

Template:	Non-Norwegian NGOs	Revision no.:	3
Specific Conditions (part I)	Grant Management Regime I	Date:	21.10.2019

GRANT AGREEMENT

BETWEEN

THE NORWEGIAN MINISTRY FOR CLIMATE AND
ENVIRONMENT (MCE)

AND

EMERGENT FOREST FINANCE ACCELERATOR

REGARDING
REDD+ PURCHASE GUARANTEE FACILITY

PART I: SPECIFIC CONDITIONS

PART II: GENERAL CONDITIONS

PART III: PROCUREMENT PROVISIONS

ANNEX A: BUDGET

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PART I: SPECIFIC CONDITIONS

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

- (1) The Norwegian Ministry for Climate and Environment (MCE), represented by Norway's International Climate and Forest Initiative (NICFI), and
 - (2) Emergent Forest Finance Accelerator, Inc., a 501(c)(4) not-for-profit organization incorporated in the state of Delaware, United States of America (the Grant Recipient or “Emergent”),
- jointly referred to as the Parties.

1 SCOPE AND BACKGROUND

- 1.1 The Grant Recipient has submitted an Application Letter and has also provided a Blueprint and a Fund Management & Reporting Operations Manual, regarding financial support for a REDD+ purchase guarantee facility to accelerate REDD+ transactions (the Purchase Guarantee Facility or “PGF”). The estimated size of disbursements under the PGF are indicated in Budget attached as Annex A to this Agreement.
- 1.2 MCE has decided to award a grant to be used exclusively for the implementation of the Purchase Guarantee Facility (the Grant). The Parties expect the Purchase Guarantee Facility to be implemented from October 1, 2023 through December 31, 2029 (the Support Period).
- 1.3 For the PGF, Emergent connects supply and demand for carbon emission reductions credits (“Credits” or “Emission Reductions”), measured in tons of CO₂, verified under the Architecture for REDD+ Transactions (“ART”). Emergent will purchase these Credits from tropical forest host jurisdictions and seek to sell these Credits to private-sector buyers. If Emergent cannot find such private-sector buyers for all such Credits, Emergent will utilize the Grant under this Agreement to pay for, and retire, those Credits on behalf of MCE at a price of 10 USD per ton CO₂. Such payments will be used to finance activities and programs of host jurisdictions consistent with this Agreement, including the Approved Uses in section 12.1(a) below.
- 1.4 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. The term “Project” as used in the General Conditions shall be interpreted, for purposes of this Agreement, to mean the “Purchase Guarantee Facility”.

2 OBJECTIVES OF THE PURCHASE GUARANTEE FACILITY

- 2.1 The expected results of the Purchase Guarantee Facility are as follows:
 - a) The Purchase Guarantee Facility's expected effects on society are to reduce and reverse the loss of tropical forest, thereby contributing to mitigate climate change, and to protect biodiversity and promote sustainable development. (Impacts).
 - b) The expected effects for the target groups of the Purchase Guarantee Facility are provision of effective incentives for host jurisdictions to reduce emissions from tropical forest, and results-based payments supporting further actions to reduce deforestation. (Outcome).

- 2.2 A full results framework will be developed within six months after the signature of the Grant Agreement.

3 IMPLEMENTATION OF THE PURCHASE GUARANTEE FACILITY

- 3.1 The Purchase Guarantee Facility shall be implemented in accordance with the Agreement, including the Budget (Annex A).
- 3.2 During the implementation of the Purchase Guarantee Facility, the Grant Recipient shall exercise the necessary diligence, efficiency and transparency in line with sound financial management and best practise principles.
- 3.3 The Grant Recipient shall continuously identify, assess and mitigate any relevant risks associated with the implementation of the Purchase Guarantee Facility. The risk of potential negative effects of the Purchase Guarantee Facility in the following cases (Cross-Cutting Issues) shall always be included in the risk management of the PGF, as further elaborated on in section 12.1(a)(iv) of this Agreement:
- anti-corruption
 - climate and environment,
 - women's rights and gender equality, and
 - human rights (with a particular focus on participation, accountability and non-discrimination).
- 3.4 The Grant Recipient shall immediately inform MCE of any circumstances likely to hamper or delay the successful implementation of the Purchase Guarantee Facility.
- 3.5 The Purchase Guarantee Facility disbursements supported by the Grant shall flow through the PGF to entities accredited under the Green Climate Fund (GCF) ("Financial Intermediaries") or specifically approved by MCE. These Grant monies may be used for payments for emission reductions ("ERs") in transactions with one or more host jurisdictions that are either sovereign nations or sub-national jurisdictions ("Host Jurisdictions") in support of REDD+ programs ("Host Jurisdiction REDD+ Programs"). For additional background information, see the Application including the PGF Structure Overview Description, the Blueprint and the Fund Management & Reporting Operations Manual.
- 3.6 Emergent shall provide MCE with templates for agreements with Financial Intermediaries responsible for implementation activities involving Grant monies (e.g., Financial Intermediary Agreements), which templates shall be subject to MCE approval. Emergent shall, before signing a Financial Intermediary Agreement regarding a Host Jurisdiction where Grant monies may be disbursed, notify MCE of material deviations to MCE-approved template agreements with Financial Intermediaries. Emergent shall also provide to MCE, for informational purposes, final Financial Intermediary Agreements with Financial Intermediaries.
- 3.7 In addition to other specifically authorized and contemplated use of Grant funds pursuant to this Agreement and the Budget, Emergent shall only disburse Grant monies to Financial Intermediaries when due under a signed Emission Reduction Purchase Agreement (ERPA), using an ERPA template approved by MCE. Furthermore, Emergent shall, before signing an ERPA for which Grant monies may be disbursed, notify MCE of material deviations to the MCE-approved template for ERPAs and present such ERPAs to the MCE for approval, which approval shall not be unreasonably delayed or withheld. MCE's approval to use Grant monies to pay for emission reductions from a particular Host Jurisdiction shall be indicated in a written

confirmation by MCE approving the terms of an ERPA between Emergent and that Host Jurisdiction. Such approval does not reduce the Grant Recipient's responsibilities under this Agreement.

4 THE GRANT

- 4.1 The Grant shall amount to a maximum of NOK 2,500,000,000 (Norwegian Kroner two billion five hundred million). The Grant shall be disbursed according to the Budget in Annex A and the provisions in Article 5 and as the same Budget may be updated pursuant to this Agreement. The Grant Recipient's facilitation of transactions of emission reduction shall only involve credits verified by the Architecture for REDD+ Transactions (ART), under The REDD+ Environmental Excellence Standard (TREES).
- 4.2 Disbursement after the fourth calendar year is subject to Norwegian Parliamentary appropriations.
- 4.3 The Grant, including accrued interest, shall be used exclusively to finance the actual costs of the implementation of the PGF during the Support Period.

5 DISBURSEMENT

- 5.1 Grant monies shall be disbursed to the Grant Recipient to pay for the retirement of emission reductions credits in the ART account of the Host Jurisdiction or the ART account of Emergent, as applicable to the terms of a particular ERPA for that transaction, and as further described in this article 5.
- 5.2 The Grant Recipient shall submit to MCE in writing by 1 April or 1 October each year a disbursement request (a "Biannual Disbursement" request) to cover the period until the next Biannual Disbursement request is due.
- 5.3 Each Biannual Disbursement request shall include estimated amounts due by MCE for emissions reductions expected to be delivered by Host Jurisdiction(s) under the PGF during the disbursement period.
 - a) To facilitate monitoring of likely Grant disbursements, Emergent will (i) provide notice to MCE within five (5) Business Days (as defined in the Host Jurisdiction ERPA) or as soon as practicable thereafter following notice from the applicable Host Jurisdiction of submission of a Verification Report (as defined or referred to under the TREES Validation and Verification Standard) for the Emission Reductions that includes the expected date the applicable Emission Reductions will be received in Emergent's ART registry account or otherwise available for retirement, and (ii) keep MCE informed as to any material changes to that expected date of the applicable Emission Reductions receipt of which Emergent becomes aware.
 - b) All Biannual Disbursement requests, and the MCE disbursement of Grant monies, shall be denominated in United States dollars (USD), to facilitate payments to Host Jurisdictions at 10 USD per ER and so that Emergent will not be at risk of adverse foreign exchange movements.
- 5.4 Upon receipt of a Biannual Disbursement request, unless MCE disputes the reasonability of such request pursuant to section 5.5, MCE will disburse the requested Grant monies to Emergent within 30 days of the Biannual Disbursement request.
 - a) To accommodate this 30-day term for payment by MCE, the Biannual Disbursement request may include amounts expected to be due by MCE within 60 days beyond the date when the next

- Biannual Disbursement request is due, to facilitate timely payments for ERs to Host Jurisdictions.
- b) If during a disbursement period an additional delivery of ERs becomes anticipated (beyond those ERs identified in a Biannual Disbursement request) for which MCE has expressed written interest in making payment, Emergent will submit a Supplemental Disbursement request to MCE as soon as practicable, and MCE will disburse to Emergent within 30 days of receipt of such Supplemental Disbursement request the Grant monies therein requested; provided such Supplemental Disbursement does not exceed the applicable Budget, and provided that Supplemental Disbursement requests made after October 1 may require MCE postponing the disbursement of such requested Grant monies to January of the next calendar year (i.e., postponing the disbursement by up to 60 days from when such disbursement would otherwise be due).
- 5.5 If MCE disputes the reasonability of a Biannual Disbursement request, it shall timely pay any undisputed amounts and notify Emergent of the disputed amount within 10 days of receipt of such Biannual Disbursement request. The Parties shall endeavour to resolve such dispute amounts within 15 days of when MCE provided such notice, after which point either party may pursue arbitration including pursuant to section 12.2(g) of this Agreement; provided that in no event shall MCE fail to disburse amounts due to Emergent so that Emergent can timely distribute Grant monies to pay for ERs that MCE has submitted written conformations to pay regarding ERPAs approved by MCE.
- 5.6 If one or more Host Jurisdictions delivers fewer ERs than projected in a Biannual Disbursement request, or at the request of MCE the Grant Recipient finds a corporate buyer for emissions reductions that would otherwise be paid for by MCE, or some or all of a Supplemental Disbursement is not utilized by Emergent to make ER payments, then corresponding amounts shall be deducted from (i.e., netted off against) the next Biannual Disbursement request (or, if Emergent is at the end of the Support Period, Emergent shall repay to MCE such unspent monies pursuant to the provisions of article 11 below). Emergent will put in place reasonable controls so that it does not expend any Biannual Disbursement monies until the retirement of corresponding ERs by Host Jurisdictions; Emergent financial controls in this regard shall be subject to the reporting and auditing provisions of article 6 of this Agreement.
- 5.7 A failure by the Grant Recipient to submit a disbursement request by 1 October each year will result in the expiry of ability to disburse the annual allocation of the maximum of NOK 500 million, unless otherwise agreed in writing. In such case of such unused funds, the Budget in Annex A shall be deemed updated to reflect a deduction for such unused funds for the applicable year; this updating shall satisfy, without a need for prior written approval by MCE, provisions regarding Budget updates in General Conditions Articles 1, 2, 3 and 12, and the requirements of section 1.2 of the General Conditions for Budget updates shall not apply for when Budgets are deemed updated due to unused funds.
- 5.8 The disbursement requests shall be signed by an authorised representative of the Grant Recipient. A confirmation that the Purchase Guarantee Facility is being implemented in accordance with the Agreement shall be included in the disbursement request.
- 5.9 All disbursements are conditional upon the Grant Recipient's continued compliance with the requirements of the Agreement, including the timely fulfilment of reporting obligations as well as the relevant FI's and Host Jurisdiction's compliance with the relevant Financial Intermediary Agreement. MCE 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. If a situation described in this clause arises in relation to a Host Jurisdiction and/or its designated FI, MCE

shall still timely pay for Grant amounts owed regarding other Host Jurisdictions in line with this Agreement and the relevant ERPA.

5.10 All disbursements will be made to the following bank account

Name of the account: Emergent Forest Finance Accelerator, Inc.

Account no.: 226005706549

IBAN no.: ACH: 054001204. Wiring: 026009593

Name and address of the bank: Bank of America, N.A., B.O. Box 27025, Richmond, Virginia, 23261-7025

Swift/BIC code: BOFAUS3N for Wire in USD Currency of the account: US Dollars

5.11 The Grant Recipient shall acknowledge as soon as practicable 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 MCE for each calendar year starting with the calendar year 2024:

- a) An annual **progress report** covering each full calendar year shall be submitted to MCE by August 31 for the preceding calendar year. The progress report shall include the content specified in article 2 of the General Conditions. The progress report shall also contain aggregated reporting in a narrative format regarding: (1) the implementation of Host Jurisdiction REDD+ programs funded by the PGF; (2) the performance (including Grant amounts disbursed for Host Jurisdiction REDD+ and monitoring and reporting undertaken thereto) by Financial Intermediaries to which Emergent has disbursed money under the Grant.
- b) A **financial report** covering each full calendar year shall be submitted to MCE by August 31 for the preceding calendar year. The financial report shall include the content specified in article 3 of the General Conditions. The final financial report shall cover the entire Support Period and shall be submitted along with the final report referred to in article 6.1(e). The annual financial reports and the final financial report shall also include aggregated financial information on: (1) Grant funds disbursed by MCE to Emergent, (2) Grant funds disbursed by Emergent to Financial Intermediaries, and (3) the ultimate disposition of those Grant Funds as disbursed by the Financial Intermediaries.
- c) An **audit report** covering the annual financial statements of the Purchase Guarantee Facility shall be submitted to MCE by October 30 each year during the Support Period for the preceding calendar 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. Financial Intermediaries that receive Grant monies, unless they are multilateral organizations where Norway is represented in the governing body (which are referred to throughout this agreement collectively as “multilateral organizations”), shall be audited pursuant to the General Conditions article 5. The audit report shall cover the financial statements of the Purchase Guarantee Facility's operations and include auditing prepared by Financial Intermediaries on their Grant disbursements. If an auditor in addition submits a management letter (matters for governance attention) this shall be attached to the audit report.
- d) An **implementation dashboard** (or update in spreadsheet format) containing information about projected emissions reductions to be delivered by Host Jurisdictions and disbursements to be made by Emergent and Financial Intermediaries under the Purchase Guarantee Facility in the coming year starting with the calendar year 2024 shall be submitted to MCE by January 31 of

the same year.

- e) A **final report** for the Support Period shall be submitted to MCE no later than three months after the end of the Support Period. The final report shall include the content listed in article 4 of the General Conditions.

6.2 Emergent shall require, from Financial Intermediaries receiving Grants funds, monitoring and reporting in substance similar to that required of Emergent under this Agreement, with timelines to allow Emergent to incorporate information from such Financial Intermediaries into reports required of Emergent, and subject to any deviations required by multilateral organizations and/or approved by MCE.

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

7 AUDIT

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

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 MCE 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 the last quarter of each year in order to discuss i.a. the results achieved by the Purchase Guarantee Facility during the Support Period. The meetings shall be called and chaired by the Grant Recipient and may be held jointly, at Emergent's option, with other sovereign contributors (Sovereign Contributors) to the Purchase Guarantee Facility.

8.2 Unless otherwise agreed, the Parties shall discuss the latest progress report and financial report as well as implementation dashboard of the PGF (which may be in spreadsheet format) for the upcoming period.

8.3 The Grant Recipient shall record main issues discussed, overall points of view expressed and decisions made, in minutes from the meeting. The Grant Recipient shall submit the minutes to MCE 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 requested by MCE, a mid-term review focusing on progress to date, and ongoing implementation of REDD+ programs regarding which Grant disbursements are expected to be made, shall be carried out by a time mutually agreed by the Parties. The Grant Recipient shall

draft the terms of reference for the review and submit them to MCE for approval. The costs of the review shall be covered by MCE over and above the Grant.

- 9.2 If the Grant Recipient, or to the knowledge of Grant Recipient another interested party, initiates a formal review or evaluation of activities wholly or partly funded by the Grant, MCE shall be informed. The Grant Recipient shall forward a copy of the final report of any such review or evaluation to MCE without undue delay.
- 9.3 In addition to other audit, reporting and review requirements in Article 6, Article 7, Article 9.1 and Article 9.2 above, MCE may request that the Grant Recipient commission an independent audit and review of a Host Jurisdiction's REDD+ program of actions and all activities related to this Grant, to the extent such auditing is provided for in a Host Jurisdiction ERPA. Such audits and reviews will not occur more than once per year (including if another Sovereign Contributor or Corporate Purchaser has already requested such an audit) unless reasonable grounds exist for additional auditing and reviewing. The Grant Recipient's costs in undertaking or commissioning such audit and review shall be paid by MCE, provided that the Grant Recipient's shall endeavour to have other Sovereign Contributors or Corporate Purchasers share rateably in such costs (e.g., proportional to the quantity of emission reductions the Grant Recipient has committed to pay for on behalf of such other Sovereign Contributors or Corporate Purchasers that desire to such audit and review undertaken).

10 PROCUREMENT

- 10.1 All procurement under the Purchase Guarantee Facility shall be completed in accordance with the Procurement Provisions in Part III of this Agreement. For clarification purposes, the selection of Financial Intermediaries is not subject to procurement requirements.
- 10.2 If the total value of a contract exceeds NOK 500 000, the call for tenders, the shortlist of suppliers and the signed contract shall be submitted to MCE for information. The Grant Recipient shall also confirm in writing that the requirements in article 10.1 have been fulfilled.

11 REPAYMENT OF INTEREST AND UNUSED FUNDS

- 11.1 Upon the end of the Support Period or upon termination of this Agreement, any unused funds (e.g., Grants funds that have been disbursed by MCE but not used for results-based payments) that total NOK 500 or more shall in its entirety be repaid to MCE as soon as possible and at the latest within 6 months. The repayment shall include any interest on funds which have not been used for Purchase Guarantee Facility purposes.
- 11.2 Repayments shall be made to the following bank account:

Name of the account: Norwegian Ministry of Climate and Environment
Account no.: 76940500334
IBAN no.: NO11 76940500334
Name and address of the bank: DNB, P.O. Box 1600 Sentrum, 0021 Oslo, Norway
Swift/BIC code: DNBANOKKXXX

The transaction shall be clearly marked: "Unused funds". The name of the Grant Recipient shall be stated, along with agreement title.

12 SPECIAL PROVISIONS

12.1 Additions to the General Conditions include the following.

- a) Emergent Host Jurisdiction ERPAs and Financial Intermediary agreements using Grant funds shall specify that the use of Grant funds (“Approved Uses”):
 - i. are restricted to uses consistent with:
 - A. the Nationally Determined Contribution (NDC) for the Paris Agreement on Climate Change applicable to the Host Jurisdiction (or, if a Host Jurisdiction is a subnational jurisdiction, applicable to the country in which the Host Jurisdiction is located) and
 - B. sustainable economic development with a priority for forest protection and forest restoration, including the REDD+ strategy/action plan under the Paris Agreement applicable to the Host Jurisdiction; and
 - ii. will be implemented in a manner consistent with financial, environmental and social safeguards as documented pursuant to the Program and any additional requirements in an applicable ERPA;
 - iii. will be qualified as Official Development Assistance (ODA) as defined by the Organization for Economic Co-operation and Development (OECD), to the extent Grant funds are used to make retirement payments; and
 - iv. will mitigate the risks identified in section 3.3 to this Agreement to the extent provided in the applicable Financial Intermediary agreement as approved by MCE.
- b) Any early termination of this Grant will not affect MCE’s obligation to make payments already due from MCE under the PGF prior to a notice of termination under Section 18 of the General Conditions.

12.2 Deviations from the General Conditions include the following.

- a) Sections 11.1, 11.2 and 11.5 of the General Conditions, governing “cooperating partners,” shall be subject to the following limits:
 - i. After the duly authorized transfer of payments to Financial Intermediaries, Emergent shall not be responsible for Grant monies or Financial Intermediary or other actions in or regarding Host Jurisdictions, beyond: (1) Emergent reporting and auditing obligations pursuant to the terms of this Agreement and approved ERPAs and Financial Intermediary Agreements; (2) restricting future payments and terminating program activities with Financial Intermediaries or Host Jurisdictions if such entities are in violation of Purchase Guarantee Facility agreements and control mechanisms thereto and, if program activities are fully terminated in such circumstances, using best efforts to recover Grant monies still in the possession of Financial Intermediaries; (3) other actions/obligations included in this Agreement.
 - ii. Emergent agreements with Financial Intermediaries shall require those Financial Intermediaries (subject to approval by multilateral organizations, if the Financial Intermediary is a multilateral organization where Norway is represented in the governing body) to investigate any suspicion of financial irregularities involving Grant funds, report back to Emergent on such investigations, and remit back to Emergent any Grant funds in their possession if applicable program activities are terminated and use best efforts to recover Grant funds disbursed by them that involve financial irregularities. Emergent shall report back to MCE on the findings of any such investigations and efforts by Financial Intermediaries; if Grant funds are returned to Emergent by Financial Intermediaries, Emergent shall return those funds to, or use them as instructed by, MCE.
 - iii. Where a Financial Intermediary selected by the Host Jurisdiction is not a multilateral entity as defined in this Agreement and such Financial Intermediary materially breaches the Financial Intermediary Agreement with Emergent, then the following shall apply.
 - A. At MCE’s written request, Emergent shall, subject to any limitations set forth herein or in the applicable Financial Intermediary Agreement and Host Jurisdiction ERPA, assign to MCE (and MCE shall assume) its claims, rights

- and remedies with respect to the breach, in each case without representation, warranty or recourse, under the applicable Financial Intermediary Agreement.
- B. MCE's rights to an assignment of claims, rights and remedies will be shared rateably with all other parties with similar rights to cause assignment of Emergent's claims, rights and remedies (and that request such assignment), including other Sovereign Contributors or Corporate Purchasers.
 - C. MCE acknowledges that the Host Jurisdiction may also be a party to the applicable Financial Intermediary Agreement and, in such case, MCE will seek alignment and coordination, to the extent possible, with the Host Jurisdiction on the enforcement of any claims, rights and remedies assigned by Emergent to MCE.
- b) With respect to MCE approval for "changes to the Project's sources of income" in General Conditions section 12.2 and other provisions in General Conditions article 12, the Parties recognize that additional contributions may be made to the PGF by other Sovereign Contributors, and various ERPAs may be entered into with private sector corporations or other third parties, and these additional contributions and ERPAs do not require prior MCE approval so long as the participation of additional parties in the activities related to the Purchase Guarantee Facility are consistent with the Results Framework.
 - c) General Conditions article 14 (on the publication of Grant-related information) shall be replaced with the following: "The Grant Recipient shall make project documentation regarding Host Jurisdiction REDD+ Programs available (which may include posting it on a public internet site) to anyone upon reasonable request unless disclosure is prohibited by confidentiality obligations and/or if it may be detrimental to the Grant Recipient's legitimate commercial or similar interests. "Project documentation" shall include this Agreement, agreements with Financial Intermediaries involving payment financed by the Grant, the Application, annual reports specified above (with redactions of any confidential or commercially sensitive or similar information) and other reports specifically agreed to by Emergent for release. Aggregated summaries of annual ERPA volumes and pricing entered into by Emergent shall also be made publicly available."
 - d) Section 15.5 of the General Conditions, which states "If requested by MCE, the Grant Recipient shall initiate prosecution and/or apply other sanctions against persons or entities suspected of financial irregularities," shall be replaced with "Emergent shall cooperate fully with MCE's reasonable requests for information regarding actual or suspected violations of applicable anti-corruption laws."
 - e) Regarding section 15.6 and 17.2 and the MCE's right to "claim repayment of all or parts of the Grant," MCE may only claim repayment from Emergent with respect to portions of the Grant that have not already been disbursed by Emergent for results-based-payments consistent with MCE-approved ERPAs and the MCE-approved template contracts with Financial Intermediaries (and subject to the above "best efforts" provisions regarding recovering any Grant monies subject to financial irregularities).
 - f) The last sentence of section 20.2 (which indicates "The Grant Recipient shall indemnify MCE against any claim or action from the Grant Recipient's staff or third parties in relation to the Project") shall delete the words "or third parties."
 - g) In article 24 clause 4 paragraph (b) of the General Conditions, the arbitration rules shall be the International Chamber of Commerce Rules of Arbitration. The seat of arbitration shall be London, UK or New York, United States of America.
 - h) The following provisions shall not apply to this Agreement: section 5.8 (regarding the Budget including the cost of the audit under article 6 of Emergent's financial statements); and section 9.6 (regarding MCE's right, at the end of the Support Period, to require the sale of equipment purchased with the Grant) shall only apply to equipment and goods directly purchased by the Grant Recipient with Grant Monies.
 - i) References to the "implementation plan" in the General Conditions shall be interpreted as referring to the implementation dashboard reporting as further described in section 6.1(d) of this Agreement.

12.3 Material changes to the Fund Management & Reporting Operations Manual are subject to MCE written approval.

12.4 Sexual exploitation, sexual abuse and sexual harassment

- a) MCE 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 take all reasonable steps to prevent, detect and respond to SEAH within and related to the Purchase Guarantee Facility. 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.
- b) The following definitions apply:
 - i. 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.
 - ii. Sexual abuse: The actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions.
 - iii. Sexual harassment: Any form of unwanted sexual attention that has the purpose or effect of being offensive, frightening, hostile, degrading, humiliating or troublesome.
- c) The Grant Recipient shall:
 - i. 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,
 - ii. have ethical guidelines that include policies on prevention and response to SEAH,
 - iii. organise its operations and internal control systems in a way that SEAH is prevented, detected and responded to,
 - iv. 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.
- d) The Grant Recipient shall inform MCE 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 MCE.
- e) The Grant Recipient shall provide MCE 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 MCE in accordance with MCE’s guidelines for handling notifications of sexual abuse, sexual exploitation, and sexual harassment by grant recipients.
- f) Upon request from MCE, the Grant Recipient shall grant the MCE access to all relevant information and documentation related to the Grant Recipient’s adherence with this article

13 NOTICES

13.1 All communication to MCE concerning the Agreement shall be directed to Norway’s International Forest and Climate Initiative at the following address/e-mail address: postmottak@kld.dep.no or tore.langhelle@kld.dep.no.

13.2 All communication to the Grant Recipient concerning the Agreement shall be directed to Eron Bloomgarden at the following address/e-mail address: eron@emergentclimate.com.

13.3 The agreement title shall be stated in all correspondence regarding this Agreement, including disbursement requests and repayment of unused funds.

14 SIGNATURES

14.1 By signing part I of the Agreement, the Parties also confirm receipt and approval of part II—General Conditions, and part III—Procurement Provisions, which all form an integral part of the Agreement.

14.2 This Agreement has been signed in two -2- original copies in the English language. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.

Place:

Oslo

Barcelona

Date:

10-5-2023

10-6-2023

for the Norwegian Ministry for Climate and
Environment,

for Emergent Forest Finance Accelerator, Inc.,

Torstein Lindstad

Eron Bloomgarden

Head of Department

Chief Executive Officer

Department of Sustainability and Transition

Attachments:

Annex A: Budget

Calendar Year	Disbursement amount in NOK
2023	500 000 000
2024	500 000 000
2025	500 000 000
2026	500 000 000
2027	500 000 000

Standard:	Norwegian and Non-Norwegian NGOs	Revision no.:	3
General Conditions	Grant Management Regime I and II	Date:	21.10.2019

PART II: GENERAL CONDITIONS APPLICABLE TO GRANTS FROM THE NORWEGIAN MINISTRY OF CLIMATE AND ENVIRONMENT

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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 the Ministry of Climate and Environment's (MCE) 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 update on the risk management of the Project, including:
 - any new risk factors;
 - how materialized risks have been handled in the reporting period;
 - the effectiveness of mitigating measures;
 - how risks will be handled going forward.

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

3 FINANCIAL REPORT

- 3.1 Any financial report to be submitted in accordance with the Specific Conditions shall comprise financial statements with a comparison to the latest approved budget for the reporting period, as well as an identification of any deviations from the budget as per clause 3.3 below. The financial report shall be certified by the financial controller (or equivalent) as well as an authorised representative of the Grant Recipient.
- 3.2 The financial statements shall be set up in a way that allows for direct comparison with the latest approved budget, using the same currency and budget line items. They shall, as a minimum, include:
 - a) the accounting principles applied;

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

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

4 FINAL REPORT

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

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

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

5 AUDIT

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

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

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

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

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

5.5 The audit report shall include:

- a) the Project name and agreement number;
- b) identification of the Project's total expenses and total income;
- c) the subject of the audit;

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- d) the financial reporting framework applied;
- e) the auditing standards applied;
- f) a statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement;
- g) the auditor's opinion.

- 5.6 In addition to the Project's audit report, the auditor shall submit a management letter (matters for governance attention), which shall contain any findings made during the audit of the Project. It shall also list any measures that have been taken as a result of previous audits and whether such measures have been adequate to deal with reported shortcomings.
- 5.7 If any findings have been reported in the Project's management letter, the Grant Recipient shall prepare a response including an action plan to be submitted to MCE 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 MCE 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 MCE 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.

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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 system ¹ in accordance with the applicable accounting- and bookkeeping policies in the jurisdiction of the Grant Recipient.
- 7.2 The accounts shall be kept up to date at least on a monthly basis. Bank 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 MCE'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 MCE. 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 MCE 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,

¹ A double-entry bookkeeping 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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significant use of such equipment, consumables and intellectual property rights for purposes outside the Project shall be subject to the MCE's prior approval, as outlined in Article 12 of the General Conditions.

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

10 REAL PROPERTY

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

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11.2 The agreement between the Grant Recipient and the cooperating partner shall have provisions related to i.a. reporting, audit, procurement and measures to prevent financial irregularities. Furthermore, the agreement shall explicitly state that:

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

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 MCE.

11.5 The Grant Recipient shall remain fully responsible towards MCE 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 MCE'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 MCE'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 MCE 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 MCE 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. MCE shall approve or decline the request in writing.

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14 TRANSPARENCY

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

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

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

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

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

15 FINANCIAL IRREGULARITIES

15.1 The Grant Recipient is required to practice 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 MCE immediately of any indication of financial irregularities in or related to the Project. The Grant Recipient shall provide MCE 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 MCE in accordance with MCE's guidelines for handling suspicion of financial irregularities. The Grant Recipient shall cooperate fully with MCE's investigation and follow-up. If requested by MCE, the Grant Recipient shall initiate prosecution and/or apply other sanctions against persons or entities suspected of financial irregularities.

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

16 CONFLICT OF INTEREST

- 16.1 The Grant Recipient shall take all necessary precautions to avoid any conflicts of interest in all matters related to the Project.
- 16.2 Conflict of interest refers to any situation where the impartial and objective exercise of the functions of anyone acting on behalf of the Grant Recipient is, or may be, compromised for reasons involving family, personal life, political or national affinity, economic interest or any other connection or shared interest with another person.
- 16.3 If a conflict of interest occurs, the Grant Recipient shall, without delay, take all necessary measures to resolve the conflict, e.g. by replacing the person in question or by obtaining independent verification of the terms of the proposed decision or transaction.
- 16.4 If the conflict of interest cannot be resolved and/or if it relates to a decision or transaction of special significance to the Project, the decision or transaction may not be concluded without the prior, written approval of MCE.

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, MCE may suspend disbursement of all or part of the Grant.
- 17.2 In the event of material breach of the Agreement, MCE 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 MCE 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 MCE,
 - 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 MCE immediately of any circumstances that may indicate or lead to a breach of Agreement, and shall provide MCE with any information or documentation it may reasonably require in order to determine if a breach of the Agreement has occurred.

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- 17.5 MCE may also suspend disbursements or terminate the Agreement with immediate effect if a material breach of another agreement between MCE and the Grant Recipient has been established.

18 TERMINATION OF THE AGREEMENT

- 18.1 Each of the Parties may terminate the Agreement upon a written notice.
- 18.2 The Support Period shall end three months after the date of the notice of termination. During these three months, the Grant Recipient may only use the Grant to cover commitments that have been established before the date of the notice of termination.
- 18.3 If the Project cannot continue without the Grant, the Grant Recipient shall use these three months to discontinue or scale down the Project promptly and in an orderly and financially sound manner. Any funds that remain unused at the end of the Support Period shall be repaid to MCE.
- 18.4 The Grant Recipient shall submit a final report to MCE 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 MCE 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 MCE, 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 MCE 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. MCE 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 MCE against any claim or action from the Grant Recipient's staff or third parties in relation to the Project.

21 ASSIGNMENT

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

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22 RECOGNITION AND PUBLICATION

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

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 MCE 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 MCE 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 PROVISIONS

APPLICABLE TO GRANTS FROM

THE NORWEGIAN MINISTRY OF CLIMATE AND ENVIRONMENT

(MCE)

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PART III: PROCUREMENT PROVISIONS

This Part III of the Agreement sets out the minimum rules and principles which shall be applied by the Grant Recipient and their sub-grantees for all procurements under the Project/Activity funded by grants received from MCE.

PRINCIPLES

1 SOUND FINANCIAL MANAGEMENT

- 1.1 All procurement must be justified, reasonable and compliant with sound financial management.
- 1.2 Sound financial management means that the Grant must be used in accordance with the principles of economy, efficiency, and effectiveness:
 - a) The principle of economy refers to resources required being made available in due time, in appropriate quantity and quality and at the best price.
 - b) The principle of efficiency refers to the relationship between the resources spent and results achieved.
 - c) The principle of effectiveness refers to the degree of which the procurement process meets the intended outcome.

2 EQUAL TREATMENT AND NON-DISCRIMINATION

- 2.1 Fair competition is the foundation for sound procurement. Tenderers shall be treated equally and without discrimination throughout the procurement process.
- 2.2 Open and transparent processes are essential for promoting competition and minimising the risk of corruption. Where the design or execution of a procurement process is made with the intention of unduly favouring or disadvantaging certain tenderers the competition will be considered artificially narrowed and in breach with the principle of equal treatment and non-discrimination.

3 ETHICS IN PROCUREMENT

- 3.1 Grant recipients, as well as tenderers, suppliers, contractors, and consultants under contracts financed in whole or in part by the Grant shall observe the highest standards of ethics during the procurement and execution of contracts.
- 3.2 This shall always include:
 - a) Respecting minimum ILO standards such as the respect of working conditions and avoidance of child labour.
 - b) Respecting basic social rights and environmental aspects.
 - c) Having zero-tolerance for corruption and financial irregularities.
 - d) Having zero-tolerance for inaction to sexual exploitation, sexual abuse, and sexual harassment (SEAH).

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4 SUSTAINABLE PROCUREMENT

- 4.1 Grant recipients shall endeavour to consider environmentally-sound products and/or services when defining criteria and requirements for procurement.
- 4.2 Grant recipients shall, when procuring services, endeavour to limit the amount of travel needed to perform the services and when relevant and appropriate instead use virtual meetings and/or phone conferences.

GENERAL RULES

5 NOTORIETY

- 5.1 Grant recipients shall keep sufficient and appropriate records and documentation about the procurement procedure, the selection criteria set, evaluations made and award decisions.

6 CONFLICT OF INTEREST

- 6.1 Grant recipients shall avoid any situation of conflict of interest. Conflict of interest refers to any situation where the impartial and objective exercise 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.
- 6.2 Contracts may not be awarded to tenderers that are subject to a conflict of interest without an explicit written approval from MCE.
- 6.3 The obligation to avoid conflict of interest applies to anyone acting on behalf of the grant recipient.

7 VALUATION OF CONTRACTS AND THRESHOLDS

- 7.1 All monetary amounts referred to in this Part III are amounts excluding value-added tax (VAT).
- 7.2 To determining the applicable procurement method, grant recipients shall ensure that the estimation of the contract value is made correctly and includes all costs related to the specific contract.
- 7.3 Any form of options and extensions of the contract shall be included when estimating the contract value.
- 7.4 No contract may be split-up with the intention of avoiding the application of a formal procurement method.

8 TENDER DOCUMENTS

- 8.1 The tender documents shall furnish all information necessary for a prospective tenderer to prepare a responsive tender for the goods, works or services to be provided.

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- 8.2 The tender documents shall be drafted to encourage the widest possible competition. They shall clearly define the scope of works, goods, or services to be supplied, the rights and obligations of the tenderer and the grant recipient and set out fair and non-discriminatory criteria for selecting the winning tender.

9 EVALUATION OF TENDERS

- 9.1 The evaluation of tenders shall be made in a neutral and transparent manner and in accordance with the criteria pre-determined in the call for tenders.
- 9.2 Where the value of the contract exceeds NOK 1,000,000 an evaluation committee must be set up to evaluate the received tenders. This committee must have an odd number of members with the technical and administrative capacities to give an informed opinion of the tenders.

10 GROUNDS FOR DISQUALIFICATION OF TENDERERS

- 10.1 A tenderer should be excluded from the evaluation and the award of a contract, if:
- a) They are bankrupt or is being wound up, whose affairs are being administered by court, has entered an arrangement with creditors, has suspended business activities or is subject of an injunction against running business by court.
 - b) They are the subject of proceedings for a declaration of bankruptcy, for an order for compulsory winding up or administration by court, or for an arrangement with creditors or of any other similar proceedings.
 - c) They have been found guilty of grave professional misconduct by any means which the grant recipient can justify.
 - d) They are not registered in a national official register or registered for declaration and payment of tax in accordance with national legislation.
 - e) They have not fulfilled obligations relating to payments of taxes or social security contributions.
 - f) 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.
 - g) They or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct.

11 VERIFICATION OF QUALIFICATIONS

- 11.1 Grant recipient shall, unless deemed unnecessary, ensure that a tenderer meets formal requirements as stipulated under this Part III and national law.
- 11.2 A tenderer should normally be required to include in its tender evidence that:
- a) It is registered by a national registrar of companies.
 - b) It is registered for declaration and payment of tax in accordance with national legislation.

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- c) It is free from debts regarding taxes and social security contributions.

12 PROCUREMENT PROTOCOL

12.1 For contracts with a value exceeding NOK 100,000, the grant recipient shall compile a written protocol with documentation of all assessments and decisions made during all steps of the procurement process from the planning stage until the signing of the contract.

12.2 The protocol shall as a minimum include:

- a) A description of the service, goods or works to be procured,
- b) its relevance to the project/programme,
- c) the value of the contract,
- a) the selected tender procedure,
- b) the name of all received tenderers,
- c) the selection criteria,
- d) the assessment of the tenders and tenderers,
- e) an assessment of conflict of interest, and
- f) the name of the selected tenderer.

Where simplified tendering is used the protocol shall in addition include:

- g) A justification for the selection of tenderers.

12.3 Upon request by MCE, the grant recipient shall submit the procurement protocol to MCE and grant MCE access to all relevant information and documentation related to the procurement procedure and practices applied.

12.4 Failure to provide the procurement protocol shall render expenditure ineligible for MCE funding.

13 CONTROL AND COMPLIANCE

13.1 MCE may carry out ex post controls of the grant recipients' compliance with the rules set forth in this Part III.

13.2 Non-compliance with the minimum procurement rules and principles in this Part III shall render expenditure ineligible for MCE funding.

13.3 Non-compliance with the minimum procurement rules and principles in this Part III may be viewed as a material breach in accordance with General Conditions article 17.

PROCUREMENT METHODS

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14 OPEN TENDERING

- 14.1 Open tendering is mandatory for procurement where the contract value exceeds NOK 1,000,000 (Norwegian kroner one million).
- 14.2 Open tendering are procedures under which all firms/individuals are given adequate notification of contract requirements and all eligible tenderers are given an equal opportunity to submit a tender.
- 14.3 Open tender requires that the tendering opportunities are published to notify eligible tenderers about the contract opportunity.
- 14.4 Under open tendering the grant recipients are required to publish the invitations to tender in:
- At least one media outlet of national circulation in the project/programme country, and
 - on their website or in an appropriate international media outlet.
- 14.5 The grant recipient must give sufficient public notification of tendering opportunities to allow potential tenderers to determine their interest and to prepare their tenders. Open tendering may be conducted with or without prequalification proceedings.
- 14.6 Grant recipients are encouraged to apply open tendering in all procurement to increase transparency and promote competition.

15 SIMPLIFIED TENDERING

- 15.1 Simplified tendering may be used when the value of the contract is less than NOK 1,000,000 (Norwegian kroner one million).
- 15.2 Simplified tendering is a procedure where a minimum of three - 3 - prospective tenderers are invited to tender by direct invitation in writing.
- 15.3 A simplified tender process shall always include the following features:
- A written invitation to tender which includes the tender and contract information, cf. article 8.
 - A procurement protocol cf. article 12.

16 SINGLE SOURCE PROCUREMENT

- 16.1 Single source procurement may be used when the contract value is less than NOK 100,000 (Norwegian kroner one hundred thousand).
- 16.2 The contract may be awarded using any procedure established by the grant recipient while respecting the principles of sound financial management, conflict of interest, ethics in procurement, sustainable procurement, and notoriety.

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- 16.3 Single source procurement may also be used where the extension of an existing contract awarded after an open or simplified tender would clearly be economic and efficient. The extended contract's maximum value shall not exceed 50 % of the original contract.
- 16.4 MCE may in exceptional cases upon written and justified request from the grant recipient, also allow single source procurement in the following cases:
- a) A product or services can only be provided by a single firm because of exclusive capabilities, exceptional worth for the Project or proprietary rights.
 - b) Standardisation with existing equipment is determined to be important and justified, and compatible goods cannot be provided by other suppliers.
 - c) It is a case of extreme urgency not foreseeable or attributable to the grant recipients.

17 NEGOTIATED PROCEDURE

- 17.1 Under a negotiated procedure the grant recipient may approach one or more suppliers to negotiate a contract directly.
- 17.2 A negotiated procedure may only be used where no tenders or no acceptable tenders are received after an open tender procedure. A negotiated procedure may then be applied without further publication of a procurement notice provided that the original contract terms are not substantially altered.
- 17.3 An unacceptable tender is a tender that significantly deviate from the procurement requirements, is not delivered within the set deadline, is delivered by a supplier who does not meet the qualification requirements, or where there is evidence of illegal bid collusion or corruption.

18 EXISTING FRAMEWORK AGREEMENTS

- 18.1 The grant recipients may utilize existing framework agreements or other types of pre-qualified suppliers for procurement of goods, works or services needed for an activity funded by the Grant if the initial contractual process corresponds to the requirements for an open tender procedure as set out in these Procurement Provisions.
- 18.2 A procurement protocol documenting the initial open tender procedure and a copy of the initial contract shall be submitted to MCE upon request.

