2 Administrator

3.2.1 The Administrator is responsible for the provision of Service to the contracting authority according to this contract and to the framework agreement. The Administrator is obliged to fulfil its obligations with care and with such expertise as is required by the tasks.

3.2.2 The Administrator and its employees performing the Service provision must commit to the information security methods and confidentiality obligations determined in this contract. The Administrator is responsible for processing per-

sonal data in course of Service provision according to the Finnish Personal Data Act valid at the given time.

- 3.2.3 The Administrator must comply with the laws, decrees, and standards concerning the Service, as well as with the regulations issued by the authorities, including norms, standards and specifications which are defined either within these regulations or separately.

3.3 Contracting authority

- 3.3.1 The contracting authority is responsible for the functional modeling of the processes involved in the services for children, youth and families subject to its project (functions, resources and instruments) up to a level that enables the Administrator to perform the economic modeling of the project as part of Annex 1.
- 3.3.2 The contracting authority shall cooperate, in all ways within its competence, in the fulfilling of the aims of this contract.
- 3.3.3 The contracting authority is responsible for carrying out the tasks assigned to the contracting authority as stated in the contract.
- 3.3.4 The contracting authority must give the Administrator sufficient and correct information for the provision of the Service so that the Administrator can fulfil its responsibilities as stated in the contract.
- 3.3.5 The contracting authority is responsible for the information, instructions and regulations it gives to the Administrator.
- 3.3.6 In addition, the terms in chapter 8 of JYSE 2014 SERVICES are applied to the obligations and responsibilities of the contracting authority.

4 PAYMENT OF RETURN

- 4.1 The principles and terms for the payment of return shall be determined between the Administrator and the contracting authority in Annex 2. The Administrator's share of the returns shall, however, be at least 40% and no more than 85% of the profit anticipated in the economic modeling of the project (savings, economic profit or the like made by the contracting authority as a direct effect of the project).

5 MANAGEMENT MODEL

- 5.1 For the development and coordination of the cooperation under the contract, a mutual management body (Management group) shall be founded between the contracting authority and the Administrator, as well as, if needed, other cooperation groups, unless otherwise noted by the contracting parties.

- 5.2 The contracting parties are each responsible for their respective contact persons' costs arising from the activities related to cooperation groups in the Service.
- 5.3 In case the development or alteration of the management model causes essential changes in the Administrator's tasks and/or responsibilities, the resulting cost effects shall be agreed on in writing and with a unanimous decision made by the Management group as described in passage 5.1.

6 PERSONNEL OF THE ADMINISTRATOR

- 6.1 The Administrator shall use individuals possessing suitable competence and experience for providing the Service. For the provision of services, the Administrator shall keep a sufficient number of personnel and their substitutes at the disposal of the contracting authority, as well as other personnel.
- 6.2 The Administrator ensures that the key individuals identified in Annex 3 of the contract are available for the Service provision to the extent it requires. Changes in key personnel have been agreed on in passage 3.4 of the framework agreement.
- 6.3 If the Administrator is unable to provide the contracting authority with a person that the contracting authority approves in accordance with passage 3.4 of the framework agreement, the contracting authority shall have the right to terminate the contract to the extent of the assignment which has not been fulfilled. Termination of the contract is discussed in paragraph 10.

7 DEFECTS AND CLAIMS

- 7.1 The contracting authority shall notify the Administrator about a defect without unnecessary delay and in writing. The Administrator is obliged to save all claims it receives.
- 7.2 The processing of claims is further described in Annex 1 (Management model) of the framework agreement.
- 7.3 For claims and defects in Service, chapter 13 of JYSE 2014 SERVICES shall be applied with following specifications:
- (a) If the service does not meet the agreed requirements, it is defective.
 - (b) If the service has a defect, the Administrator shall examine the cause of the defect at its own expense and rectify it without delay.
 - (c) The Administrator shall determine measures to remove the causes of possible defects in order to prevent the occurrence of defects. Preventive measures must be appropriate in regard to the possible defects. The Administrator shall inform the contracting authority on

a regular basis, at least semi-annually, about preventive measures which it has determined and implemented.

8 AUDIT

- 8.1 The contracting authority shall have the right, at its own cost, to perform yearly inspections of the Service and to investigate whether the Administrator or its subcontractor has complied with the contract requirements when providing the Service for the contracting authority. The Administrator commits to assisting the contracting authority in auditing and is in charge of its own expenses.
- 8.2 The contracting authority shall have the right to commission a third party to perform the audit. However, the auditor commissioned by the contracting party must not be a competitor to the Administrator concerning the services under audit. The third party must, prior to the audit, commit to mutual confidentiality with the contracting parties, at least to the extent required in chapter 10 of the framework agreement.
- 8.3 The contracting authority must provide the Administrator with a written notification of the audit at least twenty (20) days prior to the audit.
- 8.4 The Administrator commits to cooperation with the auditing party and, unless eminently unreasonable, to providing it with all the material requested for the inspection by the auditor, including material and data relating to the Service provision, however without compromising the information security of the Administrator's other clients and other confidential material. In addition, the Administrator shall guarantee the auditing party the right to access premises in which the Service is provided as well as to interview personnel involved in providing the Service.
- 8.5 If the audit reveals deficiencies or defects in the Service, the Administrator must rectify these without delay.
- 8.6 The right of inspection, as described in **[Mistake. Source not found]**, must also apply to the Administrator's main subcontractors. The Administrator must secure with its agreements with the main subcontractors that each subcontractor is committed to observing the right to audit according to passage **[Mistake. Source not found]**.
- 8.7 The contracting parties may also agree on using the audit procedure described in the above passage 7 to assess the impact of the project at the end of the project. In this case, the contracting parties shall commit to using the audit results as basis for the payments of return resulting from the possible impact of the Service.

9 EFFECTIVE DATE OF THE CONTRACT

- 9.1 This contract will take effect after it has been signed by both contracting parties (**Effective date**).

- 9.2 The contract will be valid until the obligations stated in this contract have been met, however no later than dd.mm. 20yy.
- 9.3 The indicative dates for the commencement of Service production, measuring points and Service impact auditing of the results are defined in Annex 1 of the contract.
- 9.4 Service production starts in 201y, but no later than dd.mm.20yy. Service production ends on dd.mm.20yy.
- 9.5 Possible payment of return paid by the contracting party to the Fund or other financing instrument related to the Service and agreed on by the contracting parties will be carried out between 20yy and 20yy, depending on the date when the Service's impact calculation is finished.

10 TERMINATION AND CANCELLATION OF THE CONTRACT

- 10.1 The contracting authority has the right to terminate the contract partly or completely with immediate effect if the Administrator is burdened by criteria for exclusion referred to in the Act on Public Procurement, or if the Administrator:
- (a) commits a substantial breach of contract;
 - (b) acts in a way that endangers the fulfilling of contractual obligations;
 - (c) initiates measures that may substantially affect Service provision and this circumstance has a substantial impact on the fulfilling of the contract, and the Administrator was or should have been aware of this;
 - (d) is not able to fulfil its obligations within the agreed schedule and this has a substantial effect on the other contracting party or the contracting party has a valid reason to believe so or the other contracting party's performance is repeatedly behind schedule;
 - (e) the Administrator's performance has repeatedly been defective on grounds that are not caused by the party affected by the contract breach or by force majeure;
 - (f) the Administrator's management or administrative tasks are performed, or its management is directly or indirectly conducted, by a person who is under a ban of business operation;
 - (g) there is no funding available for the project;
 - (h) the parties reach no agreement on key personnel changes;
 - (i) the parties reach no agreement on changes in subcontracting;
or

(j) the parties reach no agreement on the economic modeling or the Administrator fails to finish the economic modeling.

10.2 If a court of law orders that the contract period should be abbreviated, the contracting authority has the right to terminate the contract following a four (4) months' term of notice or a shorter term of notice if so imposed by the court.

10.3 The contract must be terminated by a written notice to the other contracting party.

10.4 A contracting party has the right to terminate the contract partly or completely with immediate effect if the other contracting party commits a substantial breach of the terms of this contract and does not rectify it within thirty (30) days after dispatch of a corresponding written notice.

10.5 A contracting party has the right to terminate the contract partly or completely with immediate effect by written notification, if the other contracting party is put into bankruptcy or liquidation or otherwise discontinues its payments.

10.6 Notwithstanding the termination of this contract, such terms of the contract shall remain valid which are, due to their nature or their explicit wording, intended to remain valid after the contract period has ended.

11 CHANGES TO THE CONTRACT

11.1 All changes to this contract must be made in writing on a paper document and appropriately signed by both contracting parties. The changes will become effective after both contracting parties have with their signatures agreed to the changes.

11.2 Passage 22.2 of JYSE 2014 SERVICES shall not be applied.

12 ANNEXES TO THE CONTRACT AND THEIR ORDER OF VALIDITY

12.1 The present contract includes as its intrinsic parts the following annexes:

Annex 1 Service requirements and Service process descriptions

Annex 2 Service description [including the economic modeling of the Service]

Annex 3 The Key Persons of the Administrator

Annex 4 JYSE 2014 SERVICES

12.2 In case the content of this contract deviates from the content of the annexes, this contract shall be imperative.

12.3 In case of deviation between the annexes, their ascending numerical order shall be followed as order of validity.

12.4 It shall be noted, for the sake of clarity, that the terms of the JYSE 2014 contract in annex 4 of this contract shall be applied, unless otherwise agreed in the framework agreement or in this contract.

13 REVIEW OF THE CONTRACT

13.1 Before signing this contract, the contract has been reviewed by the contracting parties, whereby the content and terms of the Service have been discussed in order to ascertain that both parties share the same and correct understanding of the content and aims of the service.

14 SIGNATURES

14.1 There are two (2) identical copies of this contract, one for each contracting party.

[PLACE AND DATE]

[CONTRACTING AUTHORITY]

[ADMINISTRATOR]

Name
Function

Name
Function