

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

GRANT AGREEMENT

BETWEEN

THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

AND

CONNECTING NATURAL VALUES AND PEOPLE FOUNDATION
(CNVP)

REGARDING

RER-18/0008, Regional action for combatting forest crime and corruption.

PART I: SPECIFIC CONDITIONS

PART II: GENERAL CONDITIONS

PART III: PROCUREMENT PROVISIONS

ANNEX A: BUDGET

ANNEX B: RESULTS FRAMEWORK

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PART I: SPECIFIC CONDITIONS

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

- (1) The Norwegian Ministry of Foreign Affairs (MFA), and
 - (2) Connecting Natural Values and People Foundation, a foundation duly established in The Netherlands under registration number 55627390 (the Grant Recipient),
- jointly referred to as the Parties.

1 SCOPE AND BACKGROUND

- 1.1 The Grant Recipient has submitted an application to MFA dated 27.4.2018 (the Application) regarding financial support to the project titled Regional action for combatting forest crime and corruption, RER-18/0008 (the Project). The estimated costs of the Project are indicated in the budget attached as Annex A to this Agreement.
- 1.2 MFA has decided to award a grant to be used exclusively for the implementation of the Project (the Grant). The Parties expect the Project to be implemented during the period from 01 December 2018 to 31 November 2021 (the Support Period).
- 1.3 The Parties have agreed to enter into an Agreement, consisting of this part I; Specific Conditions, part II; General Conditions, and part III; Procurement Provisions, all of which form an integral part of this Agreement. In the event of discrepancies between the Specific Conditions and the General Conditions or Procurement Provisions, the Specific Conditions shall prevail.

2 OBJECTIVES OF THE PROJECT

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

The Project's planned effect(s) on society is/are to Step forward towards good governance in forestry sector in 4 WB countries and combating forest related crimes and corruption (Impact).

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

- Regional network is established and exchange of knowledge and experiences of regional network members (stakeholders) is enabled and improved
- Control mechanisms and data bases on forests are in place and access to information is improved
- Monitoring mechanisms on forest crimes in all 4 countries are developed/improved
- The capacity of the stakeholders are strengthened through trainings and operational support, dialog and communication of the best practices
- Countries developed and adopted National Action Plans on combating forest related crime and corruption

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<The planned main products and/or services of the Project are (Outputs).>

- Development of the Concept of the regional cooperation and networking
- Network is alive and regional workshops for the exchange of knowledge and experiences are organized
- National Forestry Data Bases are developed in all 4 countries
- Clearing-house mechanism web portal
- is functional and available to a wide range of stakeholders
- More reliable estimates on the extent and causes of illegal activities are available through National Reports in all 4 countries
- National methodologies to monitor illegal activities (with set of indicators) are developed for 4 countries and Baseline reports with calculated indicators are available
- Key stakeholders are trained and willing to use the portal and monitoring mechanisms developed through the Project
- Key stakeholders are trained on development of indicators
- Key stakeholders are aware of Best practices for combating forest-related corruption (in relation to EUTR, FLEGT and CITES)
- National Action Plans for combating Forest Crime and Corruption developed in 4 countries
- National Action Plans for combating Forest Crime and Corruption prepared for adoption in 4 countries

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

3 IMPLEMENTATION OF THE PROJECT

- 3.1 The Project shall be implemented in accordance with the Agreement, including all annexes, and the latest approved Application, including implementation plan and budget.
- 3.2 During the implementation of the Project, the Grant Recipient shall exercise the necessary diligence, efficiency and transparency in line with sound financial management and best practise principles.
- 3.3 The Grant Recipient shall identify, assess and mitigate any relevant risks associated with the implementation of the Project, including the risk of corruption and other financial irregularities, and any potential negative effects that the Project may have on the environment and climate, gender equality and human rights.

4 THE GRANT

- 4.1 The Grant shall amount to maximum NOK 7 083 634 (Norwegian Kroner sevenmillion eightythreethousand sixhundred and thirtyfour).
- 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

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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 MFA 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.

- 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 5% of MFA's pro rata share of the actual costs of the Project.
- 4.5 The Grant Recipient is responsible for obtaining any additional resources which may be required to duly implement the Project.

5 DISBURSEMENT

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

Name of the account: CNVP NORAD REGIONAL
Account number: 334 5382 89
IBAN no.: NL12 RABO 0334 5382 89
Name and address of the bank: :Rabobank ,
Croeselaan 18, Utrecht, 3521 CB the Netherlands
Swift/BIC code: RABONL2U
Currency of the account: Euro

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- 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 MFA:

- a) A **progress report** covering the period from December to November shall be submitted to MFA by 31 March the following year. The progress report shall include the content specified in article 2 of the General Conditions. MFA's standard reporting format shall be used.
- b) A **financial report** covering the period from December to November shall be submitted to MFA by 31 March following year. The financial report shall include the content specified in article 3 of the General Conditions. The final financial report shall cover the entire Support Period and shall be submitted along with the final report referred to in article 6.1 f) of the Specific Conditions.
- c) An **audit report** covering the annual financial statements of the Project shall be submitted to MFA by 31 March following 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 December to November shall be submitted to MFA by September each year. The implementation plan and budget shall include the content listed in article 1 of the General Conditions.>
- e) The **annual report and audit report** of the Grant Recipient shall be submitted to MFA by 30 April following year. If the auditor in addition submits a management letter (matters for governance attention) this shall be attached to the audit report.>
- f) A **final report** for the Support Period shall be submitted to MFA no later than 6 months after the end of the Support Period. The final report shall include the content listed in article 4 of the General Conditions. MFA's standard reporting format shall be used.

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

- 6.3 All implementation plans, budgets and reports shall be approved in writing by MFA unless otherwise agreed by the Parties.

7 AUDIT

- 7.1 The annual financial statements of the Project shall be audited in accordance with International Standards of Auditing (ISA) 800 ("Special considerations audits of financial statements prepared in accordance with special purpose frameworks") or ISA 805 ("Special considerations audits of single financial statements and specific elements, accounts or items of a financial statement").

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7.2 Additional requirements applicable to the auditor and the audit report are included in article 5 of the General Conditions.

7.3 The Grant Recipient is responsible for submitting the audit report to MFA within the deadline indicated in article 6 of the Specific Conditions.

8 FORMAL MEETINGS

8.1 The Parties shall hold formal meetings once per year, tentatively in May, in order to discuss i.a. the results achieved by the Project during the Support Period. The meetings shall be called and chaired by the Grant Recipient.

8.2 Unless otherwise agreed, the Parties shall discuss the latest progress report and financial report, as well as the implementation plan and budget for the upcoming period. In the event that such reports have not been received at least 2 weeks before the meeting, the Parties shall agree upon a new date to hold the meeting.

8.3 The Grant Recipient shall record main issues discussed, points of view expressed and decisions made, in minutes from the meeting. The Grant Recipient shall submit the minutes to MFA no later than two weeks after the meeting for comments. The agreed minutes shall be signed by both Parties.

9 REVIEWS AND OTHER FOLLOW-UP MEASURES

9.1 If the Grant Recipient or another interested party initiates a review or evaluation of activities wholly or partly funded by the Grant, MFA shall be informed. The Grant Recipient shall forward a copy of the report of any such review or evaluation to MFA without undue delay.

10 PROCUREMENT

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

11 REPAYMENT OF INTEREST AND UNUSED FUNDS

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

11.2 Repayments shall be made to the following bank account:

Name of the account:	Norwegian Ministry of Foreign Affairs
Account no.:	7694.05.12618
IBAN no.:	NO83 7694 0512 618
Name and address of the bank:	DnB SAS, 0021 Oslo, Norway
Swift/BIC code:	DNBANOKK

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

12 NOTICES

- 12.1 All communication to MFA concerning the Agreement shall be directed to the Section for South East Europe at the following e-mail address: sorosteuropeisk.seksjon@mfa.no
- 12.2 All communication to the Grant Recipient concerning the Agreement shall be directed to Connecting Natural Values and People Foundation at the following e-mail address: voislav.todorov@cnvp-eu.org
- 12.3 MFA's agreement number and agreement title shall be stated in all correspondence regarding this Agreement, including disbursement requests and repayment of unused funds.

13 SIGNATURES

- 13.1 By signing part I of the Agreement, the Parties confirm receipt and approval of part II; General Conditions, and part III; Procurement Provisions, which all form an integral part of the Agreement.
- 13.2 This Agreement has been signed in two -2- original copies in the English language. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.

Place: Oslo

Date: 8 November



for the Norwegian Ministry of Foreign Affairs,

for Connecting Natural Values and People
Foundation



Haakon Blankenborg

Director

Section for South East Europe

Ross Douglas Bull

Executive Director

Attachments:

Annex A: Approved budget for the Project

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Annex B: Results framework

#REF!			
Donor/source of income	Amount (NOK)	Comments	
Support from the Ministry of Foreign Affairs	7 083 634	94% contribution	
Support from other donors (specify and add rows if needed)	0		
Funding provided by grant recipient	452 147	6% contribution	
Other income	0		
TOTAL	7 535 780		

Budsjett

Name of the project: Regional action for combating forest crime and corruption
Project period: 01.12.2018 - 30.11.2021
All amounts in EUR

1 EUR = 9.7 NOK

Budget item														
		[Year 1]			[Year 2]			[Year 3]			Total		Note	
	Grant applicant, total	Number	Unit	Unit cost	Cost	Number	Unit	Unit cost	Cost	Number	Unit	Unit cost	Cost	
1	Personnel costs				142 530				125 630				112 530	380 690
1.1	Project manager	12 months		2 400	67 800	12 months		2 400	67 800	12 months		2 400	67 800	203 400
1.2	Project coordinator Serbia	6 months		2 000	12 000	6 months		2 000	12 000	6 months		2 000	12 000	86 400
1.3	Project coordinator Montenegro	4 months		2 000	8 000	4 months		2 000	8 000	4 months		2 000	8 000	36 000
1.4	Project finance administrator	8 months		2 000	16 000	8 months		2 000	16 000	8 months		2 000	16 000	24 000
1.5	Project technical assistant Bosnia	3 months		1 000	3 000	3 months		1 000	3 000	3 months		1 000	3 000	48 000
2	Travel				4 050				4 050				4 050	12 150
2.1	local travel	12 months		150	1 800	12 months		150	1 800	12 months		150	1 800	5 400
2.2	travel in the region	5 per travel		300	1 500	5 per travel		300	1 500	5 per travel		300	1 500	4 500
2.3	per diem	15 per diem		50	750	15 per diem		50	750	15 per diem		50	750	2 250
3	Specific project-related costs				46 180				30 180				17 080	93 440
3.1	Activity 0													
3.1	Project kick off event	1 per event		14 200	14 200									
3.2	Activity 1.1													
3.2	Consultant	10 days		200	2 000									
3.3	Activity 1.2													
3.3	Rent of venue & lunch	3 per event		1 300	3 900									
3.4	Activity 1.3													
3.4	Regional workshop	1 per region		14 200	14 200									
3.5	Activity 1.4													
3.5	Coordination meetings	1 per event		1 480	1 480	1 per event		1 480	1 480	1 per event		1 480	1 480	4 440
3.6	Activity 3.1													
3.6	Interviewers													
3.6	Interviewers													
3.7	travel for interviewers	10 per day		500	5 000	5 per day		500	2 500					
3.8	Consultant	12 persons		200	2 400	8 persons		200	1 600					
3.8	Consultant	10 per day		200	2 000	10 per day		200	2 000					
3.9	Activity 3.3													
3.9	Consultant													
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7.1	Audit of the project	1 per audit	5 000	5 000	1 per year	5 000	5 000	1 per audit	5 000	5 000	5 000	15 000
Partner 1 (FEA), total												
1 Personnel costs												
1.1 Project officer Serbia	8 months		2 000	2 000	8 months	2 000	2 000	8 months	2 000	2 000	2 000	271 750
1.2 Project officer BiH	12 months		2 000	2 000	12 months	2 000	2 000	12 months	2 000	2 000	2 000	48 000
2 Travel												
2.1 local travel	12 months		150	1 800	12 months	150	1 800	12 months	150	1 800	1 800	12 150
2.2 travel in the region	5 per travel		300	1 500	5 per travel	300	1 500	5 per travel	300	1 500	1 500	5 400
2.3 per diem	15 per diem		50	750	15 per diem	50	750	15 per diem	50	750	750	2 250
3 Specific project-related costs												
Activity 1.2												
3.1 Rent of venue & lunch	3 per event		1 300	3 900								0
Activity 1.3												
3.2 Regional workshops	2 per country		7 100	14 200								0
3.3 GIS expert	6 man-month		2 000	12 000	3 man-month	2 000	6 000					0
3.4 GIS Analyst	6 man-month		1 500	9 000	3 man-month	1 500	4 500					0
Activity 2.2												
3.5 GIS Specialist					8 man-month	2 000	16 000					0
3.6 GIS Analyst					12 man-month	1 500	18 000					0
3.7 Procurement of official GIS data /software	4 per country		1 000	4 000								0
Activity 2.3												
3.8 IT expert/consultant					40 days	400	16 000					0
Activity 4.1												
3.9 Organisation/conducting the trainings					1 per training	3 600	3 600	1 per training	3 600	3 600	3 600	7 200
3.10 Trainers					1 per country	1 000	1 000	1 per country	1 000	1 000	1 000	2 000
Activity 4.2												
3.11 Webinar software					1 year/subscription	1 000	1 000	1 yearly subscription	1 000	1 000	1 000	2 000
Activity 5.1												
3.11 Round table meetings												
Activity 5.2												
3.12 Advocacy and lobby meetings												
Activity 5.3												
3.13 National workshops												
Visibility materials general for the project												
3.14 Media campaign												
3.15 Promotional material	1 per country		1 000	1 000	1 per country	1 000	1 000	1 per country	1 000	1 000	1 000	3 000
4 Operating costs												
4.1 office rent	12 per month		200	2 400	12 per month	200	2 400	12 per month	200	2 400	2 400	11 700
4.2 Telephone charges	12 per month		25	300	12 per month	25	300	12 per month	25	300	300	900
4.3 internet	12 per month		20	240	12 per month	20	240	12 per month	20	240	240	720
4.4 printing paper	30 pack		4	120	30 pack	4	120	30 pack	4	120	120	360
4.5 electricity	12 per month		20	240	12 per month	20	240	12 per month	20	240	240	720
4.6 accounting services	12 per month		50	600	12 per month	50	600	12 per month	50	600	600	1 800
5 Purchase of equipment												
5.1												
5.1												
6 Evaluation												
6.1												
7 Audit												
7												
7.1												
Partner 2 (Green Home), total												
1 Personnel costs												
1.1 Project officer MNE	6 months		2 000	12 000	6 months	2 000	12 000	6 months	2 000	12 000	12 000	36 000
2 Travel												
2.1 local travel	12 months		150	1 800	12 months	150	1 800	12 months	150	1 800	1 800	12 150
2.2 travel in the region	5 per travel		300	1 500	5 per travel	300	1 500	5 per travel	300	1 500	1 500	5 400
2.3 per diem	15 per diem		50	750	15 per diem	50	750	15 per diem	50	750	750	2 250
3 Specific project-related costs												
Activity 4.2												
3.1 Rent of venue & lunch	2 per event		1 300	2 600								0
Activity 4.3												
3.2 Regional workshop	1 per country		7 100	7 100								0
Activity 4.1												
3.3 Organisation/conducting the trainings												
3.4 Trainers					1 per training	3 600	3 600	1 per training	3 600	3 600	3 600	7 200
Activity 5.1					1 per country	1 000	1 000	1 per country	1 000	1 000	1 000	2 000

This is a suggested template for results framework for projects/programmes to be supported by the Norwegian Ministry of Foreign Affairs. The approved results framework will be included as a part of the agreement between the MFA and grant recipient. It is therefore important that the results framework is consistent and realistic.

RESULTS FRAMEWORK:

LEVEL	EXPECTED RESULT	INDICATORS	BASELINE Y0	Indicator data				FINAL TARGET YX	Data source of verification	Comments
				TARGET Y1	TARGET Y2	TARGET Y3				
IMPACT	Step forward towards good governance in forestry sector in 4 WB countries and combating forest related crimes and corruption	Developed/adopted National Action Plans on combating forest related crime and corruption in 4 countries	0	0	0	4	4	4	Web sites of decision-makers - adopting bodies / Official Gazette of certain levels of government in 4 countries; Draft documents prepared	
OUTCOME 1	Regional network is established and exchange of knowledge and experiences of regional network members (stakeholders) is enabled and improved	Memorandum of Cooperation of regional network members Number of members (bodies) who signed Memorandum of Cooperation	0	1	1	1	1	1	Signed Memorandum of Cooperation	
OUTPUT 1.1	Development of the Concept of the regional cooperation and networking	Concept developed	0	1	1	1	1	1	Concept document	
OUTPUT 1.2	Network is alive and regional workshops for the	Number of workshops /meetings organized	0	1	2	4	4	4	Meeting report	

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LEVEL	EXPECTED RESULT	INDICATORS	Indicator data					Data source of verification	Comments
			BASELINE Y0	TARGET Y1	TARGET Y2	TARGET Y3	FINAL TARGET YX		
OUTCOME 2	exchange of knowledge and experiences are organized	Number of the participants at workshops /meetings	0	50	100	200	200	Lists of participants in Workshops	
	Control mechanisms and data bases on forests are in place and access to information is improved	Functional access (full and restricted) for network members and wider public	0	0	0	4	4	Online portal(s) -URL(s)	It should be decided whether it will go to be common to all 4 countries or separate for each country
OUTPUT 2.1	National Forestry Data Bases are developed in all 4 countries	Map of devastation in the forests	0	0	1	1	1	Map available on the web portal (URL)	
		Number of different factors in the GIS database	0	0	4	6	6	Data basis available on the web portal (URL)	
OUTPUT 2.2	Clearing-house mechanism web portal is functional and available to a wide range of stakeholders	Functional web site						URL	
		Number of visitors of the web portal	0	200	500	1000	1000	Visitors calculator on the website	

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LEVEL	EXPECTED RESULT	INDICATORS	BASELINE Y0	TARGET Y1	TARGET Y2	TARGET Y3	FINAL TARGET YX	Data source of verification	Comments
OUTCOME 3	Monitoring mechanisms on forest crimes in all 4 countries are developed/improved	Methodology documents with set of indicators adopted by key stakeholders/network	0	0	4	4	4	Report from Network Workshop	
	More reliable estimates on the extent and causes of illegal activities are available through National Reports in all 4 countries	Number of questionnaires analyzed	0					Excel /SPSS databases; Developed questionnaires	
OUTPUT 3.1 & 3.2			0	400	800	0	800	National Reports on illegal activities	
								Methodology documents (in each country)	
OUTPUT 3.3	National methodologies to monitor illegal activities (with set of indicators) are developed for 4 countries and Baseline reports with calculated indicators are available	Number of indicators created / calculated	0	20	40	0	40	Baseline reports with calculated indicators (in each country)	
OUTCOME 4	The capacity of the stakeholders are strengthened through trainings and operational support, dialog and communication of the best practices	Increased knowledge on topics covered	0	20%	40%	50%	50%	Internal survey questionnaires on training efficiency	
		The engagement of stakeholders in the form of inputs for the National Action Plan	0	30	40	50	50	Draft of the documents	
OUTPUT	Key stakeholders are	Number of stakeholders	0	20	30	40	40	List of	

This is a suggested template for results framework for projects/programmes to be supported by the Norwegian Ministry of Foreign Affairs. The approved results framework will be included as a part of the agreement between the MFA and grant recipient. It is therefore important that the results framework is consistent and realistic.

LEVEL	EXPECTED RESULT	INDICATORS	BASELINE Y0	Indicator data					FINAL TARGET YX	Data source of verification	Comments
				TARGET Y1	TARGET Y2	TARGET T Y3					
4.1.	trained and willing to use the portal and monitoring mechanisms developed through the Project	trained								participants in training	
OUTPUT 4.2.	Key stakeholders are trained on development of indicators	Number of stakeholders trained	0	20	30	40		40		List of participants on webinars	
OUTPUT 4.3.	Key stakeholders are aware of Best practices for combating forest-related corruption (in relation to EUTR, FLEGT and CITES)	Number of brochure distributed	0	50	100	150		150		Online version on Web sites of partners / web portal developed through the Project	
OUTCOME 5	Countries developed and adopted National Action Plans on combating forest related crime and corruption	Number of drafted/valid/adopted action plans	0	0	0	4		4		Official Gazette of certain levels of government in 4 countries	
OUTPUT 5.1.	National Action Plans for combating Forest Crime and Corruption developed in 4 countries	Number of drafted Action Plans for combating Forest Crime and Corruption	0	0	0	4		4		Web sites of partners	
OUTPUT 5.2.	National Action Plans for combating Forest Crime and Corruption prepared for adoption in 4 countries	Number of Action Plans for combating Forest Crime and Corruption ready for adoption	0	0	0	4		4		Web sites of decision-makers - adopting bodies	

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PART II: GENERAL CONDITIONS APPLICABLE TO GRANTS FROM THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

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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 MFA'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 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 account of materialised risk factors to the Project, including how these have been handled in the reporting period and/or will be handled in the future. Identified risks related to the climate and environment, gender equality, corruption and other financial mismanagement and human rights 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. MFA'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;

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- 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 between the approved budget and the expenses charged/capitalised shall be highlighted with information on 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 MFA reserves the right to approve the auditor, and may require that the auditor shall be replaced if MFA 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 standard, 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;

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- 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 MFA 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 MFA 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 MFA 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.

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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 system¹ 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 reconciliations² and cash reconciliations³ 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 MFA'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 MFA.
- 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 MFA 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 outside the Project shall be subject to the MFA's prior approval, as outlined in Article 12 of the General Conditions.

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.

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- 9.2 MFA shall have a non-exclusive and royalty-free license to use all intellectual property rights procured or developed by the use of the Grant. MFA 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 MFA. 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 MFA 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 MFA about the remaining equipment and goods that have been purchased by use of the Grant. The MFA 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 MFA unless otherwise agreed by the Parties.

10 REAL PROPERTY

- 10.1 The Grant may not be used to purchase or construct real property (land or buildings) unless explicitly approved by MFA.
- 10.2 If MFA has approved a purchase or construction of real property, the Grant Recipient and MFA 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 MFA 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 MFA. MFA 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:

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- a) both the Grant Recipient, MFA 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 MFA is entitled to claim repayment from the Grant Recipient, and the cooperating partner shall accept that MFA 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 MFA.

- 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 MFA.
- 11.5 The Grant Recipient shall remain fully responsible towards MFA 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 MFA'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 MFA'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 budget that imply reallocation of more than 10% of a budget line.

- 12.3 MFA 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 MFA 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. MFA 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:

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- a) a copy of this Agreement;
- 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 to be financed by the Grant;
- c) the names and nationalities of the respective agreement parties and, if relevant, any further 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 MFA immediately of any indication of financial irregularities in or related to the Project. The Grant Recipient shall provide MFA 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 MFA in accordance with MFA's guidelines for handling suspicion of financial irregularities. The Grant Recipient shall cooperate fully with MFA's investigation and follow-up. If requested by MFA, the Grant Recipient shall initiate prosecution and/or apply other sanctions against persons or entities suspected of financial irregularities.
- 15.6 MFA 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.

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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 occur, 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 MFA.

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, MFA may suspend disbursement of all or part of the Grant.
- 17.2 In the event of material breach of the Agreement, MFA 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 MFA 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 MFA,
 - 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 MFA immediately of any circumstances that may indicate or lead to a breach of Agreement, and shall provide MFA with any information or documentation it may reasonably require in order to determine if a breach of the Agreement has occurred.
- 17.5 MFA may also suspend disbursements or terminate the Agreement with immediate effect if a material breach of another agreement between MFA and the Grant Recipient has been established.

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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 MFA.
- 18.4 The Grant Recipient shall submit a final report to MFA 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 MFA 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 MFA, 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 MFA 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 staff or property as a direct or indirect consequence of the Project. MFA 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 MFA against any claim or action from the Grant Recipient's employees 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 MFA. 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 MFA's support to the Project in all publications and other materials issued in relation to the Project. MFA's logotype will be provided by MFA upon request. All use of MFA's logotype must be approved by MFA.

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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 MFA 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 MFA 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.

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PART III: PROCUREMENT IN THE CONTEXT OF PROJECTS FINANCED BY THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

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 Ministry of Foreign Affairs (MFA). Stricter rules may supplement the compulsory minimum rules set forth in this Part III.
- 1.2 The MFA 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 MFA 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.

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- 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;
- d) 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;

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- 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.

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- 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 the MFA, the Grant Recipient shall deliver its written record to the MFA and grant the MFA 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:¹

¹ Definitions of different types of contracts and procedures can be found in Directive 2014/24/EU.

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- 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 the MFA;
- 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 the MFA so requires.