

Agreement Template:	Non-Governmental Organisations	Revision no.:	4
Specific Conditions (part I)	Grant Management Regime I	Date of revision:	April 2022

GRANT AGREEMENT

BETWEEN

THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

AND

NORWEGIAN FORESTRY GROUP AS

REGARDING

ETH-21/0017

FOREST LANDSCAPE RESTORATION PROJECT- PHASE II

(FLR II)

PART I: SPECIFIC CONDITIONS

PART II: GENERAL CONDITIONS

PART III: PROCUREMENT PROVISIONS

ANNEX A: BUDGET

ANNEX B: RESULTS FRAMEWORK

Agreement Template:	Non-Governmental Organisations	Revision no.:	4
Specific Conditions (part I)	Grant Management Regime I	Date of revision:	April 2022

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.....	5
7	AUDIT.....	6
8	FORMAL MEETINGS	6
9	REVIEWS AND OTHER FOLLOW-UP MEASURES	7
10	PROCUREMENT	7
11	REPAYMENT OF INTEREST AND UNUSED FUNDS.....	7
12	SPECIAL PROVISIONS	8
13	NOTICES	8
14	SIGNATURES	8

Agreement Template:	Non-Governmental Organisations	Revision no.:	4
Specific Conditions (part I)	Grant Management Regime I	Date of revision:	April 2022

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) Norwegian Forestry Group (NFG) is a registered not-for-profit limited company duly established in Norway under registration number NO 9777 298 008 (the grant recipient).

1 SCOPE AND BACKGROUND

The Embassy has been supporting NFG in Ethiopia on Forest Landscape Restoration in Amhara Region to contribute to the 15 million landscape restoration of the global pledge by Ethiopia. The agreement was signed in 2017 and ended on 30 April 2022. Based on the results achieved in FLR I, the dialogue between Embassy and NFG it was agreed to support the second phase of the project from 2022-2025.

- 1.1 The Grant Recipient has submitted a second application to MFA dated 9 May 2022 (the Application) regarding financial support to the project titled FLR II, ETH-21/0017 (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 1 May 2022 to 30 April 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 expected results of the Project are as follows:

The Project's planned effect on society is (Impact) protecting and re-establishing forests and vegetation for socioeconomic benefits and ecosystem services.

The project has six working packages (WP) each associated with outputs

- WP 1: Exclosure areas, forest buffer zones and green corridors
- WP 2: Participatory Exclosure Management
- WP 3: Providing land ownership certificates to secure customary user rights in exclosure areas
- WP 4: Landscape restoration at village level (Green Villages)
- WP 5: Training and capacity building
- WP 6: Communication and sharing of information

Agreement Template:	Non-Governmental Organisations	Revision no.:	4
Specific Conditions (part I)	Grant Management Regime I	Date of revision:	April 2022

- 2.2 The full results framework is included as Annex B to this Agreement. The Grant Recipient shall submit a revised results framework including baselines values for approval before 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 work plan and budget.
- 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 potential negative effects of the Project in the following cases (Cross-Cutting Issues) shall always be included in the risk management of the Project:
- a) anti-corruption
 - b) climate and environment,
 - c) women's rights and gender equality, and
 - d) human rights (with a particular focus on participation, accountability, and non-discrimination)
- 3.4 Any significant deviations or changes from the Application, budgets and approved work plans are subject to MFA's prior, written approval. The following deviations/changes shall always be subject to MFA's prior written approval:
- a) changes to the Project's sources of income,
 - b) changes to the result framework or scope of the Project, except minor adjustments at the output level which are necessary to achieve agreed outcomes. Future reports must clearly reflect, explain, and justify all changes made,
 - c) any changes to the Project's annual budget that imply reallocation of more than 10% of a budget line and exceeds NOK 15 000 (fifteen thousand),

MFA may suspend disbursements of the Grant until requested changes have been approved.

4 THE GRANT

- 4.1 The Grant shall amount to maximum NOK 30 000 000 (Norwegian Kroner thirty Million).
- 4.2 Disbursement after the current calendar year is subject to Norwegian Parliamentary appropriations. Significant reductions in the Parliament's annual appropriations may lead to a reduction of the Grant for the relevant budget year and/or of the total Grant amount. If the Grant amount is reduced the Parties shall revise the work plan, budget, and results framework correspondingly, unless the Grant Recipient secures additional funding from other sources.
- 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.

Agreement Template:	Non-Governmental Organisations	Revision no.:	4
Specific Conditions (part I)	Grant Management Regime I	Date of revision:	April 2022

- 4.4 The Grant may be used to cover overheads/indirect costs up to a maximum of 5% of MFA'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.

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 first disbursement may be made upon signature of the agreement based on the approved Application. The subsequent 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. The first disbursement may include approved Project expenses incurred from the start of the Support Period.
- 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 report for the Project and a reference to the latest approved work 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. MFA may withhold disbursements in accordance with article 18 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 last disbursement each year is subject to MFA's approval of the progress report and financial report.
- 5.6 All disbursements will be made to the following bank account:
- | | |
|------------------------------|---|
| Name Of The Account | Norwegian Forestry Group AS |
| Account Number | 2650 03 55513 |
| IBAN Number | NO11 26500355513 |
| Name and address of the bank | Sparebank 1 Sørøst-Norge
Fokserødveien 12, 3241 Sandefjord |
| 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 and the exchange rate applied.

6 REPORTING AND OTHER DOCUMENTATION

Agreement Template:	Non-Governmental Organisations	Revision no.:	4
Specific Conditions (part I)	Grant Management Regime I	Date of revision:	April 2022

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

- a) A **progress report** covering the period from 1 May to 30 April shall be submitted to MFA by 31 August each year. The progress report shall include the content specified in article 2 of the General Conditions. It shall also include a section on how the national and regional stakeholders are institutionalising and taking over the project initiatives.
- b) A **financial report** covering the period from 1 May to 30 April shall be submitted to MFA by 31 August 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 MFA by 30 September 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. If the auditor submits a management letter (matters for governance attention) this shall be attached to the audit report. The management letter shall list any measures that have been taken as a result of previous Project audits and state whether such results have been adequate to deal with reported shortcomings.
- d) An updated **work plan and budget** covering the period from 1 May to 30 April shall be submitted to MFA by 31 March each year. The work plan and budget shall include the content listed in article 1 of the General Conditions.
- e) The **annual report and audit report** of the Grant Recipient's entire organisation shall be submitted to MFA for information by 31 August 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 MFA no later than 4 months after the end of the Support Period. The final report shall include the content listed in article 4 of the General Conditions.

6.2 If the Grant Recipient is unable to meet the deadlines set out above, MFA shall be informed immediately.

6.3 All work 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). The Auditor shall comply with ISA 800 (Special Considerations - Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks) / ISA 805 (Special Considerations audits of single financial statements and specific elements, accounts, or items of a financial statement) and all ISAs relevant to the Project audit. Additional requirements applicable to the auditor and the audit report are included in article 5 of the General Conditions.

8 FORMAL MEETINGS

Agreement Template:	Non-Governmental Organisations	Revision no.:	4
Specific Conditions (part I)	Grant Management Regime I	Date of revision:	April 2022

- 8.1 The Parties shall hold formal meetings once per year, tentatively in October to discuss i.a. the results achieved by the Project during the Support Period and the way forward. The meetings shall be called and chaired by the Grant Recipient.
- 8.2 The Grant recipient shall submit a draft agenda to MFA no later than two weeks before the meeting. Unless otherwise agreed, the Parties shall discuss, such as but not limited to, the latest progress report and financial report, and/or the work 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 MFA no later than two weeks after the meeting for comments. The agreed minutes shall be endorsed by both Parties.
- 8.4 The Parties shall hold additional 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 The date for an end review shall be decided on in October 2024 in consultation with the stakeholders. The Grant Recipient shall draft the terms of reference for the review and submit them to the MFA for approval. The costs of the review shall be included in the project budget.
- 9.2 The Parties will organize in-depth thematic discussions tentatively once a year to monitor the progress. If possible, this should be combined with a field visit to a Project Site. The grant recipient shall produce a report after such thematic discussion and field visit, summarising main conclusions, recommendations, and way forward. The costs of such field visits will be covered by the Project budget for the Grant Recipients' staffs and for MFA staff, by MFA over and above the Grant.
- 9.3 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 call for tenders, the procurement record and the signed contract shall be submitted to MFA for information. The Grant Recipient shall also confirm in writing that the requirements agreed on in article 10.1 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 NOK 500 or more shall in its entirety be repaid to MFA as soon as possible and at the latest within 6 months. The repayment shall include any interest which has not been used for Project purposes, and other financial gain accrued on the Grant.

Agreement Template:	Non-Governmental Organisations	Revision no.:	4
Specific Conditions (part I)	Grant Management Regime I	Date of revision:	April 2022

11.2 Repayments shall be made to the following bank account:

Name of the account: Royal Norwegian Embassy in Addis Ababa,
UD, Post Box 8114Dep.0032 Oslo, Norway
Account no.: 76940513525
IBAN no.: NO837694 0513 525,
electronic IBAN
Account number: NO8376940513525
Name of the bank: DNB Bank ASA
Swift/BIC code: DNBANOKK BIC DNBANOKKXXX

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

12 SPECIAL PROVISIONS

Deviations from the General Conditions:

- a) The following shall be added to article 2 clause 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 copy of any sub-agreement for information.

13 NOTICES

- 13.1 All communication to MFA concerning the Agreement shall be directed to the Embassy at the ng address/e-mail address: emb.addisabeba@mfa.no
- 13.2 All communication to the Grant Recipient concerning the Agreement shall be directed to the Director General/CEO at the following address/e-mail address: NFG, postboks 123,0216 Oslo, email terje.hoel@norskog.no

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 in the English language has been signed by both Parties. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.

Agreement Template:	Non-Governmental Organisations	Revision no.:	4
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Place: Addis Ababa

Date: July 13, 2022



P.P. For the Norwegian Ministry of Foreign Affairs

Merete Lundemo

Ambassador

Royal Norwegian Embassy in Addis Ababa

For Norwegian Forestry Group

Terje Hoel

CEO

Attachments:

Annex A: Approved budget for the Project

Annex B: Performance Measurement Framework