Rainforest Alliance, Inc
665 Broadway, Suite 500 - New York, NY 10012
United States
Hannah Ward

Arkivkoja/ File no: 822.1
Vår ref./ Our ref.: 2000456-13
Deres/Dykkar ref./ Your ref.: Vår saksbehe/ Enquiries:
Guro Glavin

Date/ Date: 30.04.2021

QZA-0951 QZA-21/0127 Grant Notification Letter Regarding “Scaling up deforestation-free and responsible commodity supply chains” - Rainforest Alliance, Inc

Reference is made to your application received 14 May 2020 regarding support to the project “Scaling up deforestation-free and responsible commodity supply chains”. Norad is pleased to inform you that we find the proposal acceptable and have decided to support the proposal with a grant not exceeding NOK 25 000 000 for the project for the period 2021-2025.

The decision to support Rainforest Alliance, Inc with funding is in accordance with guidelines in the Parliamentary Bill 1 (Prop S1) (2020-2021), and the Ministry of Climate and Environment’s Allocation Letter 1 to Norad dated 21 December 2020 and current regulations for grants under the Norwegian Climate and Forest Initiative.

The support is granted on the condition that an agreement is signed by the grant recipient and Norad. Attached is the agreement with Norad’s signature. Due to persistent limitations related to Covid-19, entering into the agreement will be executed in the following manner:

1. Norad request the grant recipient to print the grant agreement documents (Part I with annex A and annex B, Part II and Part III) in two versions.

2. Initial all pages and sign the hard copy of the documents before returning one original scanned version of the documents to the following email addresses: postmottak@norad.no with a copy to guro.glavin@norad.no.

3. Return one (1) original signed Grant Agreement to Norad via the following address:

Norad
Civil Society Department
P.O. Box 8034 Dep
0030 Oslo
Norway

Grants beyond the current calendar year are subject to Parliamentary appropriations. Annual grants for the years 2021-2025 will be confirmed as part of approval of annual plan and budget, after the Parliament has adopted the state budget and Norad has received Allocation Letter 1 for the financial year.

In accordance with what is stated in the attached agreement, the grant recipient is responsible to Norad for the grant to be used in accordance with the conditions set out in the Agreement. Please take special note of clause 5.9-5.11 and 11.1-11.5 in the General Conditions regarding transfer of
grants to cooperating partners. In line with the guidelines which apply to Norad's grant schemes, including zero tolerance for corruption and other financial fraud, funding that have been misused or cannot be accounted for in a satisfactory manner is required to be refunded in whole or in part (see https://www.norad.no/en/front/about-norad/whistleblowing/).

Please state the agreement number in all inquiries and all correspondence regarding the grant, including disbursement requests and the repayment of unused funds.

The decision can be appealed to the Ministry of Foreign Affairs in accordance with Chapter VI of the Public Administration Act. The complaint must be submitted to Norad in writing within three weeks from the date of notification of the decision received. The grant recipient is entitled to access the documents in the case in accordance with the Public Administration Act §§ 18-19. Any complaint must be justified.

Please do not hesitate to contact us should you have any questions.

We look forward to our partnership.

Yours sincerely,

Inger Brodal
Assistant Director

Guro Glavin
Senior Advisor

This document has been electronically approved and requires no signature.

Liste over mottakere/ Recipients:
Rainforest Alliance, Inc
Rainforest Alliance, Inc - Hannah Ward
GRANT AGREEMENT

between

The Norwegian Agency for Development Cooperation

and

Rainforest Alliance, Inc

regarding

Scaling up deforestation-free and responsible commodity supply chains,
QZA-21/0127

***

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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) Rainforest Alliance, Inc, a Non-profit duly established in US under registration number 13-3377893 (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 14 May 2020 (the Application) regarding financial support to the “Scaling up deforestation-free and responsible commodity supply chains”, QZA-21/0127 (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 May, 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: Commodity markets stimulate deforestation-free production in tropical forest countries
- NICFI Outcome: Increased transparency in land management, land use, value chains and financing
- NICFI Outcome: Effective international incentive structures for reduced deforestation in tropical forest countries
- NICFI Outcome: Improved rights and livelihoods for indigenous peoples and local communities in tropical forest countries
- NICFI Outcome: Financial markets stimulate deforestation-free commodity production in tropical forest countries

2.2 The expected results of the Project are as follows:

The Project’s expected effect(s) on society (Impact) is to reduce commodity-driven deforestation, conversion, and human rights violations, including by fostering enabling conditions that favour such improvements.
The expected effects for the target group of the Project (Outcome) are:

- Outcome 1: The Accountability Framework and its elements are adopted or incorporated by international and demand-side actors to improve policies, practices, and monitoring systems for ethical supply chains in the agriculture and forestry sectors.

- Outcome 2: Key accountability initiatives align their methodologies and strategies with one another and with the Accountability Framework to provide clear and common performance expectations, facilitate systematic progress tracking, and leverage assessment results to influence decisions of supply chain actors and financial institutions.

- Outcome 3: The Accountability Framework is maintained as a practical and up-to-date global reference for ethical supply chains, with progressively greater utility to companies and other target users based on refinements made in response to their feedback, identified needs, and the evolving external contexts related to commodity supply chains, forests, ecosystems, climate change, and human rights.

The intended target groups are companies, service providers, peer sustainable initiatives, governments, and civil society globally.

2.3 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 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 25 000 000 (Norwegian Kroner Twenty-Five million).
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 5 000 000 NOK
2022 5 000 000 NOK
2023 5 000 000 NOK
2024 5 000 000 NOK
2025 Up to 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 second disbursement in the first year of the Project shall be subject to Norad’s receipt and approval of the updated project documents.

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 All disbursements will be made to the following bank account:

<table>
<thead>
<tr>
<th>Name of the Account:</th>
<th>Rainforest Alliance Inc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account number:</td>
<td>009429166450</td>
</tr>
<tr>
<td>Name and Address of the bank:</td>
<td>Bank of America Merrill Lynch, 100 N Tryon St Charlotte, NC 28202</td>
</tr>
<tr>
<td>SWIFT code:</td>
<td>BOFAUS6S</td>
</tr>
<tr>
<td>Currency of the account:</td>
<td>USD account</td>
</tr>
</tbody>
</table>

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 November 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 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 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.

7 AUDIT

7.1 The annual financial statements of the Project shall be audited in accordance with the country’s national auditing standards which are equivalent to International Standards of Auditing (ISA).

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 in the third year of the project and be submitted to Norad along with a management response 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.

9.1 An organisational assessment focusing on the Grant Recipients internal control systems shall be carried out by 2024. The costs of the assessment shall be covered by Norad over and above the Grant.

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.

10.2 If the total value of a contract exceeds NOK 500,000 the procurement record and the signed contract shall be submitted to Norad for information.

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:

<table>
<thead>
<tr>
<th>Name of the account:</th>
<th>Norad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account no.:</td>
<td>7694 05 14815</td>
</tr>
<tr>
<td>IBAN no.:</td>
<td>NO31 7694 05 14 815</td>
</tr>
<tr>
<td>Name and address of the bank:</td>
<td>DnB ASA, 0021 Oslo, Norway</td>
</tr>
<tr>
<td>Swift/BIC code:</td>
<td>DNBANOKK</td>
</tr>
</tbody>
</table>

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 25,000 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 Article 9 clause 2 of the General Conditions shall be replaced with the following: “Norad shall have a non-exclusive and royalty-free license to use all intellectual property rights procured or developed by the use of the Grant for non-commercial purposes. Norad may assign this right to any individual or organisation under the same conditions.”

12.5 The following provision in the General Conditions shall not apply: Section 14.1 letter c).

13 NOTICES

13.1 All communication to Norad concerning the Agreement shall be directed to the Department for Civil Society and the Private Sector at the following address/e-mail address: asp.norad-Post@norad.no.

13.2 All communication to the Grant Recipient concerning the Agreement shall be directed to Hannah Ward at the following address/e-mail address: hward@ra.org and info@ra.org.
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, Norway
Date: 29 April 2021

[Signature for the Norwegian Agency for Development Cooperation, Inger Brodal, Assistant Director, Department for Civil Society and the Private Sector]

[Signature for Rainforest Alliance, Inc, Alik Hinckson, Chief Financial Officer, Rainforest Alliance, Inc]

Attachments:
Annex A: Approved budget for the Project
Annex B: Results framework
<table>
<thead>
<tr>
<th>PROJECT TITLE:</th>
<th>Scaling up deforestation-free and responsible commodity supply chains NAME OF ORGANIZATION:</th>
<th>Rainforest Alliance Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUDGET CURRENT:</td>
<td>US Dollar</td>
<td></td>
</tr>
<tr>
<td>DIRECT PROJECT COSTS (Based on cost-outlays)</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>Salaries (Løn/nødvendigh)</td>
<td>128 691</td>
<td>145 188</td>
</tr>
<tr>
<td>Travel (Reisekostnader)</td>
<td>707 794</td>
<td>726 558</td>
</tr>
<tr>
<td>Consultants and other external services (Kostnader til tjenester og andre eksterne tjenester)</td>
<td>306 890</td>
<td>378 200</td>
</tr>
<tr>
<td>Materials, equipment, vehicles etc. (Materialer, udstyr, transport tilhører m.m.)</td>
<td>1 500</td>
<td>1 500</td>
</tr>
<tr>
<td>Other direct activity costs (Andre kostnader tilhørende projektet)</td>
<td>50 500</td>
<td>50 500</td>
</tr>
<tr>
<td>Audits and external evaluations (Revisjon og eksterne evaluering)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL DIRECT PROJECT COSTS</td>
<td>1 275 583</td>
<td>1 383 938</td>
</tr>
<tr>
<td>DIRECT PROJECT COSTS BY COUNTRY</td>
<td>(Required information for aid management purposes)</td>
<td></td>
</tr>
<tr>
<td>Country (Total)</td>
<td>1 275 583</td>
<td>1 383 938</td>
</tr>
<tr>
<td>N/A</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL DIRECT PROJECT COSTS</td>
<td>1 275 583</td>
<td>1 383 938</td>
</tr>
<tr>
<td>GRANT AWARD/AMOUNT</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>Total funding for the project</td>
<td>1 396 524</td>
<td>6 839 613</td>
</tr>
<tr>
<td>Total funded by us (ID)</td>
<td>136 303</td>
<td>447 613</td>
</tr>
<tr>
<td>TOTAL NORMAL GRANT AMOUNT</td>
<td>1 396 524</td>
<td>6 839 613</td>
</tr>
</tbody>
</table>
# RESULTS FRAMEWORK for NICFI application Scaling up deforestation-free and responsible commodity supply chains and associated project The Accountability Framework initiative (AFI) Phase 2

<table>
<thead>
<tr>
<th>Results level</th>
<th>Expected result</th>
<th>Indicators</th>
<th>Baseline &amp; Target Indicator Values</th>
<th>Data sources</th>
<th>Methodology for data collection</th>
<th>Comments, incl. responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>NICFI OUTCOME: Commodity markets stimulate deforestation-free production in tropical forest countries</td>
<td></td>
<td>Indicator N1: % share (by volume) of tropical-origin soy, pulp &amp; timber, beef, palm oil, and rubber produced, traded, or purchased by companies that substantially align with the Accountability Framework for deforestation-free practices/outcomes&lt;sup&gt;a&lt;/sup&gt;</td>
<td>Dec. 2020</td>
<td>Dec. 2021</td>
<td>Dec. 2022</td>
<td>Dec. 2023</td>
</tr>
<tr>
<td>NICFI OUTCOME: Increased transparency in land management, land use, value chains and financing</td>
<td></td>
<td>Indicator N2: # of supply chain companies reporting and/or being assessed according to common, robust, and transparent methods aligned with the Accountability Framework</td>
<td>Est. 450</td>
<td>600</td>
<td>800</td>
<td>1000</td>
</tr>
</tbody>
</table>

<sup>a</sup> Determination of which companies "substantially align" with the Accountability Framework for deforestation-free practices/outcomes will be based on specific criteria that follow from the outcome tracking approach for the current NICFI grant for AFI (KLD 17/578 and its Addendum). These criteria may be refined during the project period to incorporate improved information from the indicated data sources.

<sup>b</sup> Baseline values will be calculated for each of the five forest-risk commodities listed in the indicator description. Baseline values (denoted as "n") will be calculated upon approval of the project, as this requires considerable new analysis and will be more feasible by late 2020 based on Framework-aligned data expected to be available then (e.g., from the partners listed in the next footnote).

<sup>c</sup> Annual targets shown here are indicative values denoted as multipliers of the baseline "n". When the baseline values are calculated, the annual targets for 2021-2024 will also be reviewed in consideration of the baseline values. In sectors where the baseline is already relatively high (e.g., palm oil), the multipliers may be lower than those indicated in the table, while in sectors where it is low (e.g., cattle and rubber), multipliers may be higher than those indicated.

<sup>d</sup> These include CDP Forests, Forest 500, Supply Change, ZSL-SPOTT, Trase, and the NYDF Goal 2 Assessment (coordinated by Climate Focus).

<sup>e</sup> In the interest of efficiency and rigor, this methodology will be coordinated, and may be co-developed, with other efforts to do synthetic tracking of commodity supply chains and deforestation, such as the NYDF Goal 2 Assessment. The AFI is already in conversations with Climate Focus toward this end.
<table>
<thead>
<tr>
<th>Results level</th>
<th>Expected result</th>
<th>Indicators</th>
<th>Baseline &amp; Target Indicator Values</th>
<th>Data sources</th>
<th>Methodology for data collection</th>
<th>Comments, incl. responsibility</th>
</tr>
</thead>
</table>
| NICFI OUTCOME: Effective international incentive structures for reduced deforestation in tropical forest countries  
this is a secondary outcome advanced by the project (through Outcomes 1, 2, and 3) | Tracked via Indicator 18:  
# of organizations, initiatives, and policy/standard-setting processes that apply the Framework to establish effective international incentive structures for reduced deforestation | | | | | | | | tracked by multiple systems | will be especially useful. |
| NICFI OUTCOME: Improved rights and livelihoods for indigenous peoples and local communities in tropical forest countries  
this is a secondary outcome advanced by the project (through Outcomes 1 and 3) | | | | | | | | | |
| As indicated in the Theory of Change, this is a broader impact resulting from the Afi’s direct and intermediate outcomes, insofar as the adoption of ethical supply chains resulting from the project will lead to improved IP/LC rights and livelihoods over time, but not always in a linear and directly attributable manner. Accordingly, this broader impact not very amenable to quantitative target-setting and tracking, but rather will be evaluated by the project’s monitoring, evaluation, and learning (MEL) system, as described in the section of the application entitled applicant’s system for results management. | | | | | | | | | |
| NICFI OUTCOME: Financial markets stimulate deforestation-free commodity production in tropical forest countries  
this is a secondary outcome advanced by the project (through Outcome 2) | Indicator N3: # of data sources, analytical tools, and campaign efforts aimed at financial markets that use Framework-aligned common expectations and data on company performance to drive financial market decisions and incentives to favor deforestation-free commodities | 2 | 4 | 6 | 7 | 8 | 9 | Information on such data sources, analytical tools, and campaign efforts that are publicly available or furnished by their owners | Collection and analysis of such information | The Afi is working with partners such as Global Canopy and Ceres to ensure that consistent expectations and data on deforestation-related risk, commitments, actions, and outcomes is factored into lending and investment decision-making. |
<table>
<thead>
<tr>
<th>Results level</th>
<th>Expected result</th>
<th>Indicators</th>
<th>Baseline &amp; Target Indicator Values</th>
<th>Data sources</th>
<th>Methodology for data collection</th>
<th>Comments, incl. responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROJECT OUTCOME 1: The Accountability Framework and its elements are adopted or incorporated by international and demand-side actors to improve policies, practices, and monitoring systems for ethical supply chains¹ in the agriculture and forestry sectors. This is specified further as Outcomes 1A and 1B:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROJECT OUTCOME 1A: International companies (i.e., retailers, manufacturers, and traders with international reach) improve their supply chain policies, practices, and monitoring systems to adopt or intentionally align with the Accountability Framework's norms, guidance, and definitions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator 1A: # of companies; degree and nature of Framework adoption or alignment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>70&lt;sup&gt;h&lt;/sup&gt;</td>
<td>90&lt;sup&gt;h&lt;/sup&gt;</td>
<td>105&lt;sup&gt;h&lt;/sup&gt;</td>
<td>120&lt;sup&gt;h&lt;/sup&gt;</td>
<td>135&lt;sup&gt;h&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>AFI’s internal uptake tracking, which consolidates results across the entire AFI coalition; information is updated continually</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of uptake from published documents (e.g., company policies), AFI coalition members, and other sources</td>
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<tr>
<td>In addition to tracking # of companies and other organizations adopting or aligning with the Framework, the AFI will analyze uptake as % of total global production volume for key commodity sectors (Indicator N1). It will also assess broader impacts of uptake, as described in the section on applicant’s system for results management.</td>
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<tr>
<td>PROJECT OUTCOME 1B: Key standards, roundtables, sector initiatives, service providers, NGOs, and government or multi-stakeholder policy processes incorporate or intentionally align with the Accountability Framework’s norms, guidance, and definitions</td>
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<tr>
<td>Indicator 1B: # of organizations and initiatives; degree and nature of Framework adoption or alignment</td>
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<tr>
<td>20</td>
<td>30&lt;sup&gt;h&lt;/sup&gt;</td>
<td>35&lt;sup&gt;h&lt;/sup&gt;</td>
<td>40&lt;sup&gt;h&lt;/sup&gt;</td>
<td>45&lt;sup&gt;h&lt;/sup&gt;</td>
<td>50&lt;sup&gt;h&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>AFI’s internal uptake tracking, which consolidates results across the entire AFI coalition; information is updated continually</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Evidence of uptake from published documents (e.g., certification standards, government policy), AFI coalition members, and other sources</td>
<td></td>
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<td></td>
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<tr>
<td>PROJECT OUTPUT 1.1: AFI Backbone Team, coalition members, and other replicators engage international companies to identify and pursue specific</td>
<td></td>
<td></td>
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<tr>
<td>Indicator 1.1a: # of companies engaged to strengthen supply chain policies, practices, and monitoring systems</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>60</td>
<td>110</td>
<td>140</td>
<td>160</td>
<td>180</td>
<td>200</td>
<td></td>
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<tr>
<td>AFI’s internal uptake tracking, which monitors engagement and steps toward uptake across the entire</td>
<td></td>
<td></td>
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<tr>
<td>Routine tracking of target user engagement; tracking data</td>
<td></td>
<td></td>
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<tr>
<td>Engagement will be achieved through bilateral outreach, service providers, industry associations,</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

¹ Ethical supply chains (also referred to as "responsible supply chains") signify commodity production, trade, and finance that are free from recent deforestation or conversion and that fully respect the rights of indigenous peoples, local communities, and workers.

² This indicator complements Indicator N1 to provide a full picture of the initiative’s effect on company policies, practices, monitoring, and outcomes. Specifically, Indicator 1A tracks the number of companies implementing key improvements while indicator N1 provides an aggregate picture of the total scaled effect at a sector-wide level (considering that some companies are larger than others).

³ Throughout the Results Framework, quantitative targets are cumulative values, except where noted. Degree and nature of adoption/alignment by companies (Indicator 1A) and other international users (indicator 1B) also increases year-on-year, as per the initiative’s detailed uptake tracking.
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>opportunities to strengthen ethical supply chains in line with the Accountability Framework (see Implementation Plan Activity Area 1 for specific activities and roles supporting this output)</td>
<td><strong>Indicators</strong></td>
<td>30</td>
<td>45</td>
<td>50</td>
<td>55</td>
<td>60</td>
<td>65</td>
<td>Same as prior row</td>
<td>Same as prior row</td>
<td>Engagement will be achieved through bilateral outreach, participation in sanctioned policy- or standard-setting processes, and other channels. This output is a means to drive application of the Framework by the stated target groups (Outcome 1B).</td>
<td></td>
</tr>
<tr>
<td><strong>PROJECT OUTPUT 1.2:</strong> AFI Backbone Team, coalition members, and other replicators engage key standards, roundtables, sector initiatives, NGOs, and government or multi-stakeholder policy processes to identify and pursue specific opportunities to strengthen the enabling environment for ethical production and trade</td>
<td><strong>Indicator 1.2a:</strong> # of target users from the stated categories engaged to strengthen the enabling environment for ethical production and trade</td>
<td>10</td>
<td>12</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>AFI coalition; information is updated continually as engagement occurs</td>
<td>AFI team tracks production and completion of these materials</td>
<td>Summarized data (relative to the stated indicators) based on completion of these materials</td>
<td></td>
</tr>
<tr>
<td><strong>PROJECT OUTPUT 1.3:</strong> Communications and supporting resources, which serve to: a) highlight the Framework’s value propositions to all target user groups; and b) facilitate application of the Framework for its intended use cases, including by companies that have more basic levels of knowledge and capacity for implementation</td>
<td><strong>Indicator 1.3a:</strong> # of training materials, supporting tools, and compelling case examples readily available to users</td>
<td>20</td>
<td>32</td>
<td>44</td>
<td>56</td>
<td>68</td>
<td>80</td>
<td>AFI team tracks production and completion of these materials</td>
<td>Summarized data (relative to the stated indicators) based on completion of these materials</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Indicator 1.3b:</strong> # of articles, podcasts, videos, and other communications products on what the</td>
<td></td>
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</table>

1 These quantitative targets are not cumulative, as materials will be updated or superseded as needed to maximize current value to users. Package of materials will be continually adapted in response to user feedback and opportunities to drive greater uptake.

2 New materials targeted to address user needs, interests, and value propositions to optimize uptake of the Framework and to position it relative to the evolving context for sustainability and soft commodities.
<table>
<thead>
<tr>
<th>Results level</th>
<th>Expected result</th>
<th>Indicators</th>
<th>Baseline &amp; Target Indicator Values</th>
<th>Data sources</th>
<th>Methodology for data collection</th>
<th>Comments, incl. responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(These outputs support Outcomes 1A, 1B, and 2.)</td>
<td>Framework is, what value it offers to users, how to apply it, and how it fits in the broader context of sustainability and soft commodities</td>
<td>Indicator 1.3c: AFI online platform is maintained and improved in response to user feedback to optimize user experience, highlight value propositions, share successful examples of the Framework’s application, and facilitate Framework uptake (binary indicator)</td>
<td>YES</td>
<td>Monitoring, reporting, and assessment methodologies of relevant reporting, assessment, and accountability initiatives</td>
<td>This outcome is a collective result of the project and the work of several partner accountability initiatives. The AFI contributes by (among others) maintaining and managing the AFI platform.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indicator 1.3d: # of key events, webinars, and similar outreach episodes through which Framework is presented and promoted to target users</td>
<td>20</td>
<td>32</td>
<td>44</td>
<td>56</td>
</tr>
<tr>
<td>PROJECT OUTCOME 2: Key accountability initiatives align their methodologies and strategies with one another and with the Accountability Framework to provide clear and common performance expectations, facilitate systematic progress tracking, and leverage</td>
<td>Indicator 2A: # of relevant accountability initiatives using the Framework and the Framework-aligned Common Methodology to guide reporting and assessment methods, drive robust</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Results level</td>
<td>Expected result</td>
<td>Indicators</td>
<td>Baseline &amp; Target Indicator Values</td>
<td>Data sources</td>
<td>Methodology for data collection</td>
<td>Comments, incl. responsibility</td>
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<tr>
<td></td>
<td>assessment results to influence decisions of supply chain actors and financial institutions</td>
<td>accountability, and spur decision-making to favor deforestation-free and responsible supply chains and finance</td>
<td>0</td>
<td>1</td>
<td>At least 1</td>
<td>At least 1</td>
</tr>
<tr>
<td>PROJECT OUTPUT 2.1: The AFI-led Common Methodology (CM) is expanded to include new outcome and impact indicators to track on-the-ground impacts of supply chains, and the CM is regularly refined via a collaborative process to continue to embody current best practice and support alignment across the reporting and assessment community</td>
<td>Indicator 2.1a: Number of updates to the CM to serve as a common basis for aligned accountability systems (cumulative total)</td>
<td>4</td>
<td>8</td>
<td>12</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>PROJECT OUTPUT 2.2: Assessment results based on the Accountability Framework and CM are strategically used to highlight successes and failures related to ethical supply chains, inform decision-making (e.g., of commodity buyers and financial institutions), and drive more powerful incentives for strong</td>
<td>Indicator 2.2a: # of public-facing or market-facing reports, scorecards, advocacy initiatives, or company- or investor-facing tools that draw upon AFI-aligned assessments to raise awareness, instigate action, or</td>
<td>4</td>
<td>8</td>
<td>12</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>Results level</td>
<td>Expected result</td>
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<td>----------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
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<tr>
<td>ESG performance by systematically recognizing good performers and calling attention to poor performers</td>
<td>inform business decision-making (cumulative total)</td>
<td></td>
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</tbody>
</table>

| PROJECT OUTCOME 3: The Accountability Framework is maintained as a practical and up-to-date global reference for ethical supply chains, with progressively greater utility to companies and other target users based on refinements made in response to their feedback, identified needs, and the evolving external contexts related to commodity supply chains, forests, ecosystems, climate change, and human rights |

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</thead>
<tbody>
<tr>
<td>Indicator 3A: Demonstration of the Framework's utility via its adoption by companies and other target users; such adoption is measured specifically by indicators 1A, 1B, and 2A</td>
<td>Please see the respective targets for indicators 1A, 1B, and 2A.</td>
<td>Please see data sources for the respective indicators cited.</td>
<td>Please see methodology for the respective indicators cited.</td>
<td>Adoption of the Framework by its intended users to improve practices and enabling environment for ethical supply chains is the best indicator of the Framework's value. Therefore, this outcome will be assessed by using indicators for the other three project outcomes.</td>
<td></td>
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</table>

<p>| PROJECT OUTPUT 3.1: Updated versions of the Framework that address user feedback and provide current best practice guidance on the essential aspects of goal-setting, implementation, monitoring, and reporting for ethical supply chains | Indicator 3.1a: Number of updated releases of the Accountability Framework that incorporate critical new details and/or topics to continue to position the Framework as the go-to guide for ethical supply chains (cumulative total) | 0 | 1 | At least 1 | At least 1 | At least 2 | At least 2 | Published updated versions of the Framework | Count of the number of updates to the Framework |</p>
<table>
<thead>
<tr>
<th>Results level</th>
<th>Expected result</th>
<th>Indicators</th>
<th>Data sources</th>
<th>Methodology for data collection</th>
<th>Comments, incl. responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROJECT OUTPUT 3.2: Analyses of the relationship between the Accountability Framework and selected other standards, initiatives, policies, and tools to clarify degree of alignment and highlight complementarity to meet ethical supply chain goals</td>
<td>Indicator 3.2a: Number of other standards, initiatives, policies, and tools analyzed and addressed in this way (cumulative total)</td>
<td>Dec. 2020</td>
<td>Dec. 2021</td>
<td>Dec. 2022</td>
<td>Dec. 2023</td>
</tr>
</tbody>
</table>

1 Pre-existing analyses will also be updated as needed to reflect changes in the counterpart standard / tool / policy and/or in the Framework itself.
PART II: GENERAL CONDITIONS
APPLICABLE TO GRANTS FROM
THE NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION

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19 WAIVER AND IMMUNITIES .................................................... 10
20 LIABILITY ................................................................. 10
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23 ENTRY INTO FORCE, DURATION AND AMENDMENT ................ 11
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1 IMPLEMENTATION PLAN AND BUDGET

1.1 Any updated implementation plan to be submitted in accordance with the Specific Conditions shall be directly related to the results framework and shall specify planned activities and outputs and time schedules for the upcoming reporting period.

1.2 Any updated budget to be submitted in accordance with the Specific Conditions shall be based on the approved budget in Annex A and include estimated income to the Project from all sources as well as planned expenditures for the upcoming reporting period. The estimated financial need of the Project in the upcoming reporting period shall be clearly stated.

1.3 Significant deviations from or changes to the implementation plan and budget is subject to Norad's prior, written approval as outlined in article 12 of the General Conditions.

2 PROGRESS REPORT

2.1 Any progress reports to be submitted in accordance with the Specific Conditions shall describe the results achieved by the Project during the reporting period. The report shall be set up in a way that allows direct comparison with the latest approved Application, implementation plan and budget, and shall be signed by an authorised representative of the Grant Recipient.

2.2 The progress reports shall, as a minimum, include:

   a) an account of the results achieved so far by the Project, using the format, indicators and targets of the approved results framework. The overview must:
      - show delivered main outputs compared to planned outputs;
      - show the Project's progress towards achieving the Outcome;
      - if possible, describe the likelihood of the Impact being achieved.
   b) an account and assessment of deviations from the latest approved implementation plan and Application;
   c) an assessment of how efficiently Project resources have been turned into Outputs;
   d) a brief update on the risk management of the Project, including:
      - any new risk factors;
      - how materialized risks have been handled in the reporting period;
      - the effectiveness of mitigating measures;
      - how risks will be handled going forward.

The update shall include both risks affecting Project achievements and the risks for negative consequences from the Project on its surroundings. Potential negative effects on the cross-cutting issues as referred to in the Specific Conditions article 3 shall always be accounted for.

3 FINANCIAL REPORT

3.1 Any financial report to be submitted in accordance with the Specific Conditions shall comprise financial statements with a comparison to the latest approved budget for the reporting period, as well as an identification of any deviations from the budget as per clause 3.3 below. The financial report shall be certified by the financial controller (or equivalent) as well as an authorised representative of the Grant Recipient.

3.2 The financial statements shall be set up in a way that allows for direct comparison with the latest approved budget, using the same currency and budget line items. They shall, as a minimum, include:

   a) the accounting principles applied;
b) income from all sources, including bank interest. Norad’s contribution shall be specified;
c) expenses charged/capitalised in the relevant reporting period;
d) expenses charged/capitalised from start-up of the Project to the end of the reporting period;
e) unused funds as per the reporting date;
f) overhead/indirect costs to be covered by the Grant in accordance with article 4 of the Specific Conditions;
g) balance sheet, when required in accordance with the accounting principles applied;
h) explanatory notes including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Project.

3.3 Deviations from the approved budget shall be highlighted with information about both nominal amounts and percentage of each deviation. The Grant Recipient shall include a written explanation of any deviations amounting to more than 10% from a budget line.

4 FINAL REPORT

4.1 The final report to be submitted in accordance with the Specific Conditions shall describe the results achieved by the Project during the Support Period. The report shall be set up in a way that allows for a direct comparison with the Application, and shall be signed by an authorised representative of the Grant Recipient.

4.2 The final report shall, as a minimum, include:

   a) the items listed for the progress reports described in article 2 of the General Conditions, covering the entire Support Period;
   b) an assessment of the Project’s effect on society (Impact);
   c) a description of the main lessons learned from the Project;
   d) an assessment of the sustainability of the achieved results by the Project.

5 AUDIT

5.1 If an audit of the Project’s financial statements is required pursuant to the Specific Conditions, the audit shall be carried out by an independent chartered/certified or state-authorised public accountant (auditor).

5.2 Norad reserves the right to approve the auditor, and may require that the auditor shall be replaced if Norad finds that the auditor has not performed satisfactorily or if there is any doubt as to the auditor's independence or professional standards.

5.3 The auditor shall form an opinion on whether the Project’s financial statements fairly reflect the financial position of the Project and whether they are prepared, in all material respects, in accordance with the applicable financial reporting framework, namely:

   a) the accounting principles followed by the Grant Recipient and;
   b) the requirements of article 3 clause 2 of the General Conditions.

5.4 The auditor shall report in accordance with the applicable audit standards, as agreed in the Specific Conditions.

5.5 The audit report shall include:

   a) the Project name and agreement number;
   b) identification of the Project’s total expenses and total income;
   c) the subject of the audit;
d) the financial reporting framework applied;

e) the auditing standards applied;

f) a statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement;

g) the auditor’s opinion.

5.6 In addition to the Project’s audit report, the auditor shall submit a management letter (matters for governance attention), which shall contain any findings made during the audit of the Project. It shall also list any measures that have been taken as a result of previous audits and whether such measures have been adequate to deal with reported shortcomings.

5.7 If any findings have been reported in the Project’s management letter, the Grant Recipient shall prepare a response including an action plan to be submitted to Norad together with the management letter.

5.8 The costs of the audit of the Project’s financial statements shall be included in the Project’s budget.

5.9 The audit requirements stated in this Agreement are applicable for the total Grant, including any part of the Grant that has been transferred to a cooperating partner.

5.10 The auditor of the Project’s consolidated financial statement is responsible for the direction, supervision and performance of the audit of any part of the Grant that has been transferred to a cooperating partner. The auditor shall assure itself that those performing the audit for cooperating partners have the appropriate qualifications, that the audit is in compliance with professional standards, and that the audit report is appropriate under the circumstances.

5.11 The auditor of the Project’s consolidated financial statement shall express an opinion on whether the statement is prepared, in all material respects, in accordance with the requirements of this Agreement. To this end, the auditor shall obtain sufficient appropriate audit evidence regarding the financial statements of the cooperating partner and the consolidation process.

6 CONTROL MEASURES

6.1 Representatives of Norad and the Norwegian Auditor General may at all times carry out independent reviews, audits, field visits or evaluations or other control measures related to the Project. The objective of such control measures may be i.a to verify that the Grant has been used in accordance with the Agreement or to evaluate the achievement of results.

6.2 The Grant Recipient shall facilitate such control measures by providing all information and documentation necessary to carry out the relevant initiative, as well as ensuring unrestricted access to any premises, records, goods and documents requested.

6.3 The representatives of Norad and the Norwegian Auditor General shall also have access to the Grant Recipient’s auditor and the auditor’s assessments of all information pertaining to the Grant Recipient and the Project. The Grant Recipient shall release the auditor from any confidentiality obligations in order to facilitate such access.

6.4 The rights and obligations of this article 6 shall remain in force for 5 years following expiry or termination of the Agreement, whichever occurs later.
7 FINANCIAL MANAGEMENT

7.1 The Grant Recipient shall keep accurate accounts of the Project’s income and expenditure using an appropriate accounting- and double-entry book-keeping system\(^1\) in accordance with the applicable accounting- and bookkeeping policies in the jurisdiction of the Grant Recipient.

7.2 The accounts shall be kept up to date at least on a monthly basis. Bank reconciliations\(^2\) and cash reconciliations\(^3\) shall be completed at least every month, and shall be documented by the Grant Recipient.

7.3 Accounts and expenditures relating to the Project must be easily identifiable and verifiable, either by using separate accounts for the Project or by ensuring that Project expenditure can be easily identified and traced within the general accounting- and bookkeeping systems. The accounts must provide details of bank interest accrued on the Grant.

7.4 The Grant Recipient shall keep the Project’s accounting records for at least 5 years from the time of Norad’s approval of the final report for the Project. This shall include i.a. vouchers, receipts, contracts and bank statements.

8 EXCHANGE RATE FLUCTUATIONS

8.1 If the Grant is converted into another currency, the exchange shall be made through a national or commercial bank unless otherwise approved by Norad. Exchange rates must be stated to four decimal places.

8.2 If exchange rate fluctuations decrease the value of the Grant to such an extent that this will have consequences for the implementation of the Project, the Grant Recipient shall inform Norad as soon as possible.

8.3 If exchange rate fluctuations increase the value of the Grant, the gain shall be treated as disbursed Grant funds and used for Project purposes. Net surplus from conversion into foreign currency shall be subtracted from future disbursements or repaid as unused funds at the end of the Support Period, unless otherwise agreed between the Parties.

9 EQUIPMENT, CONSUMABLES AND INTELLECTUAL PROPERTY RIGHTS

9.1 The right of ownership to equipment, consumables and intellectual property rights procured or developed by use of the Grant shall vest in the Grant Recipient or its cooperating partner, unless otherwise stated in the Application. All matters associated with such equipment, consumables and intellectual property rights are the exclusive responsibility of the Grant Recipient. However, significant use of such equipment, consumables and intellectual property rights for purposes

---

1 A double-entry bookkeeping a system is system of bookkeeping where every entry to an account requires a corresponding and opposite entry to a different account.
2 Bank reconciliation is a process of verifying whether the sum found in the bank statements at the end of the period correspond with transactions recorded in the accounting system. This is usually done in conjunction with closure of the accounting records.
3 Cash reconciliation is a process of verifying whether the cash at hand at the end of the period corresponds with the amount of cash in the beginning of the period and the registrations of withdrawals and deposits in the period. This is usually done in conjunction with closure of the accounting records.
outside the Project shall be subject to the Norad’s prior approval, as outlined in Article 12 of the General Conditions.

9.2 Norad shall have a non-exclusive and royalty-free license to use all intellectual property rights procured or developed by the use of the Grant. Norad may assign this right to any individual or organisation at its own discretion.

9.3 Transfer of ownership of such equipment, consumables or intellectual property rights during the Support Period shall be made at market terms. Ownership may not be transferred to an employee of the Grant Recipient or its cooperating partner, or to anyone related or connected to an employee, if such relation could lead to a conflict of interest as described in article 16 of the General Conditions.

9.4 Before a transfer is decided, the Grant Recipient shall assess whether it may have an impact on the Project and, where appropriate, consult with Norad. Any income from a transfer shall accrue to the Project, and shall be reported in the financial statement of the Project.

9.5 The Grant Recipient shall prepare a record of transfer of ownership for any equipment, consumables and intellectual property rights. The record shall comprise information about the object of transfer, the original purchase price paid by the Grant Recipient, price offers received, the final sales price and the name of the purchaser. The record shall be submitted to Norad along with the first progress report due after the sale.

9.6 If the activities of the Project do not continue after the end of the Support Period or after termination of the Agreement, the Grant Recipient shall inform Norad about the remaining equipment and goods that have been purchased by use of the Grant. The Norad may require that such assets be sold. Such sale shall be completed in accordance with the procedures described above. Income from the sale shall be repaid to Norad.

10 REAL PROPERTY

10.1 The Grant may not be used to purchase or construct real property (land or buildings) unless explicitly approved by Norad.

10.2 If Norad has approved a purchase or construction of real property, the Grant Recipient and Norad shall agree on the details concerning the ownership and the status of the real property after the end of the Support Period and/or the end of the Project. The agreement may be formalised in the Specific Conditions or in a separate agreement document.

10.3 Norad may in such an agreement require i.a. that the real property shall be sold after the end of the Support Period and that the proceeds from the sale shall be repaid to Norad. Norad may also reserve the right to establish security interests in any real property purchased by use of the Grant.

11 TRANSFER OF THE GRANT TO A COOPERATING PARTNER

11.1 Transfer of all or part of the Grant including assets to a cooperating partner shall be documented through a written agreement. The agreement shall specify that the cooperating partner is required to comply with the provisions of this Agreement and to cooperate with the Grant Recipient to ensure that the Grant Recipient is able to fulfil its obligations hereunder.
11.2 The agreement between the Grant Recipient and the cooperating partner shall have provisions related to i.a. reporting, audit, procurement and measures to prevent financial irregularities. Furthermore, the agreement shall explicitly state that:

a) both the Grant Recipient, Norad and the Norwegian Auditor General shall have the same access to undertake the control measures related to the cooperating partner’s use of the Grant as described in article 6 of the General Conditions,

b) the Grant Recipient shall be entitled to claim repayment of the Grant from the cooperating partner in the same instances and to the same extent that Norad is entitled to claim repayment from the Grant Recipient, and the cooperating partner shall accept that Norad has the right to claim repayment directly from the cooperating partner to the same extent as the Grant Recipient,

c) the cooperating partner shall accept the choice of law and settlement of disputes provisions in article 24 of the General Conditions in relation to any disputes arising between the cooperating partner and Norad.

11.3 The Grant Recipient shall assure itself that the cooperating partner has the necessary competence and internal procedures to meet the requirements of the Agreement and shall follow-up the cooperating partner’s compliance with the Agreement throughout the Support Period.

11.4 The Grant may not be transferred to a cooperating partner who has previously been charged or sentenced for any criminal activity unless explicitly approved by Norad.

11.5 The Grant Recipient shall remain fully responsible towards Norad for any part of the Grant including assets that has been transferred to a cooperating partner.

12 CHANGES TO THE PROJECT OR THE GRANT RECIPIENT

12.1 Any significant deviations from or changes to the Application or approved implementation plans or budgets are subject to Norad’s prior, written approval. The same applies to significant changes to, or circumstances materially affecting, the Grant Recipient’s organisation.

12.2 The following deviations/changes shall always be subject to Norad’s prior written approval:

a) any changes to the Project’s sources of income,

b) any changes to the results framework or scope of the Project,

c) changes to the implementation plan which implies a delay of more than three months of any activity,

d) changes to the Project’s annual budget that imply reallocation of more than 10% of a budget line.

12.3 Norad may suspend disbursements of the Grant until such changes have been approved.

13 EXTENSION OF THE SUPPORT PERIOD

13.1 The Support Period of the Project is set out in the Specific Conditions. The Grant Recipient must, without delay, inform Norad of any circumstances likely to hamper or delay the implementation of the Project.

13.2 The Grant Recipient may request an extension of the Support Period if this is necessary to complete all planned activities. The request must state the reasons for the delay and supporting documentation must be enclosed. Norad shall approve or decline the request in writing.
14 TRANSPARENCY

14.1 The Grant Recipient shall publish the following in a dedicated and easily accessible place of its internet site:

a) a copy of this Agreement and any addendum;
b) the title and value of any contracts, cooperation agreements and/or other sub-agreements of more than NOK 500 000 (or the equivalent in local currency) which are financed by the Grant;
c) the names and nationalities of the respective agreement parties and, if relevant, any sub-grantees or contractors in receipt of Project funds;

Any deviations from article 14 shall be agreed by the Parties in writing, i.a. in the Specific Conditions.

14.2 Publication shall take place as soon as possible, and at the latest within six months after the contracts, cooperation agreements and/or other sub-agreements were entered into.

14.3 The Grant Recipient shall make other project documentation, including the Application and all agreed reports, available to anyone upon request. Requests for disclosure may be denied if such disclosure is prohibited by confidentiality obligations and/or if it may be detrimental to the Grant Recipient’s legitimate interests.

15 FINANCIAL IRREGULARITIES

15.1 The Grant Recipient is required to practise zero tolerance against corruption and other financial irregularities within and related to the Project. The zero tolerance policy applies to all staff members, consultants and other non-staff personnel and to cooperating partners and beneficiaries of the Grant.

15.2 “Financial irregularities” refers to all kinds of:

a) corruption, including bribery, nepotism and illegal gratuities;
b) misappropriation of cash, inventory and all other kinds of assets;
c) financial and non-financial fraudulent statements;
d) all other use of Project funds which is not in accordance with the implementation plan and budget.

15.3 In order to fulfil the zero tolerance requirement, the Grant Recipient shall:

a) organise its operations and internal control systems in a way that financial irregularities are prevented and detected;
b) do its utmost to prevent and stop financial irregularities within and related to the Project;
c) require that all staff involved in, and any consultants, suppliers and contractors financed under the Project refrain from financial irregularities.

15.4 The Grant Recipient shall inform Norad immediately of any indication of financial irregularities in or related to the Project. The Grant Recipient shall provide Norad with an account of all the known facts and an assessment of how the matter should be followed up, including whether criminal prosecution or other sanctions are considered appropriate.

15.5 The matter will be handled by Norad in accordance with Norad’s guidelines for handling suspicion of financial irregularities. The Grant Recipient shall cooperate fully with Norad’s investigation and follow-up. If requested by Norad, the Grant Recipient shall initiate prosecution and/or apply other sanctions against persons or entities suspected of financial irregularities.

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15.6 Norad may claim repayment of all or parts of the Grant in accordance with article 17 of the General Conditions if it finds that any financial irregularities have taken place in or related to the Project. The repayment claim may also include any interest, investment income or any other financial gain obtained as a result of the financial irregularity.

16 CONFLICT OF INTEREST

16.1 The Grant Recipient shall take all necessary precautions to avoid any conflicts of interest in all matters related to the Project.

16.2 Conflict of interest refers to any situation where the impartial and objective exercise of the functions of anyone acting on behalf of the Grant Recipient is, or may be, compromised for reasons involving family, personal life, political or national affinity, economic interest or any other connection or shared interest with another person.

16.3 If a conflict of interest occurs, the Grant Recipient shall, without delay, take all necessary measures to resolve the conflict, e.g. by replacing the person in question or by obtaining independent verification of the terms of the proposed decision or transaction.

16.4 If the conflict of interest cannot be resolved and/or if it relates to a decision or transaction of special significance to the Project, the decision or transaction may not be concluded without the prior, written approval of Norad.

17 BREACH OF THE AGREEMENT

17.1 If the Grant Recipient fails to fulfil its obligations under this Agreement and/or if there is suspicion of financial irregularities, Norad may suspend disbursement of all or part of the Grant.

17.2 In the event of material breach of the Agreement, Norad may terminate the Agreement with immediate effect, and/or claim repayment of all or parts of the Grant.

17.3 Material breach of the Agreement shall include, without limitation, the following situations:

a) all or part of the Grant has not been used in accordance with the Agreement and/or approved implementation plans and budget,
b) the Grant Recipient has made false or incomplete statements to obtain the Grant,
c) the use of the Grant has not been satisfactorily accounted for,
d) the Grant Recipient has, after having been granted an extended deadline, failed to provide the agreed reports, or has knowingly provided reports that do not reflect reality,
e) financial irregularities, grave professional misconduct or illegal activity of any form have taken place within the Grant Recipient or its cooperating partners,
f) the Grant Recipient has failed to inform Norad of indication of financial irregularities within the Project in accordance with article 15 of the General Conditions,
g) the Grant Recipient has changed legal personality without prior notification to Norad,
h) the Grant Recipient is bankrupt, being wound up or is having its affairs administered by the courts, or is subject to any analogous or corresponding procedure provided for under national legislation.

17.4 The Grant Recipient shall inform Norad immediately of any circumstances that may indicate or lead to a breach of Agreement, and shall provide Norad with any information or documentation it may reasonably require in order to determine if a breach of the Agreement has occurred.
17.5 Norad may also suspend disbursements or terminate the Agreement with immediate effect if a material breach of another agreement between Norad and the Grant Recipient has been established.

18 TERMINATION OF THE AGREEMENT

18.1 Each of the Parties may terminate the Agreement upon a written notice.

18.2 The Support Period shall end three months after the date of the notice of termination. During these three months, the Grant Recipient may only use the Grant to cover commitments that have been established before the date of the notice of termination.

18.3 If the Project cannot continue without the Grant, the Grant Recipient shall use these three months to discontinue or scale down the Project promptly and in an orderly and financially sound manner. Any funds that remain unused at the end of the Support Period shall be repaid to Norad.

18.4 The Grant Recipient shall submit a final report to Norad within three months of the end of the Support Period. The final report shall meet the requirements set out in article 4 of the General Conditions and shall also include a financial report and audit report covering the period from the previous financial report until the end of the Support Period.

18.5 The Agreement will be considered terminated when the final report has been approved by Norad and any remaining funds have been repaid.

19 WAIVER AND IMMUNITIES

19.1 Nothing in the Agreement or any document related to the Agreement shall imply a waiver, express or implied, by Norad, the Government of Norway or any of its officials of any privileges or immunity enjoyed by them or their acceptance of the jurisdiction of the courts of any country over disputes arising thereof. This article 19 will not prevent arbitration or court proceedings in the legal venue of the Grant Recipient pursuant to article 24 of the General Conditions.

20 LIABILITY

20.1 Norad shall not under any circumstances or for any reason be held liable for damage, injury or loss of income sustained by the Grant Recipient or its agencies, staff or property as a direct or indirect consequence of the Project or services provided thereunder. Norad will not accept any claim for compensation or increases in payment in connection with such damage, injury or loss of income.

20.2 The Grant Recipient shall assume sole liability towards third parties, including liability for damage, injury or loss of income of any kind sustained by them as a direct or indirect consequence of the Project. The Grant Recipient shall indemnify Norad against any claim or action from the Grant Recipient’s staff or third parties in relation to the Project.

21 ASSIGNMENT

21.1 The Agreement and/or the Grant may not be assigned to a third party without the prior written consent of Norad. This shall not, however, prevent transfer of parts of the Grant to a cooperating partner in accordance with article 11 of the General Conditions.
22 RECOGNITION AND PUBLICATION

22.1 The Grant Recipient shall acknowledge Norad's support to the Project in all publications and other materials issued in relation to the Project. Norad's logotype will be provided by Norad upon request. All use of Norad's logotype must be approved by Norad.

23 ENTRY INTO FORCE, DURATION AND AMENDMENT

23.1 The Agreement shall enter into force at the date of the last signature and shall remain in force until all obligations arising from it have been fulfilled, or until it is terminated in accordance with the provisions of the General Conditions. Whether the obligations of the Agreement shall be considered fulfilled, will be determined through consultations between the Parties and confirmed by Norad in a completion letter.

23.2 The Agreement may be amended. Any such amendment must be agreed upon in writing between the Parties and shall become an integral part of the Agreement.

23.3 Termination or expiry of the Agreement shall not release the Parties from any liability arising from any act or omission that has taken place prior to such termination or expiry.

24 CHOICE OF LAW AND SETTLEMENT OF DISPUTES

24.1 The Agreement shall be governed and construed in accordance with Norwegian law.

24.2 If any dispute arises relating to the implementation or interpretation of the Agreement, the Parties shall seek to reach an amicable solution.

24.3 Any dispute arising out of or in connection with the Agreement that cannot be solved amicably, shall exclusively be settled before the Norwegian courts of law with Oslo District Court as legal venue.

24.4 The Grant Recipient accepts that Norad can, at its own sole discretion and as an alternative to the legal venue mentioned above, choose to settle the dispute by

   a) the courts in the legal venue of the Grant Recipient, or
   b) arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The arbitral tribunal shall be composed of three arbitrators. If the disputed amount is below an amount corresponding to NOK 10 000 000 the arbitral tribunal shall, however, be composed of a sole arbitrator. The seat of arbitration shall be Stockholm, Sweden, and the language to be used in the arbitral proceedings shall be English. The Parties agree that neither the arbitral proceedings nor the award shall be subject to any confidentiality.

24.5 The Parties agree that no other courts of law, than as set out in this article 24, shall have jurisdiction over disputes arising out of or in connection with this Agreement.
PART III: PROCUREMENT
IN THE CONTEXT OF PROJECTS FINANCED BY THE
NORWEGIAN AGENCY FOR DEVELOPMENT
COOPERATION

1 INTRODUCTION

1.1 This Part III sets out procurement rules and principles which shall be applied by the Grant Recipient when procuring goods, services or works to Projects financed by the Norwegian Agency for Development Cooperation (Norad). Stricter rules may supplement the compulsory minimum rules set forth in this Part III.

1.2 Norad may carry out ex post checks on the Grant Recipient’s compliance with the rules set forth in this Part III.

1.3 Failure to comply with the rules set forth in this Part III shall render the Project expenditure ineligible for Norad funding and may lead to withholding funds or claim for repayment in accordance with article 17 of the General Conditions (Part II) of this Agreement.

1.4 Contracts shall not be split artificially to circumvent the procurement thresholds. All monetary amounts referred to in this Part III are amounts excluding value-added tax (VAT).

1.5 The procurement provisions shall also apply to any procurements to be carried out by the Grant Recipient’s cooperation partners or others. The Grant Recipient shall be responsible for compliance as per article 11 of the General Conditions (Part II) of this Agreement regardless of whether the procurement is carried out by the Grant Recipient itself or its cooperation partners or others.

1.6 Sections 1 to 4 set out rules, which shall apply to all contracts. Sections 5 to 6 contain specific rules for service, supply and works contracts. Section 7 lists the situations where a negotiated procedure without prior publication is permitted.

2 BASIC PRINCIPLES

2.1 If a Project requires procurement by the Grant Recipient, the contract must be awarded following a tender procedure to the most economically advantageous tender (i.e. to the tenderer obtaining the best score based on price and quality), or, as appropriate, to the tenderer offering the lowest price. In doing so, the Grant Recipient shall avoid any conflict of interests and respect the following basic principles:
a) **Competition:** The procedures applied and the award of contracts shall be based on fair competition.

b) **Equal treatment and non-discrimination:** Participation in tender procedures shall be open on equal terms to all natural and legal persons. During the entire procurement and the award of contracts, the Grant Recipient shall not discriminate against candidates/tenderers or groups of candidates/tenderers.

c) **Transparency and ex-ante publicity:** As a general rule, tender procedures shall be based on prior publication. Where the Grant Recipient does not launch an open tender procedure, it shall justify the choice of tenderers that are invited to submit an offer.

d) **Objective criteria:** The Grant Recipient shall evaluate the offers received against objective criteria, which enable the Grant Recipient to measure the quality of the offers and shall take into account the price (the offer with the lowest price shall be awarded the highest score for the price criterion). The criteria shall be set out beforehand and shall be relevant to the contract in question.

e) **Notoriety:** The Grant Recipient shall keep sufficient and appropriate records and documentation with regard to the procedure, its evaluation and award.

3 **ELIGIBLE TENDERERS**

3.1 Tenderers must provide information on their legal form and ownership structure.

3.2 Tenderers shall be excluded from participation in a procurement procedure if:

a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations. However, tenderers in this situation may be eligible to participate insofar as the Grant Recipient is able to purchase supplies on particularly advantageous terms from either a supplier which is definitively winding up its business activities, or the receivers or liquidators of a bankruptcy, through an arrangement with creditors, or through a similar procedure under national law;

b) they or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct by a final judgment;

c) they have been guilty of grave professional misconduct; proven by any means which the Grant Recipient can justify;

b) they have not fulfilled obligations relating to the payment of social security contributions or taxes in accordance with the legal provisions of the country in which they are established, or with those of the country of the Grant Recipient or those of the country where the contract is to be performed;
e) they or persons having powers of representation, decision-making or control over them have been convicted for fraud, corruption, involvement in a criminal organisation or money laundering by a final judgment;

f) they make use of child labour or forced labour and/or practise discrimination, and/or do not respect the right to freedom of association and the right to organise and engage in collective bargaining pursuant to the core conventions of the International Labour Organization (ILO).

3.3 Tenderers shall confirm in writing that they are not in any of the situations listed above. Even if such confirmation is given by a tenderer, the Grant Recipient shall investigate any of the situations listed above if it has reasonable grounds to doubt the contents of such confirmation.

3.4 Contracts shall not be awarded to tenderers which, during the procurement procedure:

a) are subject to a conflict of interests;

b) are guilty of misrepresentation in supplying the information required by the Grant Recipient as a condition of participation in the tender procedure, or fail to supply this information.

4 GENERAL PROCUREMENT RULES

4.1 The tender documents shall be drafted in accordance with best international practice. The Grant Recipient may voluntarily use the models published in the Practical Guide on the EuropeAid (EU) website.

4.2 The Grant Recipient shall take into account universal design and the potential environmental impact of any planned procurements.

4.3 All invitations to submit tenders shall state that offers will be rejected if any illegal or corrupt practises have taken place in connection with the award. All contracts concluded under the Project shall state that the Grant Recipient may terminate the contract if it finds that illegal or corrupt practises have taken place in connection with the contract award or execution.

4.4 The time-limits for receipt of tenders and requests to participate must be sufficient to allow interested parties a reasonable and appropriate period to prepare and submit their tenders.

4.5 An evaluation committee must be set up to evaluate applications and/or tenders of a value of NOK 500 000 or more on the basis of the exclusion, selection and award criteria. This committee must have an odd number of members, at least three, with all the technical and administrative capacities necessary to give an informed opinion on the tenders.
4.6 For contracts with a value exceeding NOK 100 000, the Grant Recipient shall compile a written record with documentation of all assessments and decisions during all steps of the procurement process from the planning stage until the signing of the contract. Upon request by Norad, the Grant Recipient shall deliver its written record to Norad and grant Norad access to all relevant information and documentation related to the procurement procedure and practices applied.

5 AWARD OF CONTRACTS

5.1 Contracts with a value of less than NOK 500 000 may be awarded by using any procurement procedure established by the Grant Recipient, while respecting the rules and principles laid down in Sections 1 to 4 of this Part III.

5.2 Contracts with a value exceeding NOK 500 000 shall be awarded by means of one of the following procurement procedures:

a) **Open tender procedure:** In open procedures, any interested tenderer may submit a tender in response to a call for competition. The tender shall be accompanied by the information for qualitative selection as requested by the Grant Recipient.

b) **Restricted procedure:** In restricted procedures, any tenderer may submit a request to participate in response to a call for competition by providing the information for qualitative selection as requested by the Grant Recipient. Only those tenderers invited to do so by the Grant Recipient following its assessment of the information provided may submit a tender. The Grant Recipient may limit the number of suitable candidates to be invited to participate in the procedure.

c) **Competitive procedure with negotiation:** In competitive procedures with negotiation, any tenderer may submit a request to participate or a tender in response to a call for competition by providing the information for qualitative selection as requested by the Grant Recipient. Tenderers may submit an initial tender, which shall be the basis for subsequent negotiations. The minimum requirements and the award criteria shall not be subject to negotiations.

5.3 Where the Grant Recipient does not launch an open tender procedure, it shall justify and document in writing the choice of tenderers that are invited to submit an offer.

5.4 Deviations from the procedures listed in Section 5.2 are limited to the situations listed in Section 7 of this Part III.

6 PUBLICATION OF PROCUREMENT NOTICE

6.1 The following shall apply with respect to publication of the procurement notice:

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1 Definitions of different types of contracts and procedures can be found in Directive 2014/24/EU.
a) Service and supply contracts from NOK 500 000 to less than NOK 2 500 000 and works contracts from NOK 500 000 to less than NOK 40 000 000

The prior procurement notice shall be published in all appropriate media, at least in the country in which the Project will be carried out as well as on the Grant Recipient's website.

b) Service and supply contracts with a value of NOK 2 500 000 and above and works contracts with a value of NOK 40 000 000 and above

The prior procurement notice shall be published in all appropriate media, in particular on the Grant Recipient's website, in the international press and the national press of the country in which the Project will be carried out, and in any other relevant specialist periodicals.

7 USE OF NEGOTIATED PROCEDURE WITHOUT PRIOR PUBLICATION

7.1 The Grant Recipient may use a negotiated procedure without prior publication in the following cases:

a) if any of the circumstances set out in Article 32 of Directive 2014/24/EU are present;

b) for purposes of humanitarian aid and civil protection operations or for crisis management aid in a crisis that has been formally recognised by and for the time period declared by Norad;

c) where the services are entrusted to public-sector or non-profit bodies and relate to activities of an institutional nature or are designed to provide assistance to people in the social field;

d) for contracts declared to be secret, or whose performance must be accompanied by special security measures, or when the protection of the essential interests of Norad so requires.