

Contract between the Norwegian Ministry of Foreign Affairs (MFA) and the Institute of Resource Assessment (University of Dar Es Salaam) regarding REDD+ Strategy Development and Implementation Process in Tanzania

The Institute of Resource Assessment previously entered into an Agreement with MFA in February 2009 entitled 'Facilitation for the Preparation of a National REDD Strategy in Tanzania', which was completed in 30 April 2011.

The Institute of Resource Assessment has in letter dated 25 July 2011 requested MFA for financial support to the REDD+ Strategy Development and Implementation Process in Tanzania. MFA has decided to comply with the request, and the two parties agree as follows:

1. Scope and objectives

- 1.1 This Contract sets forth the terms and procedures for MFA's assistance to the Project as outlined in the Agreed Project Summary in Annex I (the Project) and further described in the Project Document "REDD+ Strategy Development and Implementation Process in Tanzania", dated 28 September 2011.

The Norwegian Embassy in Dar es Salaam (the Embassy) is, as a part of MFA, competent to act on behalf of MFA. All communication to MFA in regard to the Contract shall be directed to the Embassy.

- 1.2 The Goal of the Project is to ensure that Tanzania actively participates and benefits from global funding opportunities for ecosystem services, in particular carbon related activities, as a result of reduced carbon dioxide emissions from deforestation and forest degradation in the context of climate change.

The Purpose of the Project is that national REDD+ strategy and implementation processes are developed through the national REDD Task Force in collaboration with other stakeholders.

2. Contributions of MFA

- 2.1 MFA shall, subject to Parliamentary appropriations, make available a financial grant not exceeding NOK 30 million (Norwegian Kroner thirty million) (the Grant) to be used exclusively to finance the Project during the planned period October 2011 to September 2013.
- 2.2 In order to ensure high quality accounting of the Project, MFA shall make available to the Institute of Resource Assessment and any partner subcontracted by them external financial management advisory services, including technical advice and relevant training. The cost of such services will be covered by MFA over and above the Grant.
- 2.3 Upon completion of the Project, any unutilized funds, including accrued interests, shall be returned to MFA, unless the Parties have agreed in writing upon the utilization of such funds.

3. Obligations of the Institute of Resource Assessment

The Institute of Resource Assessment shall:

- 3.1 Implement the Project on the basis of this Contract, approved budgets and work plans as well as the Project Document. Any revisions have to be agreed upon in advance in writing,

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- 3.2 effect purchases for the Project in such a manner as to obtain the most favourable terms with regard to price, quality, delivery date and maintenance facilities, and to keep the same insured, and be responsible for entering into sub-contracts with partner organisations for the successful implementation of the Project,
- 3.3 meet all additional expenses that may be necessary for the completion of the Project,
- 3.4 ensure that Project funds, which shall include any accrued interests, are properly accounted for, also by any subcontracted partners, and shall obtain quarterly certified financial statements from any such partner,
- 3.5 keep MFA informed about plans for major organisational changes as well as keep MFA informed as to the name of the auditor of the Project,
- 3.6 provide copies to MFA of reports submitted to relevant authorities pertaining to the Project,
- 3.7 promptly inform MFA in writing of any condition which interferes or threatens to interfere with the successful implementation of the Project,
- 3.8 guarantee that funds made available in accordance with this Contract are not used in violation of relevant UN conventions and resolutions of the UN Security Council,
- 3.9 ensure that representatives of Norway are permitted to visit any part of the Project for purposes related to the Contract and examine any relevant records, goods and documents,
- 3.10 cooperate fully with external financial management advisor(s) made available by MFA pursuant to Section 2.2 above,
- 3.11 ensure that subcontracted partners are obliged, through relevant clauses in their contracts, to supply quarterly certified financial statements to the Institute of Resource Assessment (as per Section 3.4) and to cooperate fully with external financial management advisor(s) (as per Section 3.10),
- 3.12 enter into dialogue with the Embassy if additional REDD-related funding or responsibilities are accepted from other development partners or collaborators.

4. Disbursements

- 4.1 Disbursements from the Grant shall take place upon semi-annual written requests from the Institute of Resource Assessment based on the financial needs of the Project and, with exception of the first request, on approved work plans and budgets. The first disbursement, amounting to NOK 8 million (Norwegian Kroner eight million), will be made upon signing of this Contract and approval by MFA of a disbursement request from the Institute of Resource Assessment.

Along with the requests, except the first request, the Institute of Resource Assessment shall submit statements of cash and bank balances from the Project's accounting records.
- 4.2 When determining the amount to request, the Institute of Resource Assessment shall take into account unspent disbursed amounts and income from all sources as well as any accrued interests.
- 4.3 Funds will be transferred upon MFA's approval of the request to a separate bank account in the name of 'Tanzania REDD Strategy Facilitation Project', and will be available for

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the Project immediately. The Institute of Resource Assessment shall immediately, in writing, acknowledge receipt of the funds. The date of receipt shall be stated as well as the exchange rate applied.

5. Reporting

5.1 The Institute of Resource Assessment shall submit the following reports/documentation to MFA:

- Semi-annual progress reports covering the period 1 October to 31 March and 1 April to 30 September within 30 April and 31 October respectively each year,
- Semi-annual financial statements for the Project showing receipts/income and expenditures for the previous half year as well as the cash/bank/financial position of the Project, within 30 April and 31 October each year,
- A budget and work plan on a biannual basis for the coming half year within 30 April and 31 October with an updated revolving plan for the entire Project period,
- The audited annual financial statements (1st July to 30th June) of the entire organisation within 31 October each year,
- A Final Report for the whole Project period, as well as financial statements from end of the previous audit until completion of the Project within 31 December 2013.

5.2 The semi-annual progress reports shall be prepared in accordance with the format in Annex II to this Contract, and shall include the following information:

- A description of actual outputs compared to planned outputs (normally defined in quarterly work plans)
- a brief summary of the use of funds compared to budget
- an assessment of the efficiency of the Project (a measure of how efficiently resources/inputs are converted into outputs)
- an explanation of major deviations from the plan
- an assessment of problems and risks (internal or external to the Project) that may affect the success of the Project
- an assessment of the need for adjustments to activity plans and/or inputs and outputs, including actions for risk mitigation.
- a brief assessment of achievements in relation to purpose.

5.3 The Final Report shall include the following information:

- The topics listed in Clause 5.2 above
- an assessment of the effectiveness of the Project, i.e. the extent to which the purpose has been achieved
- an assessment of impact (if possible), i.e. the changes and effects positive or negative, planned and unforeseen of the Project seen in relation to target groups and others who are affected
- an assessment of the sustainability of the Project, i.e. an assessment of the extent to which the positive effects of the Project will still continue after the external assistance has been concluded
- a summary of main "lessons learned".

5.4 MFA shall respond in writing within two weeks after the receipt of the reports and documentation. MFA shall approve the work plans and budgets in writing.

6. Audit

6.1 The annual financial statements of the Project shall be audited by an independent and recognised professional accountant (auditor) acceptable to MFA. The audit shall at least cover the issues mentioned in the Terms of Reference in Annex III to the Contract. The Institute of Resource Assessment shall submit to MFA the audit report, any management letter and any other report from the auditor significant to the implementation of the Project within 31 January each year. The Institute of Resource Assessment shall

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comment upon the auditor's findings, and MFA shall respond within four weeks upon reception of the report.

- 6.2 MFA may appoint an independent auditor to undertake audit if deemed necessary. Audits may also be carried out by the Norwegian Auditor General as and when deemed necessary.

7. Meetings and reviews

- 7.1 Formal meetings shall be held every six months tentatively in May and November unless otherwise agreed in writing. The meetings shall be called and chaired by the Institute of Resource Assessment. The purpose of these meetings is to discuss the progress of the Project, including results and fulfillment of agreed obligations, to discuss and, if feasible, approve documentation submitted according to Article 5, as well as to discuss issues of special concern for the implementation of the Project, e.g. risk management. Central elements of the discussion and all decisions from the consultations shall be recorded in agreed minutes prepared by IRA and submitted to MFA for approval within 7 days of the meeting.

- 7.2 A mid-term review focusing on progress to date and the effectiveness of the Project, i.e. the extent to which the Purpose is being/have been achieved, shall be carried out by 30 October 2012. An assessment of the Project's impact may also be included in the review.

In addition, an evaluation of the Project shall be carried out by January 2014.

The cost of the review/evaluation shall be covered by the Grant.

- 7.3 MFA reserves the right to carry out independent reviews or evaluations of the Project as and when MFA deems it necessary. The cost for such reviews will be covered by funds over and above the Grant.

8. Corruption

- 8.1 The Parties declare their commitment to counteract corrupt practices in the execution of the Contract. Further, the Parties commit themselves not to accept, either directly or indirectly, as an inducement or reward in relation to the execution of the Contract, any kind of offer, gift, payments or benefits, which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to the Project, and undertake to take rapid legal action to initiate investigations of and prosecution against, in accordance with applicable law, any person suspected of corruption or misuse of resources related to the Project.

9. Breach of contract

- 9.1 If the Institute of Resource Assessment fails to fulfill its obligations under this Contract, or if any major organisational changes are found to be contradictory to the objectives of the Project, MFA may, upon consultations with the Institute of Resource Assessment cancel this Contract and claim repayment or withdraw the total or a portion of the funds provided to the Project.

- 9.2 MFA may cancel this Contract or portion of this Contract with immediate effect if it determines that corrupt or fraudulent practices were engaged in by representatives of the Institute of Resource Assessment or of a beneficiary of the aid funds without the Institute of Resource Assessment having taken timely and appropriate action satisfactory to MFA to remedy the situation.

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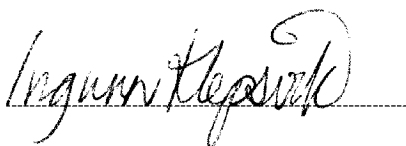
10. Entry into force – Termination - Disputes

- 10.1 This Contract shall enter into force on the date of its signature, and shall remain in force until both Parties have fulfilled all obligations arising from it. Whether these obligations shall be regarded as fulfilled, shall be determined in consultation by the Parties.
- 10.2 Notwithstanding the previous clause, each Party may terminate the Contract upon three months' written notice.
- 10.3 In case of termination of the Contract the Institute of Resource Assessment shall exert its best efforts to bring the Project to an end in a rapid, orderly and economical manner as to the use of the funds from MFA. The Institute of Resource Assessment shall not commit the Project financially from the date of the receipt of the notice of termination. Any unspent funds not committed by the date of the receipt of the notice of termination, shall be returned to MFA without delay.
- 10.4 If any dispute arises relating to the implementation or interpretation of this Contract, the Parties shall consult with a view to reaching a solution. Any disputes that cannot be solved amicably shall be referred to the competent Tanzanian court and settled in accordance with Tanzanian law. The court venue shall be Dar es Salaam.

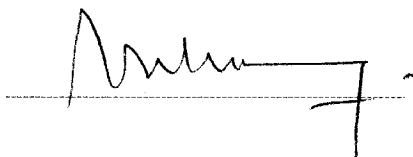
This Contract is drawn in duplicate with one copy for the Institute of Resource Assessment and one for MFA.

Dar es Salaam, 3.10.2011
For the Norwegian Ministry of
Foreign Affairs

Dar es Salaam, 3rd 10. 2011
For Institute of Resource
Assessment



Ingunn Klepvik
Ambassador



Prof. Pius Yanda
Director

- Annex I: Agreed Project Summary
- Annex II: Format for progress reports
- Annex III: Terms of reference for audit

Annex I Agreed Project Summary

1 Identification of the Project

Project Title/Name:

REDD+ Strategy Development and Implementation Process in Tanzania

Implementing institution:

Institute of Resource Assessment (IRA), University of Dar es Salaam

Norwegian and/or other Partner institution:

In collaboration with the 'National REDD Task Force', primarily the Forestry and Beekeeping Division (Ministry of Natural Resources and Tourism) and Division of the Environment (Vice President's Office)

2 Description of the Project

2.1 Goal

Ensure that Tanzania actively participates and benefits from global funding opportunities for ecosystem services, in particular carbon related activities, as a result of reduced carbon dioxide emissions from deforestation and forest degradation in the context of climate change.

2.2 Purpose

National REDD+ strategy and implementation processes are developed through the national REDD Task Force in collaboration with other stakeholder

2.3 Outputs

- Output 1: National REDD Secretariat strengthened
- Output 2: Mechanisms to coordinate, implement and monitor REDD+ processes strengthened
- Output 3: National and local level consultation and awareness creation on REDD+ processes established and implemented
- Output 4: REDD+ Lessons Learning Network established and Information Management strengthened
- Output 5: Social and Environmental Safeguard processes for REDD+ established and implemented
- Output 6: National REDD+ Strategy finalized and Action Plan prepared and mainstreamed
- Output 7: National Carbon Monitoring Centre and National REDD+ Financing Mechanism developed and operational
- Output 8: Engagement of public, private and public-private partnerships

2.4 Inputs

The main input to the Project is the financial support of NOK 30 million over 24 months.

The Institute of Resource Assessment will act as Secretariat to the national REDD Task Force and maintain a facilitation team on its premises in Dar es Salaam. Terms of Reference for each position have been prepared, and the project will develop Key Performance Indicators

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during the first quarter of implementation. IRA will follow standard IRA human resource procedures during recruitment.

IRA will work closely with the national REDD Task Force, whose composition will be revised and expanded under the guidance of the Division of Environment. Technical backstopping will be outsourced from competent information and knowledge management institutions and individuals.

Five Technical Working Groups, each comprising of about seven members, will provide technical inputs to the process of developing the National REDD+ Strategy and incorporation of action plan components within district and sector policy and planning: Legal and Governance, Monitoring, Reporting and Verification, Financial Mechanism, Energy drivers, and Agriculture Drivers. The Project will also engage the National Climate Change Steering and Technical Committees.

The NRTF and the RNE will jointly undertake a process of identifying suitable and capable partners to implement activities under outputs 3, 4 and 5. Output 3 will also engage the Extension and Publicity Units of Sector Ministries.

Output 4 will involve a network of institutions (including civil society implementing REDD demonstration projects, national level policy and decision-makers, academic practitioners and global centres of REDD expertise) working to develop a community of practice, to provide a bridge to government, and to enable integrated learning.

Output 5 will involve collaboration with experts and institutions engaged with safeguards in the context of Tanzania national safeguards, World Bank's Forest Carbon Partnership Facility, UN REDD and REDD+ Social and Environmental Standards Initiative (including the establishment of a country level Standards Committee).

The Ministry of Finance will be a key stakeholder in the development of a National REDD+ Financing Mechanism under output 7, while the President's Office (Public Sector Management) will be engaged in developing a National Carbon Monitoring Centre as an Executive Agency.

The development of district level climate change partnerships (output 8) will need to take into consideration the engagement of the Prime Minister's Office in the development of a decentralized natural resource management programme, and the Southern Agricultural Growth Corridor of Tanzania

Coordination with the UN-REDD programme in Tanzania will take into account annual work plans (especially outcomes 3 and 4 relating to lessons learning, testing/reviewing payment mechanisms and awareness raising) and at least two high level meetings per year with the UN-REDD programme and development partners (in accordance with one of the Task Force's Terms of Reference).

IRA will operate financial matters using the University Financial System that observes the Governmental Financial Regulations. Financial transactions are subjected to the Internal Audit procedure. Likewise, procurements will follow standard approval processes and all equipment purchased under this project will be registered to the relevant institution.

In terms of technical assistance, MFA will provide external financial management advice to both contracted and subcontracted partners. During the course of project implementation, IRA will draw on external resources from private sector, academia, civil society and government institutions as deemed necessary to accomplish the various tasks.

IRA will be responsible for the vehicles purchased under this Project, and will hand ownership of one vehicle at the end of the Project over to the Zanzibar government.

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2.5 Main indicators

In terms of ensuring an efficient and accountable approach to Project management, a phased implementation will be introduced, with progression in funding disbursements determined through the use of the following milestones:

Milestones at month 1 (inception phase):

- Revised membership of Task Force finalized by Division of Environment
- REDD consultation and outreach plan for 2011-12 available publically
- Project staffing in place and Key Performance Indicators established
- Calendar of events and meetings posted in the REDD website

Milestones at month 3:

- First meetings of TWGs and national climate change committees
- Partners subcontracted for outputs 3, 4 and 5
- ToRs for TWGS revised, policy conflicts clearly identified and work initiated
- Revised logical framework with quantified six-monthly/annual and end-Project targets
- Development of an exit strategy to ensure government empowerment and longer-term sustainability

Milestones at month 6:

- High level consultations on draft strategy completed
- Updated strategy document available for public comment
- Framework for REDD safeguards established
- Lessons learning network operational
- Implementation of RICS operational

Milestones at month 12:

- Final draft strategy document and action plan
- Completion of stakeholder consultations
- Gender screening exercise completed

Milestones at month 18:

- Endorsement of final strategy and action plan
- Mid-term review findings implemented

Indicators and means of verification are provided in the table below, with Means of Verification provided in the Project proposal.

Description	Indicators
Purpose: Endorsed National REDD+ Strategy document with action plan	- National REDD+ Strategy and action plan functional
Output 1: National REDD Secretariat Strengthened	- National REDD Secretariat functioning
Output 2: Mechanisms to Coordinate, Implement and Monitor REDD+ processes strengthened	- REDD+ Technical Working Groups established and functional - Linkages and collaborations with other REDD+ initiatives (e.g. UNREDD) strengthened - Collaboration with climate change technical and steering committee established - Capacity to coordinate REDD

	<ul style="list-style-type: none"> - Strengthened at all levels - NRTF members appointed
Output 3: Awareness & Outreach plan on REDD+ issues implemented	<ul style="list-style-type: none"> - Awareness & Outreach plan in place - Awareness raising at various levels undertaken & lessons learnt documented - Increased media coverage on REDD+ issues - Women and forest depended communities participate more on REDD+ activities - Communicational Strategy operational - Extension & Publicity Units of Sector Ministries Strengthened - Publications related to REDD+ initiative e.g. REDD+ Books for Tanzania, Booklets, Policy briefs etc prepared - The National REDD+ Website improved and maintained.
Output 4: REDD+ Lessons Learning Network established & Information Management Strengthened	<ul style="list-style-type: none"> - Consultations on Network establishment - Establish & operationalize REDD+ network - National REDD+ documentary archive established
Output 5: Social and Environmental Safeguard processes for REDD+ established	<ul style="list-style-type: none"> - Training on Social and Environmental Safeguards undertaken - National REDD+ Strategy subjected to Social & Environmental Safeguards
Output 6: National REDD+ Strategy Finalized & Action Plan prepared	<ul style="list-style-type: none"> - The National REDD+ Strategy finalized - Mechanism for integrating REDD+ at Local & Central government levels developed - Gender screening for REDD+ processes and integration undertaken - Final Strategy endorsed
Output 7: National REDD+ Financing Mechanism developed and operational	<ul style="list-style-type: none"> - National REDD+ financing mechanism operational
Output 8: Engagement of Public, Private and Public-Private partnerships Programme for engagement developed	<ul style="list-style-type: none"> - Plan for engaging Public, Private and Public-Private partnerships functional

2.6 Major risk factors (internal and external)

Challenges with inter-institutional coordination given the expected increase in number of institutions engaged with REDD+, both in terms of implementing specific activities and as core members of various committees and working groups.

Uncoordinated action amongst bilateral development partners, UN-REDD and World Bank (FCPF) during the planning and implementation of REDD readiness activities.

Lower chance of participation in strategy development by civil society organizations, forest-adjacent communities and private sector, as compared to central and local government, research institutions and development partners.

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Effectiveness of REDD governance structures and inter-institutional coordination mechanisms, including the development and implementation of outputs 3, 4 and 5 to ensure wide participation in terms of gender, income levels, health and geographic location.

Gender bias in coordination structures (e.g. Task Force, Technical Working Groups) as well as gender screening of the REDD strategy.

Coordination between the REDD Task Force, Regional Secretariats and Local Government Authorities.

The risks posed by the drivers of deforestation and forest degradation are significant, and forms a central element of the Project.

The need for increased involvement in REDD policy development both horizontally (more sectors) and vertically (more senior political levels).

The policy debate needs to reveal policy conflicts and address them, requiring decisions to be made on key policy issues - a process that will bear some risks.

Financial risks include the possibility that funds budgeted for these activities are not realistic because of the inadequate knowledge on the costs for some activities, fund mismanagement, corruption and wasteful expenditure.

Expectations are being created for future funding opportunities; if global processes are delayed this would also be a risk to the momentum of the national process.

3 Overall Budget

The total Project budget over 24 months is USD 4,610,618. This entire amount is MFA contribution, with no other donor contributions or Partner's own contribution.

More precise work plans and budgeting (all reporting in USD) will be made on a six monthly basis, and will be subject to approval by MFA. Exchange rates on the day of disbursement will be used.

Output and Activities	Expenditure description	Total
Output 1. National REDD Secretariat Strengthened		
	Staffing	492 000
	Third party	200 000
	Vehicle running	126 000
	Capital costs	82 300
	Communication	40 300
	Professional fees	29 200
	Travel	24 000
	Meeting/Workshops	24 000
	Supplies	12 000
<i>Subtotal Output 1</i>		<i>1 029 800</i>
Output 2. Mechanisms to Coordinate, Implement and Monitor REDD+ processes strengthened		
2.1 Technical Working Groups establishment and engagement	Per diems	78 960
	Travel	32 680
	Meeting/Workshops	17 200
	Supplies	900

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	Communication	500
<i>Subtotal Activity 2.1</i>		<i>130 240</i>
2.2 Strengthening linkages and collaboration with REDD initiatives	Travel	11 360
	Meeting/Workshops	10 400
	Per diems	4 760
	Supplies	400
	Communication	400
<i>Subtotal Activity 2.2</i>		<i>27 320</i>
2.3 Periodic national REDD Task Force meetings	Travel	8 640
	Meeting/Workshops	4 800
	Per diems	4 480
<i>Subtotal Activity 2.3</i>		<i>17 920</i>
2.4 Capacity Building for decision makers and technical personnel	Meeting/Workshops	150 000
<i>Subtotal Activity 2.4</i>		<i>150 000</i>
2.5 Participation in UNFCCC CoPs including stakeholder meetings	Meeting/Workshops	167 200
	Per diems	91 840
	Third party	40 000
	Travel	39 200
	Supplies	800
	Communication	400
<i>Subtotal Activity 2.5</i>		<i>339 440</i>
<i>Subtotal Output 2</i>		<i>664 920</i>
Output 3. Awareness & Outreach plan on REDD+ issues implemented		
3. Consultation & awareness	Third party	400 000
<i>Subtotal Output 3</i>		<i>400 000</i>
Output 4. REDD+ Lessons Learning Network established & Information Management Strengthened		
4. Lessons learning	Third party	200 000
<i>Subtotal Output 4</i>		<i>200 000</i>
Output 5. Social and Environmental Safeguard processes for REDD+ established		
5. Safeguards	Third party	400 000
<i>Subtotal Output 5</i>		<i>400 000</i>
Output 6. National REDD+ Strategy Finalized & Action Plan prepared		
6.1 High level consultations	Per diems	67 200
	Travel	56 000
	Meeting/Workshops	25 600
	Supplies	3 200
	Communication	2 400
<i>Subtotal Activity 6.1</i>		<i>154 400</i>
6.2 Preparation of Action Plans and updating of Strategy	Per diems	17 500
	Meeting/Workshops	6 000
	Travel	1 400
<i>Subtotal Activity 6.2</i>		<i>24 900</i>
6.3 Stakeholder consultations	Per diems	132 930
	Meeting/Workshops	53 760
	Travel	43 920
	Supplies	1 300

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	Communication	1 000
<i>Subtotal Activity 6.3</i>		<i>232 910</i>
6.4 Review and finalization of Strategy	Per diems	8 750
	Meeting/Workshops	3 000
	Travel	500
<i>Subtotal Activity 6.4</i>		<i>12 250</i>
6.5 Gender screening	Third party	20 000
<i>Subtotal Activity 6.5</i>		<i>20 000</i>
6.6 Editing of final National REDD+ Strategy	Third party	25 000
<i>Subtotal Activity 6.6</i>		<i>25 000</i>
6.7 Endorsement of final National REDD+ Strategy	Per diems	16 800
<i>Subtotal Activity 6.7</i>		<i>16 800</i>
Subtotal Output 6		486 260
Output 7. National REDD+ Financing Mechanism developed and operational		
7.1 Establish National REDD+ Fund	Third party	20 000
	Travel	7 000
	Per diems	7 000
	Meeting/Workshops	4 000
<i>Subtotal Activity 7.1</i>		<i>38 000</i>
7.2 Establish and operationalize National REDD+ financing mechanism	Third party	30 000
	Per diems	11 800
	Travel	9 400
	Meeting/Workshops	8 800
<i>Subtotal Activity 7.2</i>		<i>60 000</i>
Subtotal Output 7		98 000
Output 8. Engagement of Public, Private and Public-Private partnerships Programme for engagement developed		
8.1 Develop district level climate change partnerships	Third party	60 000
	Per diems	3 500
	Meeting/Workshops	2 000
	Travel	1 400
	Supplies	200
	Communication	100
<i>Subtotal activity 8.1</i>		<i>67 200</i>
8.2 Establish a private funding/grant facility	Third party	50 000
	Travel	3 800
	Per diems	3 500
	Meeting/Workshops	2 000
	Supplies	400
	Communication	100
<i>Subtotal Activity 8.2</i>		<i>59 800</i>
8.3 Public sector engagement in REDD+ activities	Third party	50 000
	Per diems	17 500
	Meeting/Workshops	6 600
	Travel	2 000
	Supplies	200
	Communication	100

<i>Subtotal Activity 8.3</i>	76 400
<i>Subtotal Output 8</i>	203 400
Subtotal Outputs	3 482 380
Contingency for Project activities	600 000
Institutional overhead (10%)	408 238
Monitoring, review and evaluation (managed by Embassy)	120,000
GRAND TOTAL	4,610,618

Annex II Format for progress reports

Project name:

Reporting period:

Completed by:

1. Project performance during reporting period

a. Technical

(description of actual outputs compared to planned outputs, as defined in quarterly work plans and project monitoring indicators)

b. Financial

(a brief summary of the use of funds compared to budget, explanations of variance, and an outline of any additional funds secured for similar or related activities)

2. Impacts of Project to date

(a brief assessment of the extent to which the purpose has been achieved according to Project monitoring indicators and milestones)

(final report only: an assessment of impact, i.e. the changes and effects positive or negative, planned and unforeseen of the Project seen in relation to target groups and others who are affected)

3. Adaptive management

a. Constraints and opportunities during reporting period

(an explanation of major deviations from the plan)

b. Future risk and opportunity assessment

(an assessment of problems and risks (internal or external to the Project) that may affect success, as well as opportunities)

c. Project response

(an assessment of the need for adjustments to activity plans and/or inputs and outputs, including actions for risk mitigation)

4. Way forward

a. Planned activities

(an outline of activities planned for next reporting period, arranged by output)

b. Sustainability (final report only)

(an assessment of the extent to which the positive effects of the Project will continue after the external assistance has been concluded, and status of vehicles/equipment purchased by Project)

c. Lessons learned (final report only)

(a summary of main lessons learned during Project lifespan)

Progress reports will be made publicly available.

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Annex III Terms of Reference for audit

The auditor shall carry out the audit in accordance with any relevant national legislation as well as with international standards on auditing.

The objective of the audit is to audit 1) the annual financial statements of the Project as defined in Annex I to this Contract as well as 2) compliance with certain contractual obligations. The auditor shall be given a copy of the present Contract, and decides himself whether to submit one or two reports. The audit report(s) shall state the auditor's opinion/findings as to:

- Whether the financial statements and the cash/bank/financial position present fairly, in all material respects, the income and expenditures of the Project in accordance with an acceptable financial reporting framework
- Whether the audit has uncovered any material weaknesses in relevant internal control(s)
- Whether the funds have been deposited in a separate bank account in the name of the organisation and that accrued interest are reflected in the statement from the bank
- Whether the audit has uncovered any illegal or corrupt practices
- Whether receipts/income and expenditures are properly accounted for.
- Whether the financial statements are in agreement with the records and books of accounts maintained by the Project.
- Whether the expenditure incurred by the Project is properly documented and is in line with the budget.
- Whether the internal control system exists and is working efficiently to identify possible fraud or material misstatement.
- Whether the expenditures for each activity as per the activity budget are traceable and report on the variance in line with the budget.
- Whether the auditor has obtained all the information and explanation necessary for the purpose of the audit.

The above list does not preclude the organisation or the auditor from addressing further issues.

The auditor shall also, if the auditor deems it warranted based on findings during the audit, submit a management letter to the organisation upon completion of the audit. The letter should address deficiencies noted in the system of internal control.

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