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Specific Conditions (part I)	Grant Management Regime I Adapted for KOS by JUR, 03/2021	MFA Date:	21.10.2019

## GRANT AGREEMENT

between

The Norwegian Agency for Development Cooperation

and

Utviklingsfondet

regarding

Utviklingsfondet – NICFI 2021-2025: REDD+ Participatory Forest  
Management in South West Ethiopia, ETH-21/0005

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PART I: SPECIFIC CONDITIONS

PART II: GENERAL CONDITIONS

PART III: PROCUREMENT PROVISIONS

ANNEX A: BUDGET

ANNEX B: RESULTS FRAMEWORK

## TABLE OF CONTENTS

1.	SCOPE AND BACKGROUND.....	3
2	OBJECTIVES OF THE PROJECT .....	3
3	IMPLEMENTATION OF THE PROJECT.....	4
4	THE GRANT .....	4
5	DISBURSEMENT .....	5
6	REPORTING AND OTHER DOCUMENTATION.....	6
7	AUDIT.....	7
8	FORMAL MEETINGS .....	7
9	REVIEWS AND OTHER FOLLOW-UP MEASURES .....	7
10	PROCUREMENT .....	7
11	REPAYMENT OF INTEREST AND UNUSED FUNDS.....	8
12	SPECIAL PROVISIONS .....	8
13	NOTICES .....	8
14	SIGNATURES .....	9

## PART I: SPECIFIC CONDITIONS

This grant agreement (the Agreement) has been entered into between:

- (1) The Norwegian Agency for Development Cooperation (Norad), represented by the Department for Civil Society and the Private Sector, and
- (2) Utviklingsfondet, a non-governmental organisation duly established in Norway under registration number 971454369 (the Grant Recipient), jointly referred to as the Parties.

### 1 SCOPE AND BACKGROUND

- 1.1 The Grant Recipient has submitted an application to Norad dated 19.05.2020 (the Application) regarding financial support to the Utviklingsfondet – NICFI 2021-2025: REDD+ Participatory Forest Management in South West Ethiopia, ETH-21/0005 (the Project). The estimated costs of the Project are indicated in the budget attached as Annex A to this Agreement.
- 1.2 Norad has decided to award a grant to be used exclusively for the implementation of the Project (the Grant). The Parties expect the Project to be implemented during the period from April, 2021 to December, 2025 (the Support Period).
- 1.3 The Parties have agreed to enter into an Agreement, consisting of this part I; Specific Conditions, part II; General Conditions, and part III; Procurement Provisions, all of which form an integral part of this Agreement. In the event of discrepancies between the Specific Conditions and the General Conditions or Procurement Provisions, the Specific Conditions shall prevail.

### 2 OBJECTIVES OF THE PROJECT

- 2.1 The Project shall contribute to the following overarching NIFCI outcome(s):

NICFI Outcome 2: Improved rights and livelihoods for indigenous peoples and local communities in tropical forest countries:

- 2.2 The expected results of the Project are as follows:

The Project's expected effects on society (Impact) are reduced and reversed forest loss in southwest Ethiopia.

The expected effects for the target group of the Project (Outcome) are:

1. PFM institutions manage forest resources sustainably.
2. Public institutions have the capacity to provide effective support to PFM institutions in sustainable forest management and diversified livelihoods.
3. Forest dependent communities have a diversified income base from forest friendly activities.

The intended target groups are forest dependent local communities, community-based PFM institutions, local government institutions, regional and federal governments and women and minorities.

- 2.3 The full results framework is included as Annex B to this Agreement. The Grant Recipient shall submit a revised results framework including baseline values for approval the second disbursement is requested.

### **3 IMPLEMENTATION OF THE PROJECT**

- 3.1 The Project shall be implemented in accordance with the Agreement, including all annexes, and the latest approved Application, including implementation plan and budget as well as any later amendments to the above documents which are approved by Norad.
- 3.2 During the implementation of the Project, the Grant Recipient shall exercise the necessary diligence, efficiency and transparency in line with sound financial management and best practise principles.
- 3.3 The Grant Recipient shall continuously identify, assess and mitigate any relevant risks associated with the implementation of the Project. The risk of any potential negative effects of the Project in the following cases (Cross-Cutting Issues) shall always be included in the risk management of the Project:
- anti-corruption
  - climate and environment,
  - women's rights and gender equality, and
  - human rights (with a particular focus on participation, accountability and non-discrimination)
- 3.4 The Grant Recipient shall immediately inform Norad of any circumstances likely to hamper or delay the successful implementation of the Project.

### **4 THE GRANT**

- 4.1 The Grant shall amount to maximum NOK 39 500 000 (Norwegian Kroner Thirty-Nine Million Five Hundred Thousand).
- 4.2 Disbursement after the current calendar year is subject to Norwegian Parliamentary appropriations. Significant reductions in the Parliament's annual allocation to the relevant budget line may lead to a reduction in annual Grant allocations and/or in the total Grant amount. The annual Grant allocations must be confirmed by Norad following the Parliament's approval of the state budget for the relevant budget year. If the Grant amount is reduced the Grant Recipient must revise the implementation plan, budget and results framework correspondingly.

The tentative, annual distribution of the Grant will be as follows:

2021: NOK 7 900 000

2022: NOK 7 900 000

2023: NOK 7 900 000

2024: NOK 7 900 000

2025: Up to the remaining amount

- 4.3 The Grant, including accrued interest, shall be used exclusively to finance the actual costs of the implementation of the Project during the Support Period.
- 4.4 The Grant may be used to cover overheads/indirect costs up to a maximum of 7% of Norad's pro rata share of the incurred direct costs of the Project.
- 4.5 The Grant Recipient is responsible for obtaining any additional resources which may be required to duly implement the Project.
- 4.6 The Grant Recipient may apply for additional funding to the Project during the Support Period only upon written invitation from Norad.

## **5 DISBURSEMENT**

- 5.1 The Grant shall be disbursed in advance instalments based on the financial need of the Project for the upcoming period, which shall not exceed six months. The disbursements shall be made upon Norad's receipt of written disbursement requests from the Grant Recipient, describing the financial need for the period in question. The first disbursement shall include approved Project expenses incurred prior to the signing of this Agreement. The second disbursement in the first year of the Project shall be subject to Norad's receipt and approval of an updated results framework and risk analysis, as per article 2.3.
- 5.2 Financial need refers to the budgeted expenditure for the upcoming period, minus any funds available to the Project from all other sources during the same period.
- 5.3 The financial need shall be documented through an updated financial statement for the Project and a reference to the latest approved implementation plan and budget.
- 5.4 The disbursement requests shall be signed by an authorised representative of the Grant Recipient. A confirmation that the Project is being implemented in accordance with the Agreement shall be included in the disbursement request.
- 5.5 All disbursements are conditional upon the Grant Recipient's continued compliance with the requirements of the Agreement, including the timely fulfilment of reporting obligations. Norad may withhold disbursements in accordance with article 17 of the General Conditions if it finds that the requirements of the Agreement have not been met. Except for the Project's first year, the first disbursement each year is subject to Norad's receipt and approval of the updated implementation plan and budget, while the second disbursement each year is subject to Norad's receipt and approval of the latest progress report and financial report.
- 5.6 The Grant Recipient shall have a separate bank account exclusively for grants from Norad. All disbursements will be made to the following bank account:

Name of the account: Utviklingsfondet  
Account no.: 1503 21 17853  
IBAN no.: NO23 1503 2117 853  
Name and address of the bank: DNB Bank ASA, PB 1600 Sentrum, 0021 Oslo  
Swift/BIC code: DNBANOKKXXX  
Currency of the account: NOK

- 5.7 The Grant Recipient shall immediately acknowledge receipt of the funds in writing. The amount received shall be stated, as well as the date of receipt and the exchange rate applied.

## 6 REPORTING AND OTHER DOCUMENTATION

- 6.1 The following shall be submitted by the Grant Recipient to Norad:
- a) An annual **progress report** covering the period from January to December shall be submitted to Norad by 1 June each year. The progress report shall include the content specified in article 2 of the General Conditions. The Department for Civil Society and the Private Sector's standard reporting format shall be used.
  - b) An annual **financial report** covering the period from January to December shall be submitted to Norad by 1 June each year. The financial report shall include the content specified in article 3 of the General Conditions. The final financial report shall cover the entire Support Period and shall be submitted along with the final report referred to in article 6.1 f) of the Specific Conditions.
  - c) An **audit report** covering the annual financial statements of the Project shall be submitted to Norad by 1 June each year. The audit report shall comply with the requirements set out in article 7 of the Specific Conditions and article 5 of the General Conditions. The management letter (matters for governance attention) shall be attached to the audit report.
  - d) An updated **implementation plan and budget** covering the period from January to December shall be submitted to Norad by 15 December each year. The implementation plan and budget shall include the content listed in article 1 of the General Conditions. The Department for Civil Society and the Private Sector's standard formats shall be used.
  - e) The organisation wide **annual report and audit report** of the Grant Recipient shall be submitted to Norad for information by 1 July each year. If the auditor submits a management letter (matters for governance attention) this shall be attached to the audit report.
  - f) A **final report** for the Support Period shall be submitted to Norad no later than six months after the end of the Support Period. The final report shall include the content listed in article 4 of the General Conditions. The Department for Civil Society and the Private Sector's reporting format shall be used.
- 6.2 If the Grant Recipient is unable to meet the deadlines set out above, Norad shall be informed in writing immediately.
- 6.3 All implementation plans, budgets and reports shall be approved in writing by Norad unless otherwise agreed by the Parties.
- 6.4 In addition to submitting the reports listed above to Norad, the Grant Recipient shall by 1 August each year make public a description of its efforts to combat financial irregularities in

its operations and of any closed cases of financial irregularities that the Grant Recipient has been involved in during the previous year. The description may be publicised either by publication of a separate report or in the Grant Recipient's general annual report. The information shall be made public in such a way that whistle-blowers are not exposed and that individuals associated with cases of financial irregularities are ensured the necessary protection.

## **7 AUDIT**

- 7.1 The annual financial statements of the Project shall be audited in accordance with International Standards of Auditing (ISA). The auditor shall comply with all ISAs relevant to the audit, ref. ISA 200 (Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing), paragraphs 18 and 20. Of particular relevance is ISA 240, (the Auditor's responsibility to Consider Fraud and Error in an Audit of Financial Statements), ISA 800 ("Special considerations- Audits of financial Statements prepared in accordance with special purpose frameworks") and ISA 805 ("Special Considerations-Audits of single financial statements and specific elements, accounts or items of a financial statement") Additional requirements applicable to the auditor and the audit report are included in article 5 of the General Conditions.
- 7.2 The Grant Recipient is responsible for submitting the audit report to Norad within the deadline indicated in article 6 of the Specific Conditions.

## **8 FORMAL MEETINGS**

- 8.1 The Parties shall hold formal meetings if/when requested by Norad. The meetings shall be chaired by Norad.
- 8.2 Unless otherwise agreed, the Parties shall discuss the latest progress report and financial report, as well as the implementation plan and budget for the upcoming period.
- 8.3 The Grant Recipient shall record main issues discussed, points of view expressed and decisions made, in minutes from the meeting. The Grant Recipient shall submit the minutes to Norad no later than two weeks after the meeting for comments and approval.

## **9 REVIEWS AND OTHER FOLLOW-UP MEASURES**

- 9.1 A review focusing on progress to date shall be carried out by 1 June 2024. The Grant Recipient shall draft the terms of reference for the review, based on a template developed by Norad, and submit them to the other Party for approval. The costs of the review shall be included in the Project budget.
- 9.2 If the Grant Recipient or another interested party initiates a review or evaluation of activities wholly or partly funded by the Grant, Norad shall be informed. The Grant Recipient shall forward a copy of the report of any such review or evaluation to Norad without undue delay.

## **10 PROCUREMENT**

- 10.1 All procurement under the Project shall be completed in accordance with the Procurement Provisions in Part III of this Agreement.

## 11 REPAYMENT OF INTEREST AND UNUSED FUNDS

11.1 Upon the end of the Support Period or upon termination of this Agreement, any unused funds that total NOK 500 or more shall in its entirety be repaid to Norad as soon as possible and at the latest within 6 months. The repayment shall include any interest which have not been used for Project purposes, and other financial gain accrued on the Grant.

11.2 Repayments shall be made to the following bank account:

Name of the account:	Norad
Account no.:	7694 05 14815
IBAN no.:	NO31 7694 05 14 815
Name and address of the bank:	DnB ASA, 0021 Oslo, Norway
Swift/BIC code:	DNBANOKK

11.3 The transaction shall be clearly marked: "Unused funds" or "Interest". The name of the Grant Recipient shall be stated, along with Norad's agreement number(s) and agreement title(s).

## 12 SPECIAL PROVISIONS

12.1 General Conditions article 12 clause 2. d) shall be replaced with: "changes to the Project's annual budget that imply reallocation of more than 10 % of a budget line. Changes that amount to less than <NOK specify amount > do not need to be pre-approved. Due to the extraordinary circumstances related to Covid-19, reallocation up to 20 % without pre-approval will be allowed for the year 2021."

12.2 General Conditions article 12 clause 2 c) shall be replaced with: "changes to the implementation plan which implies a delay that may influence the achievement of expected results as presented in the results framework".

12.3 General Conditions article 22 clause 1 shall be replaced with: The Grant Recipient shall acknowledge NICFI's support to the Project in all publications and other materials issued in relation to the Project. NICFI's logotype will be provided by Norad upon request. All use of NICFI's logotype must be approved by Norad.

12.4 The following shall be added to article 2 of the General Conditions: "Gender disaggregated data shall be provided where relevant."

## 13 NOTICES

13.1 All communication to Norad concerning the Agreement shall be directed to the Department for Climate, Energy and Environment at the following address/e-mail address: [post-gronn@norad.no](mailto:post-gronn@norad.no)

13.2 All communication to the Grant Recipient concerning the Agreement shall be directed to Elin Cecilie Ranum at the following address/e-mail address: [elin@utviklingsfondet.no](mailto:elin@utviklingsfondet.no) and [post@utviklingsfondet.no](mailto:post@utviklingsfondet.no)



13.3 Norad's agreement number and agreement title shall be stated in all correspondence regarding this Agreement, including disbursement requests and repayment of unused funds.

#### 14 SIGNATURES

14.1 By signing part I of the Agreement, the Parties also confirm receipt and approval of part II; General Conditions, and part III; Procurement Provisions, which all form an integral part of the Agreement.

14.2 This Agreement has been signed in two -2- original copies in the English language. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.

Place: Oslo

Date: 01.07.2021

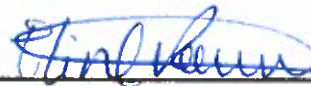


for the Norwegian Agency for Development  
Cooperation,

Hilde Dahl

Coordinator of Climate and Forest Projects

Section for Climate, Forests and Green Economy



for Utviklingsfondet,



Jan Thomas Odegard

Executive Director

#### Attachments:

Annex A: Approved budget for the Project

Annex B: Results framework