

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

CONTRIBUTION AGREEMENT

BETWEEN

THE NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION

AND

MINISTRY OF ENVIRONMENT OF PERÚ

AND

PROFONANPE

REGARDING

PER-22/0005 - CONTRIBUTION TO THE UPDATED JDI IMPLEMENTATION PLAN
2021-2025 AND RENAMI CONSULTATIONS

PART I: SPECIFIC CONDITIONS

PART II: GENERAL CONDITIONS

PART I: SPECIFIC CONDITIONS

1 BACKGROUND

On September 23, 2014, the Government of the Republic of Peru, the Government of Norway and the Government of the Federal Republic of Germany signed a Joint Declaration of Intent (JDI) on "Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation (REDD+) and promoting sustainable development in Peru".

The objective of the JDI is to contribute significantly to the reduction of greenhouse gas (GHG) emissions from deforestation and forest degradation in Peru, and to contribute to the sustainable development of the country.

The Peruvian government have in number 5.1 of article 5 of Law No. 30754, Framework Law on Climate Change (LMCC), established that the Ministry of the Environment (MINAM) is the national authority on climate change. Additionally, in its article 17, it determines that MINAM is responsible for monitoring and evaluating the reduction of emissions from deforestation and forest degradation (REDD+)

Furthermore, in article 7 of Supreme Decree No. 013-2019-MINAM, which approves the Regulation of Law No. 30754, Framework Law on Climate Change, it is provided that MINAM, as the national authority on climate change, leads, evaluates and monitors the implementation of REDD+; and that MINAM has, among its functions, in accordance with numerals 5 and 6 of the same article, responsibility for designing, implementing and conducting the process of receiving, administering and distributing the benefits from payments for REDD+ results.

In 2021, the Ministers of the Environment of the Government of the Republic of Peru, the Government of Norway, the Government of the Federal Republic of Germany, and the Government of the United Kingdom of Great Britain and Northern Ireland signed an Addendum reaffirming and extending the JDI until the year 2025.

In accordance with Addendum No. 1 to the JDI, contributions made by the Government of Norway under the JDI should be used for the implementation of the deliverables of the Phases 1 and 2 until such deliverables are fully accomplished. Contributions will be based on the progress of the agreed and updated JDI Phase 2 Implementation Plan. Therefore, the Peruvian Government have updated and elaborated the Implementation Plan for Phase 2 of the JDI 2021-2025, which now includes proposals from the national sectors, Amazonian regional governments and representative organizations of the indigenous peoples.

In response to numeral 3.2 of article 3 of Supreme Decree No. 003-2022-MINAM, which declares the climate emergency of national interest, it is stated that MINAM shall design the process of reception, administration, and distribution of benefits, from various sources, national and/or international, that allow the implementation of the phases for the Reduction of Emissions derived from Deforestation and Forest Degradation (REDD+), and that PROFONANPE shall be entrusted with the administration of the funds derived from this process.

In this context, the Norwegian Ministry of Climate and Environment has decided to contribute USD 10 million via Norad to Peru, for milestones achieved in phase 1 and phase 2 under the JDI and, based on a request from the Ministry of Environment in Peru, a contribution of USD 580 025 for the facilitation of necessary participatory process for establishment of the National Registry of Mitigation Measures (RENAMI), as an enabling condition for the implementation of REDD+.

Now therefore, this contribution agreement (the Agreement) has been entered into between:

- (1) The Norwegian Agency for Development Cooperation (Norad), the Section for Forests,
- (2) PROFONANPE is a non-profit private environmental fund duly established by Registry of Legal Entities – Lima Office in Peru under registration number 01951017 (PROFONANPE),
- (3) the Peruvian Ministry of the Environment (MINAM)

jointly referred to as the Parties.

2 SCOPE

- 2.1 This Agreement, including all annexes, set forth the terms and procedures for the transfer, reception, administration and disbursement of Norad’s financial “Contribution to the Updated JDI Implementation Plan 2021-2025 and RENAMI Consultations, PER-22/0005” (the Programme). The Programme is further described in the document titled “Updated JDI Phase 2 Implementation Plan 2021-2025” (Annex 1), dated April 2022, and the Budget plan for the RENAMI consultation process attached as Annex 2 (jointly referred as the Plans).
- 2.2 The Support Period shall be aligned with the validity of the Joint Declaration of Intent.
- 2.3 In the event of discrepancies between the Specific Conditions and the General Conditions the Specific Conditions shall prevail.
- 2.4 Any reference to “Programme” shall be understood as a reference to both “Plans” combined.

3 OBJECTIVES

- 3.1 The objective of the Agreement is to contribute to the financial implementation of the Programme with the aim to reduce greenhouse gas emissions from deforestation and forest degradation and promote sustainable development in Peru in line with the objectives of the National Strategy on Forest and Climate Change and the Land Use, Land-Use Change and Forestry (LULUCF) sector of the Peruvian NDC.
- 3.2 The expected effects of the Agreement are:
 - a. Reduced deforestation in the Amazon departments.
 - b. Transversal enabling conditions to reduce deforestation on the Amazon departments implemented.
 - c. Contribution to the implementation of the Updated JDI Phase 2 Implementation Plan 2021-2025.
 - d. Contribution to the implementation of the participatory consultation process regarding the establishment of the National Register for Mitigation Measures (RENAMI).
- 3.3 The “Updated JDI Phase 2 Implementation Plan 2021-2025” and the Budget plan for the RENAMI consultation process, includes more information on expected results.

4 ROLES AND FUNCTIONS

4.1 Ministry of the Environment (MINAM)

In its capacity as the national authority on climate change, MINAM leads, evaluates and monitors the implementation of REDD+ in Peru, and its functions are established by Law No. 30754 *Framework Law on Climate Change and its Regulations* approved by Supreme Decree No. 013-2019-MINAM.

Additionally, MINAM will be responsible for:

- a. Chair the Administration Board for the reception and administration of the Programme financing, in accordance with the provisions that are applicable to PROFONANPE.
- b. Supervise PROFONANPE's compliance with the objectives established in this Agreement, ensuring accountability and transparency in the implementation of the Agreement.
- c. MINAM may terminate the Agreement if it considers that the requirements of the Agreement have not been met.

4.2 PROFONANPE

In its capacity as a private non-profit institution, whose purpose is to administer the National Environmental Fund (FONAM), the National Fund for Natural Areas Protected by the State (FONANPE), and other resources that may be transferred to it, it has all the functions that the Decree Law No. 26154 – which creates the National Fund for Natural Areas Protected by the State (FONANPE) –, as well as national regulations that correspond to it, and its statutes and administrative guidelines grant to it. The role of PROFONANPE is to administrate the funds for the implementation of the Programme, in accordance with this Agreement and the Operational Manual approved by the Administration Board.

Additionally, PROFONANPE will be responsible for:

- a. Manage the Administrative Technical Secretariat for the reception and administration of the Programme financing.
- b. Provide all the information on the receipt and administration of the implementation of the Programme financing when required by the national authority in charge of the leading, evaluating and monitoring the implementation of REDD+.
- c. Submit the monitoring reports on compliance with the physical and financial goals related to the reception and administration of the financial resources for the implementation of the Programme, in accordance with the provisions of the Operational Manual and at the request of MINAM and Norad.
- d. Schedule external financial and administrative audit evaluations related to the financing of the Programme implementation, in accordance with the provisions of the Operational Manual or at the request of MINAM and Norad.
- e. Ensure compliance with the provisions of the Operational Manual and, if applicable, propose improvements to the Administration Board.

4.3 Norad

The Norwegian Agency for Development Cooperation (Norad) will participate in the Administration Board and contribute with financial support towards the implementation of Phase 2 of the Joint Declaration of Intent, as well as for the participatory process necessary for the establishment of the National Registry of Mitigation Measures (RENAMI).

5 IMPLEMENTATION

- 5.1 The “Programme” activities shall be implemented in accordance with the Agreement, including all annexes, and the rules and regulations in the Operational Manual.
- 5.2 During the implementation of the Programme, PROFONANPE shall exercise the necessary diligence, efficiency and transparency in line with sound financial management and best practice principles.
- 5.3 PROFONANPE shall continuously identify, assess and mitigate any relevant risks associated with the implementation of the Programme. The risk of potential negative effects of the Programme in the following cases (Cross-Cutting Issues) shall ways be included in the risk management:
- anti-corruption,
 - climate and environment,
 - women’s rights and gender equality, and
 - human rights (with a particular focus on participation, accountability and non-discrimination).
- 5.4 Programme related workplans and budgets will be approved by the Administration Board, where Norway is a member, in accordance with the Operational Manual.

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6 THE CONTRIBUTION

- 6.1 The Contribution shall amount to USD 10 580 025, however not exceeding NOK 120 000 000 (Norwegian Kroner one-hundred-and-twenty-million). The Contribution is given as a fixed amount towards the Programme budget, according to the work plans and budgets approved by the Administration Board in accordance with the Operational Manual.
- 6.2 The Contribution, including accrued interest, shall be used exclusively to finance the actual costs of the implementation of the Programme activities during the Support Period. Programme activities financed by the Contribution may be allowed to cover overheads/indirect costs up to a maximum of 5 % of the incurred direct costs of the Programme activity. PROFONANPE will be entitled to allocate an administrative fee of 5 percent (5%) of the Contribution, to cover its costs of performing their functions in accordance with the Operational Manual.
- 6.3 The Contribution shall only be used for activities that can be reported as Official Development Assistance (ODA)¹.
- 6.4 Additional contributions towards the Programme, may be provided through an addendum to this Agreement in coordination with MINAM.

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¹ As defined by OECD, Official development assistance (ODA) is government aid that promotes and specifically targets the economic development and welfare of developing countries.

7 DISBURSEMENT

- 7.1 The first disbursement shall be in the amount of USD 580 025 earmarked for the RENAMI part of the Programme and made upon signature of the Agreement. The subsequent disbursement of USD 10 000 000 earmarked for the JDI implementation plan shall be made upon Norad's receipt of the Operational Manual approved by the Administration Board.
- 7.2 All disbursements are conditional upon PROFONANPE's continued compliance with the requirements of the Agreement. Norad may withhold disbursements if it finds that requirements of the Agreement have not been met.
- 7.3 The disbursement will be made to the following bank account:

Name of the account: PROFONANPE NORAD
Account no.: 191-9913731-1-05
IBAN no.: No applicable
Name and address of the bank:
BANCO DE CREDITO DEL PERU
Av. Las Camelias 750 San Isidro L27 Lima Peru
Swift/BIC code: BCPLPEPL
Currency of the account: USD

- 7.4 PROFONANPE 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.



8 REPORTING AND OTHER DOCUMENTATION



- 8.1 The following shall be submitted by PROFONANPE to Norad and MINAM:
- a. The Programme annual report as approved by the Administration Board shall be submitted to Norad by latest 1 June each year.
- The report shall include both a narrative part and financial statements covering the Programme. The narrative part shall as a minimum include the content specified in article 2 clause 2 of the General Conditions, whereas the financial statements shall include the content specified in article 3 clause 2 of the General Conditions.
- b. The audit report covering the annual financial statements of the Programme shall be submitted to Norad by latest 1 June. The audit report shall comply with the requirements set out in article 7 of the Specific Conditions and article 5 of the General Conditions, except clause 5.5. If the auditor submits a management letter (matters for governance attention), this shall be attached to the audit report.
- 8.2 If the PROFONANPE is unable to meet the deadlines set out above, Norad shall be informed immediately.



9 AUDIT

PROFONANPE prepares the annual financial statements of the Programme which shall be audited in accordance with the Peruvian national auditing standards, equivalent to International Standards of Auditing (ISA). Additional requirements applicable to the auditor and the audit report are included in article 5 of the General Conditions.

10 FORMAL MEETINGS

The Parties shall hold formal meetings according to the rules established in the Operational Manual. Any additional meetings requested by any party to this Agreement will be arranged when required.

11 REVIEWS AND OTHER FOLLOW-UP MEASURES

- 11.1 If the PROFONANPE or another interested party initiates a review or evaluation of activities wholly or partly funded by the Contribution, Norad shall be informed. PROFONANPE shall forward a copy of the report of any such review or evaluation to Norad without undue delay.
- 11.2 Norad may carry out independent reviews or evaluations of the Programme as required in accordance with its rules and regulations. PROFONANPE and MINAM shall be informed about such initiatives and may be invited to join. PROFONANPE will upon request facilitate such reviews or evaluations within the limits of its rules and regulations. The cost of such reviews shall be borne by Norad.

12 PROCUREMENT

All procurement made in connection with the Programme shall be completed in accordance with the Operational Manual.

13 SUSPENSION OF THE USE OF THE CONTRIBUTION

If the Programme is cancelled by the Peruvian government or parts of the Contribution remain uncommitted for Programme purposes upon the expiration of the support period, Norad reserves the right to require that the remaining Contribution including any pro rata share of accrued interest and/or other financial gain accrued on the Contribution is suspended until the parties reach a reasonable solution.

14 SPECIAL PROVISIONS

14.1 The following definitions shall apply:

- a. Any reference to the Grant Recipient in the General Conditions Part II shall mean PROFONANPE.
- b. Any reference to the Grant in the General Conditions Part II shall mean the Contribution.
- c. Any reference to the Programme shall mean the Updated JDI Phase 2 Implementation Plan 2021-2025 and Budget plan for the RENAMI consultation process combined.

14.2 The following provisions of the General Conditions are not applicable under this Agreement:

- a. Article 1 in its entirety.
- b. Article 9 clause 3, 6 and 7.
- c. Article 10 in its entirety.
- d. Article 13 in its entirety.
- e. Article 25 clause 3.

14.3 General Conditions Article 11.2 shall be replaced by the following: Any sub-grant agreement signed between PROFONANPE and a cooperating partner shall have provisions related to reporting, audit, procurement and measures to prevent Sexual Exploitation, Abuse and Harassment (SEAH) and financial irregularities. Furthermore, the sub-agreement shall explicitly ensure that representatives of the Administration Board have a right to visit facilities and sites related to supported activities to review the Programme's progress and results, and to examine records and documents relevant to the activities financed from the Contribution.

14.4 The General conditions article 25. 4 shall be replaced with the following: The Parties agree that any dispute arising out of or in connection with the Agreement that cannot be solved amicably, shall exclusively be settled by 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.

15 NOTICES

15.1 All communication to Norad concerning the Agreement shall be directed to the Section for Forests at the following e-mail address: forests@norad.no

15.2 All communication to the PROFONANPE concerning the Agreement shall be directed to Mr. Omar Corilloclla, Director of Monitoring and Evaluation at the following e-mail address: ocorilloclla@profonanpe.org.pe

15.3 All communication to MINAM concerning the Agreement shall be directed to the Directorate General for Climate Change and Desertification of MINAM, at the following e-mail address: msandovald@minam.gob.pe, cc kmondonado@minam.gob.pe

15.4 Norad's agreement number and agreement title shall be stated in all correspondence regarding this Agreement, including disbursement requests.

16 SIGNATURES

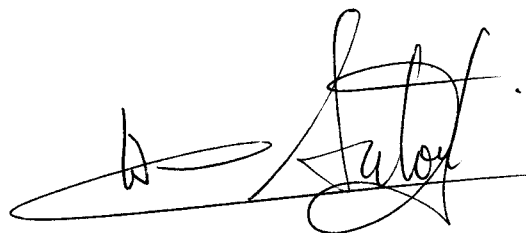
16.1 By signing Part I of the Agreement, the Parties also confirm receipt and approval of part II; General Conditions, which all form an integral part of the Agreement.

16.2 This Agreement in the English language has been signed by Norad, PROFONANPE and by MINAM who is responsible for designing the process of reception, administration, and distribution of benefits, from various sources, national and/or international, that allow the implementation of the phases for the Reduction of Emissions derived from Deforestation and Forest Degradation (REDD+). This Agreement shall also be signed in Spanish language.

16.3 In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.

Place:

Date:



For the Norwegian Agency for Development
Cooperation,

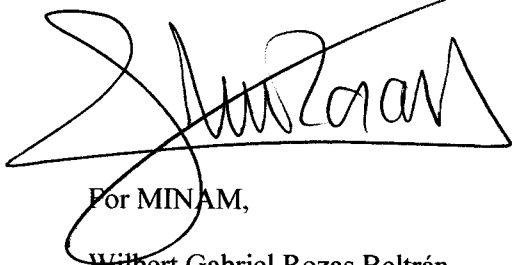
Espen Barth Eide

Minister of Climate and Environment

for PROFONANPE,

Anton Willems

Executive Director



For MINAM,

Wilbert Gabriel Rozas Beltrán

Minister of Environment

ANNEX 1: Updated JDI Implementation Plan 2021-2025.

ANNEX 2a: Concept note for the RENAMI consultation process.

ANNEX 2b: Budget plan for the RENAMI consultation process.

PART II: GENERAL CONDITIONS APPLICABLE FOR GRANTS FROM NORAD

1 WORK PLAN AND BUDGET

- 1.1 Any updated work plan to be submitted in accordance with the Specific Conditions shall be directly related to the results framework.
- 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.

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, work 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 Application and/or work plan;
 - c) 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 5 shall always be accounted for.
 - d) a brief account of work undertaken to prevent instances of financial irregularities and sexual exploitation, sexual abuse and sexual harassment (SEAH).

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) income from all sources, including bank interest. Norad's contribution shall be specified;
 - b) expenses charged/capitalised in the relevant reporting period;
 - c) expenses charged/capitalised from start-up of the Project to the end of the reporting period;
 - d) unused funds as per the reporting date. Norad's share shall be specified;
 - e) overhead/indirect costs to be covered by the Grant in accordance with article 6 of the Specific Conditions;
 - f) balance sheet, when required in accordance with the accounting principles applied;
 - g) explanatory notes including a description of the accounting principles 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% of a budget line and exceeds NOK 15 000 (fifteen thousand).

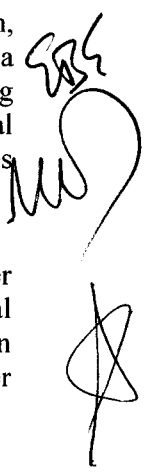
4 FINAL REPORT

- 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 how efficiently Project resources have been turned into outputs
 - e) an assessment of the sustainability of the achieved results by the Project.
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5 AUDIT

- 5.1 If an audit of the Project's financial statements is required pursuant to the Specific Conditions article 9, 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 and the requirements of article 3 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) the Project period subject of the audit;
 - c) reference to the financial reporting framework applied;

- d) the auditing standards applied;
 - e) a statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement;
 - f) the auditor's opinion.
- 5.6 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.
- 5.7 The costs of the audit of the Project's financial statements shall be included in the Project's budget.
- 5.8 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.
- 5.9 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. ISA 600 establishes standards and provide guidelines when using the work of other auditors.
- 5.10 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 applicable financial reporting framework and the requirements of article 3. 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 system².
- 7.2 The accounts shall be kept up to date at least on a monthly basis. Bank reconciliations³ and cash reconciliations⁴ 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. Insufficient documentation may render the expenditure ineligible. 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 surplus shall be treated as disbursed Grant funds and used for Project purposes. This means that 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 outside the Project shall be subject to the Norad's prior approval.

2 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.

3 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.

4 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.

- 9.2 Intellectual property rights financed in whole or in part from the Grant shall, in the spirit of securing such rights as a common global good, be managed in a way that maximizes their public accessibility and allows the broadest possible use. Material produced as a result of this Grant shall, as far as possible and appropriate, be placed in the public domain for non-commercial use.
- 9.3 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.
- 9.4 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 17 of the General Conditions.
- 9.5 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.
- 9.6 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.
- 9.7 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. Where Norad has approved a purchase or construction of real property such approval must be formalised in the Specific Conditions or in a separate agreement document.
- 10.2 The Grant Recipient and Norad shall in such agreement decide 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.
- 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 must be documented through a written sub-grant agreement. The sub-grant agreement shall specify that the cooperating partner is required to comply with the provisions of this Agreement which is relevant to the sub-

grant agreement and to cooperate with the Grant Recipient to ensure that the Grant Recipient is able to fulfil its overall obligations under the Agreement.

- 11.2 The sub-grant agreement shall include provisions for results and financial reporting, audit, procurement and measures to prevent financial irregularities. Furthermore, the sub-grant agreement shall explicitly state that:
- a) both the Grant Recipient, Norad and the Norwegian Auditor General shall have access to undertake such 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 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 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 25 of the General Conditions for any dispute 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 that are relevant for the sub-grant agreement and shall follow-up the cooperating partner's compliance with such requirements throughout the Support Period.
- 11.4 The Grant Recipient must obtain and assess management letters issued to all cooperating partners. Any significant findings and a response including an action plan to be submitted to Norad.
- 11.5 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.
- 11.6 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 OR CIRCUMSTANCES AFFECTING THE PROJECT OR THE GRANT RECIPIENT

- 12.1 The Grant Recipient shall immediately inform Norad of circumstances likely to hamper, delay or otherwise significantly affect the successful implementation of the Project. The same applies to significant changes to, or circumstances materially affecting, the Grant Recipient's organisation. Norad may suspend disbursement of the Grant until the implications for the Project has been assessed.

13 EXTENSION OF THE SUPPORT PERIOD

- 13.1 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 Norad may make this Agreement and other Project documentation, such as but not limited to, the Application and agreed reports available to the public to promote transparency of the use of public funds.
- 14.2 The Grant Recipient shall make the Project documentation, including the Application and all agreed reports, available to anyone upon request. Requests for disclosure may only 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 where relevant 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 Agreement.
- 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, provided there is sufficient basis for taking legal steps, report the suspicions to the police, commence civil proceedings for recovery of damages or apply other appropriate sanctions against persons or entities suspected of financial irregularities. However, in cases where the Grant Recipient is concerned that due process of law may be unavailable, the matter shall instead be included in the account and assessment referred to in clause 15.4 for discussion of a mutually acceptable course of action.

16 SEXUAL EXPLOITATION, ABUSE AND HARASSMENT

- 16.1 Norad has zero tolerance for inaction against sexual exploitation, abuse and harassment (SEAH). The Grant Recipient shall have a victim/survivor-centred approach to SEAH issues and do its utmost to prevent, detect and respond to SEAH within and related to the Project. This obligation

applies to all staff members, consultants and other non-staff personnel, cooperating partners and any third parties involved in activities funded by the Grant.

16.2 The following definitions apply:

- a) Sexual exploitation: Any actual or attempted abuse of a position of vulnerability, differential power, or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another.
- b) Sexual abuse: The actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions.
- c) Sexual harassment: Any form of unwanted sexual attention that has the purpose or effect of being offensive, frightening, hostile, degrading, humiliating or troublesome.

16.3 The Grant Recipient shall:

- a) Adhere to the IASC-Minimum Operation Standards on “Protection from sexual exploitation and abuse by own personnel” and/or the SEA elements of the Core Humanitarian Standard on Quality and Accountability,
- b) have ethical guidelines that include policies on prevention and response to SEAH,
- c) organise its operations and internal control systems in a way that SEAH is prevented, detected and responded to,
- d) take swift action on suspicions or complaints of SEAH to stop harm occurring, investigate and report to relevant authorities (for criminal matters), after considering the rights, needs and wishes of the survivor/victim.

16.4 The Grant Recipient shall inform Norad immediately of any indications of SEAH credible enough to warrant an investigation within or related to the Project as well as indications of SEAH not directly linked to the Project but of significant impact on the partnership with Norad.

16.5 The Grant Recipient shall provide Norad with a report of the relevant facts and an assessment of how the matter will be followed up, including whether the organisation will improve internal systems to prevent, detect and respond to SEAH, and whether criminal prosecution or other sanctions are considered appropriate, considering the rights, needs and wishes of the survivor/victim. The reporting will be made without compromising the safety, security, privacy, and due process rights of any concerned person. The report will be handled by Norad in accordance with Norad’s guidelines for handling notifications of sexual abuse, sexual exploitation, and sexual harassment by grant recipients.

16.6 Upon request from Norad, the Grant Recipient shall grant the Norad access to all relevant information and documentation related to the Grant Recipient’s adherence with this article.

17 CONFLICT OF INTEREST

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

17.2 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.

17.3 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.

17.4 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.

18 BREACH OF THE AGREEMENT

18.1 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.

18.2 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. A repayment claim may also include interest and any other financial gain obtained by the Grant Recipient as a result of the financial irregularity.

18.3 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 work 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) the Grant Recipient has failed to take preventive measures against sexual exploitation, sexual abuse, or sexual harassment, to detect or respond to indications thereof, or to take corrective action when sexual exploitation, sexual abuse or sexual harassment has occurred, in accordance with article 16 of the General Conditions,
- f) financial irregularities, grave professional misconduct, or illegal activity of any form have taken place within the Grant Recipient or its cooperating partners,
- g) 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,
- h) the Grant Recipient has changed legal personality without prior notification to Norad,
- i) 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.

18.4 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.

18.5 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.

19 TERMINATION OF THE AGREEMENT

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

19.2 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.

19.3 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.

19.4 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.

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

20 WAIVER AND IMMUNITIES

20.1 Nothing in the Agreement or any document related to the Agreement or Norad's acceptance of other countries' jurisdiction in disputes arising from this Agreement shall imply that Norad, the Government of Norway or any of their employees are deemed to have, expressly or implicitly waived any privileges or immunities they may have. This article 20 will not prevent arbitration or court proceedings in the legal venue of the Grant Recipient pursuant to article 25 of the General Conditions.

21 LIABILITY

21.1 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.

21.2 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.

22 ASSIGNMENT

22.1 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.

23 RECOGNITION AND PUBLICATION

23.1 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.

24 ENTRY INTO FORCE, DURATION AND AMENDMENT

24.1 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.

24.2 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.

24.3 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.

25 CHOICE OF LAW AND SETTLEMENT OF DISPUTES

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

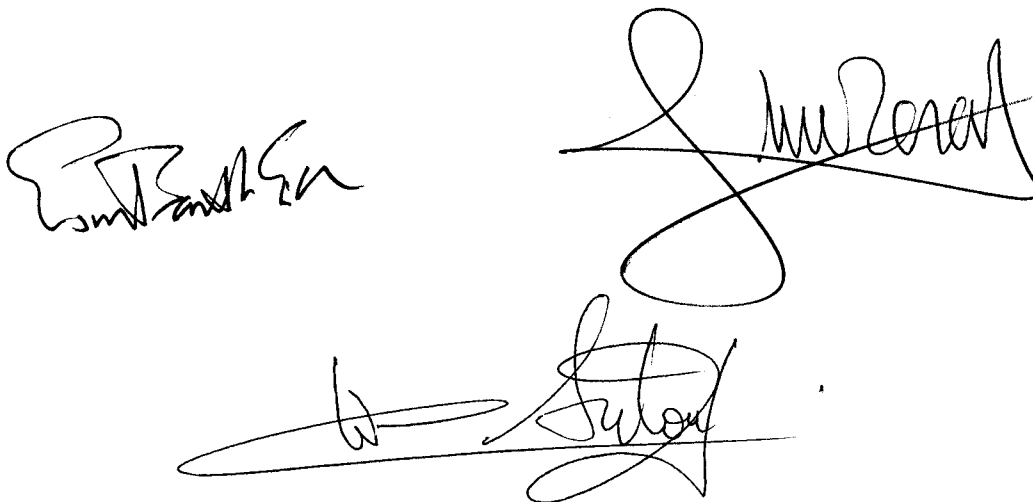
25.2 If any dispute arises relating to the implementation or interpretation of the Agreement, the Parties shall seek to reach an amicable solution.

25.3 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.

25.4 Norad may, 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.

25.5 The Parties agree that no other courts of law, than as set out in this article 25, shall have jurisdiction over disputes arising out of or in connection with this Agreement.

The image shows three handwritten signatures in black ink. The top-left signature is a cursive name, possibly 'E. Smith'. The top-right signature is a large, stylized signature, possibly 'M. Perren'. The bottom-center signature is another cursive name, possibly 'J. S. Johnson'.