

Template:	Norwegian NGOs	Revision no.:	1
Specific Conditions (part I)	Grant Management Regime I	Date:	01.03.2016

GRANT AGREEMENT

BETWEEN

THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

AND

THE NORWEGIAN FORESTRY GROUP AS

REGARDING

ETH-15/0010,
FOREST LANDSCAPE RESTORATION (FLR)

PART I: SPECIFIC CONDITIONS

PART II: GENERAL CONDITIONS

PART III: PROCUREMENT PROVISIONS

ANNEX A: BUDGET

ANNEX B: RESULTS FRAMEWORK



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PART I: SPECIFIC CONDITIONS

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

- (1) The Norwegian Ministry of Foreign Affairs (MFA), represented by the Royal Norwegian Embassy in Addis Ababa (the Embassy), and
 - (2) The Norwegian Forestry Group AS, is a registered not-for-profit limited company duly established in Norway under registration number NO 977 298 008 (the Grant Recipient),
- jointly referred to as the Parties.

1 SCOPE AND BACKGROUND

- 1.1 The Grant Recipient has submitted a project document to MFA dated October 4, 2017 (the Application) regarding financial support to the project titled, Forest Landscape Restoration Program –(the Project). The estimated costs of the Project are indicated in the budget attached as Annex A to this Agreement.
- 1.2 MFA 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 October 2017 to December 2020 (the Support Period). The first six months of the Support Period will constitute the Inception Phase.
- 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 expected results of the Project are as follows:

The Project's planned effect(s) on society is restoration and more sustainable and productive use of targeted forest landscapes in the Program Area (Impact).

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

- Outcome WP1: Land Use Plans (LUPs) with local participation and involvement
- Outcome WP2: High quality planting materials used locally, suitable for large-scale forest landscape restoration in Program Area from local tree nurseries
- Outcome WP3: Restored landscapes and improved land use in the Program Area
- Outcome WP 4: Increased commercial wood stock available after full rotation
- Outcome WP 5: Increased capacity of implementing FLR

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The planned main products and/or services of the Project are:

Outputs WP 1:

- Participatory Land Use Plans for the Program Area, including FLR Action Plans
- LUPs exported to a standard database used by MEFCC

Outputs WP 2:

- Manuals for the cultivation of the most relevant forest trees and fruit trees produced and distributed
- Local nurseries strengthened
- A nursery and lab for vegetative propagation of forest trees is operational

Outputs WP3:

- Restoration of degraded landscapes conducted or planned based on the SLM approach, adjusted to local conditions and needs
- an increase in vegetation cover that can form a basis for future carbon credits is recorded
- improved climate smart agricultural and agro-forestry practices are introduced to reduce the pressure on areas relevant for FLR activities
- “Green Villages” are established in the Program Area

Outputs WP 4:

- grant and incentive schemes for landscape restoration are designed
- private investors including farmers and communities are organised in user groups or out-growers schemes to raise awareness and interest in establishing commercial woodlots and plantations
- New commercial woodlots and plantations are established

Outputs WP 5:

- Awareness raised for FLR in the Program Area
- training courses and materials developed and disseminated
- Trained Trainers are conducting FLR courses in the PA
- Farmers and target groups are trained in FLR
- Selected schools in the PA are using the Education for Sustainable Development program in their education

The intended end target groups are farmers and their households as well as the broader communities in the Program Area.

2.2 The full results framework is included as Annex B to this Agreement.

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, steering documents approved by the NFG Board relevant for the Project, i.e. Mandate for the Board, and Roles and Responsibilities for the Management Unit in NFG development programs.

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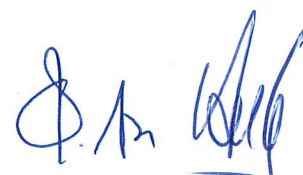
- 3.2 During the implementation of the Project, the Grant Recipient shall exercise the necessary diligence, efficiency and transparency in line with sound financial management and best practise principles.
- 3.3 The Grant Recipient shall identify, assess and mitigate any relevant risks associated with the implementation of the Project, including the risk of corruption and other financial irregularities, and any potential negative effects that the Project may have on the environment and climate, gender equality and human rights.
- 3.4 The Project will start with a six months inception phase (the Inception Phase) commencing from the signing of the Agreement. At the end of the Inception Phase, the Grant Recipient will call for a formal meeting with the MFA. The aim of the meeting will be to present i) the findings and results of the Inception Phase and ii) suggested adjustments to the Implementation plan, Results Framework, Budget and Risk Management Plan as a result of the Inception Phase. Any such adjustments have to be approved by the formal meeting in order to continue the Project as planned.

4 THE GRANT

- 4.1 The Grant shall in total amount to approximate USD 6,000,000 (Six Million US Dollars) however not exceeding NOK 51,001,199 (Fifty One Million One Thousand One Hundred and Ninety Nine Norwegian Kroner). Exchange rate is further detailed in the General Conditions' Article 8.
- 4.2 Disbursement after the current calendar year is subject to Norwegian Parliamentary appropriations.
- 4.3 The Grant 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 5% of the actual 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.

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 MFA's receipt of written disbursement requests from the Grant Recipient, describing the financial need for the period in question.
- 5.2 Financial need refers to the budgeted expenditure for the upcoming period, less 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.



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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. MFA 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/second disbursement each year is subject to the MFA's receipt and approval of the progress report and financial report.

5.6 The Grant Recipient shall have a separate bank account exclusively for grants from MFA. All disbursements will be made to the following bank account:

Name of the account:	Norwegian Forestry Group AS
Account no.:	2650 03 53006
IBAN no.:	NO91 26500353006
Name and address of the bank:	Sparebank1 Telemark, Postboks 188, 3901 Porsgrunn
Swift/BIC code:	SPTRNO22
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.

6 REPORTING AND OTHER DOCUMENTATION

6.1 The following shall be submitted by the Grant Recipient to MFA:

- a) A **progress report** covering the period from January to December shall be submitted to MFA by 31 March each year. The progress report shall include the content specified in article 2 of the General Conditions.
- b) A **financial report** covering the period from January to December shall be submitted to MFA by 31 March 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 e) of the Specific Conditions.
- c) An **audit report** covering the annual financial statements of the Project shall be submitted to MFA by 30 April 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 MFA by 30 November each year. The implementation plan and budget shall include the content listed in article 1 of the General Conditions.

A **final report** for the Support Period shall be submitted to MFA no later than 4

- e) months after the end of the Support Period. The final report shall include the content listed in article 4 of the General Conditions.

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- 6.2 If the Grant Recipient is unable to meet the deadlines set out above, MFA shall be informed immediately.
- 6.3 All implementation plans, budgets and reports shall be approved in writing by MFA unless otherwise agreed by the Parties.

7 AUDIT

- 7.1 The annual financial statements of the Project shall be audited in accordance with International Standards of Auditing (ISA) 800 ("Special considerations audits of financial statements prepared in accordance with special purpose frameworks") or 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 MFA within the deadline indicated in article 6 of the Specific Conditions.

8 FORMAL MEETINGS

- 8.1 The Parties shall hold formal meetings once per year, tentatively in May, in order to discuss i.e. the results achieved by the Project during the Support Period. The meetings shall be called and chaired by the Grant Recipient.
- 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. In the event that such reports have not been received at least 3 weeks before the meeting, the Parties shall agree upon a new date to hold the meeting.
- 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 MFA no later than two weeks after the meeting for comments. The agreed minutes shall be signed by both Parties.
- 8.4 The Parties shall hold formal meetings if/when requested by MFA. Details regarding agenda and procedures will be agreed upon by the Parties.

9 REVIEWS AND OTHER FOLLOW-UP MEASURES

- 9.1 A mid-term review focusing on progress to date/other issues relevant to the project shall be carried out by April 2019. The Grant Recipient shall draft the terms of reference for the review and submit them to MFA for approval. The costs of the review shall be included in the Project budget.
- 9.2 An end-term review focusing on results achieved by the Project/other issues relevant to the project implementation shall be carried out by November 2020. The Grant Recipient shall draft the terms of reference for the review and submit them to MFA for approval. The costs of the review shall be included in the Project budget.



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- 9.3 A field visit to the project area to monitor the progress will be made once a year at a time to be agreed upon by the Parties. The cost of such field visits will be covered by the project budget for the Grant Recipient's staff and by MFA over and above the Grant for MFA staff.
- 9.4 If the Grant Recipient or another interested party initiates a review or evaluation of activities wholly or partly funded by the Grant, MFA shall be informed. The Grant Recipient shall forward a copy of the report of any such review or evaluation to MFA 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.
- 10.2 If the total value of a contract exceeds NOK 100 000, the shortlist of suppliers and the award criteria and their weighting and the signed contract shall be submitted to MFA for information.
- 10.3 Along with the documentation mentioned above, the Grant Recipient shall confirm in writing that the requirements agreed on in this article 10 have been fulfilled.

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 more than NOK 500 shall be repaid to MFA 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:	Royal Norwegian Embassy in Addis Ababa UD, Post box 8114 Dep, 0032 Oslo, Norway
Account no.:	76940513525
IBAN no.:	NO837694 0513 525
Electronic IBAN Account number:	NO8376940513525
Name and address of the bank:	DNB Bank ASA
Swift/BIC code:	DNBANOKK BIC: DNBANOKKXXX

- 11.3 The transaction shall be clearly marked: "Unused funds" or "Interest". The name of the Grant Recipient shall be stated, along with MFA's agreement number ETH-15/0010 and agreement title "Forest Landscape Restoration (FLR).

12 SPECIAL PROVISIONS

- 12.1 The Grant Recipient shall within one year after the signing of the Agreement undertake the following:

1. Review of the actual follow-up and usage of the following templates/policies:
 - NFG's financial management manual («NFG prosjekter – finansforvaltning»)

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- Program's Temporary Action plan and related budget ("Template – Local Action Plan and budget – September 2017")
 - Request for funding ("Template – Request for funding – September 2017")
 - Expenditure Report ("Template – Local Expenditure Report – NFG September 2017")
 - Routines for informing the NFG board on project implementation progress and submitting financial reports
 - NFG's procurement protocol ("Template – NFG innkjøpsprotokoll")
 - NFG's whistle blower procedures
2. Assessment of agreements between NFG and local partners and the level of compliance between these and the Agreement.
 3. The Grant Recipient will develop guidelines for conflict of interests that also applies to local partners. These guidelines and their implementation will be assessed.
 4. NFG shall reflect its findings in a written report to be submitted to MFA within the deadline above.

12.2 Deviations from the General Conditions:

- a) The following shall be added to article 2 of the General Conditions: "Gender disaggregated data shall be provided where relevant."
- b) The following shall be added to article 11 clause 1 of the General Conditions: The Grant Recipient shall provide MFA with a template for such an agreement for information purposes before entering into an agreement with cooperating partners.
- c) General Conditions article 14 shall be replaced with the following: "The Grant Recipient shall make project documentation available to anyone upon request unless disclosure is prohibited by confidentiality obligations and/or if it may be detrimental to the Grant Recipient's legitimate interests. "Project documentation" shall include this Agreement and any contracts, cooperation agreement or other sub-agreements financed by the Grant, the Application and all agreed reports."

13 NOTICES

- 13.1 All communication to MFA concerning the Agreement shall be directed to the Norwegian Embassy in Addis Abeba at the following e-mail address: emb.addisabeba@mfa.no
- 13.2 All communication to the Grant Recipient concerning the Agreement shall be directed to NFG at the following address/e-mail address: NFG, Postboks 123, Lilleaker, 0216 Oslo, email: oystein.aasaaren@norskog.no with a copy to Chairman of the Board, Mr Arne Bardalen, e-mail arne.bardalen@nibio.no

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13.3 MFA's agreement number (ETH-15/0010) and agreement title ("Forest Landscape Restoration (FLR)") 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 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: *Addis*
Date: *22/11-2017*

Andreas Gaarder _____ *Oystein Aasaaren*

for the Norwegian Ministry of Foreign Affairs,

for Norwegian Forestry Group,

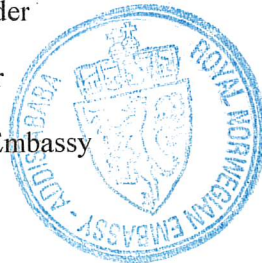
Andreas Gaarder

Oystein Aasaaren

Ambassador

Managing Director

Royal Norwegian Embassy



Attachments:

- Annex A: Approved budget for the Project
- Annex B: Results framework