

**Contract between the Norwegian Ministry of Foreign Affairs (MFA) and the Wildlife Conservation Society (WCS) regarding *Reduced Emissions from Deforestation and forest Degradation (REDD) Readiness in Southwest Tanzania***

This Contract, dated 15 June, 2010, is entered into between the Norwegian Ministry of Foreign Affairs ("MFA") and Wildlife Conservation Society ("WCS") (each a "Party", together the "Parties") regarding support to WCS' project "REDD Readiness in Southwest Tanzania (the "Project").

WCS submitted a proposal to MFA for funding by letter dated March 03, 2010 to support for REDD Readiness in Southwest 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 and further described in the Project Document "REDD Readiness in Southwest Tanzania", dated 3 March 2010.

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.

All communication to WCS relating to the Project will be directed to the Country Director of WCS-Tanzania.

The Goal of the Project is to develop the capacity and knowledge for Tanzania to participate in REDD activities in the Southern Highlands while establishing sustainable alternatives to forest resource use.

The Purpose of the Project is to design and carry out a robust baseline study to provide methods for estimating degradation, deforestation, carbon sequestration, emissions and leakage in southwest Tanzania's four most important forests covering 52,680 hectares.

**2. Contributions of MFA**

- 2.1 MFA shall, subject to Parliamentary appropriations, make available a financial grant not exceeding NOK 9,300,000 (Norwegian Kroner Nine Million and Three Hundred Thousand) (the Grant) to be used exclusively to finance the Project during the planned Project period July 01, 2010 to June 30, 2014.
- 2.2 In order to ensure high quality accounting of the Project, MFA shall from time to time on MFA's initiative make available to WCS 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, exceeding NOK 1000 shall be returned to MFA.

### **3. Obligations of WCS**

WCS 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 to the total budget for each output beyond what is approved in the annual meetings referred to in Article 7 have to be agreed upon in advance in writing,
- 3.2 effect purchases for the Project in accordance with established organizational procedures and in such a manner as to obtain the most favourable terms with regard to price, quality, delivery date and maintenance facilities, and to keep capital items 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, and make available necessary administrative, financial and logistical support staff as and when required,
- 3.4 ensure that Project funds, which shall include any accrued interests, are properly accounted for in accordance with established organizational procedures, also by any subcontracted partners. The financial statements shall be structured as and comparable to the budget.
- 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 authorities pertinent 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 annual certified financial statements to WCS and to cooperate fully with the external financial management advisor(s) (mentioned in Section 3.10),
- 3.12 enter into dialogue with MFA 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 WCS based on the financial needs of the Project and satisfactory delivery of the project performance milestones, and, with exception of the first request, on approved work plans and budgets. The first disbursement will be made after receiving in writing the organizational procedures for financial accounting, audits, recruiting, tendering, procurement, allowance payment modalities and other standard procedures and upon signing of this Contract and approval by MFA of a disbursement request from WCS.

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- 4.2 Subsequent disbursements shall be made every six (6) months upon delivery of disbursement requests accompanied by statements of cash and bank balances from the Project's accounting records, and a semi-annual progress report.
- 4.3 When determining the amount to request, WCS shall take into account unspent disbursed amounts and income from all sources as well as any accrued interests.
- 4.4 Funds will be transferred upon MFA's approval of the request to the WCS Tanzania Program US Dollar bank account, and will be available for the Project immediately. WCS 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 WCS shall submit the following reports/documentation to MFA:
- annual financial statements (July to June) for the Project showing receipts/income and expenditures for the previous year as well as the cash/bank/financial position of the Project, no later than four weeks before the annual meeting referred to in section 7.1,
  - a budget and work plan on an annual basis (July to June) for the coming year with an updated revolving plan for the entire Project period, no later than four weeks before the annual meeting referred to in section 7.1.
  - semi-annual progress reports, and statement of accounts in formats to be mutually agreed upon, covering the period July to December and January to June within January and July respectively each year, with the latter no later than four weeks before the annual meeting referred to in section 7.1,
  - the audited annual financial statements (1 July to 30 June) of WCS within 31 December.
  - a final report for the whole Project period, as well as audited financial statements from end of the previous audit until completion of the Project within three months after completion of the Project.
- 5.2 The semi-annual progress reports shall be prepared in accordance with the format in Annex II to this Agreement,
- 5.3 The final report shall include the following information:
- The topics listed in Annex II.
  - 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 continue after external assistance has concluded
  - a summary of main "lessons learned".
- 5.4 MFA shall respond in writing within four weeks after the receipt of the reports and documentation.

**6. Audit**

- 6.1 The annual financial statements (July to June) of the Project shall be audited by an independent and recognized 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. WCS 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 September. WCS shall 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, and in such cases covered over and above the Grant.

**7. Meetings and reviews**

- 7.1 Formal meetings shall be held no later than July every year (with the exception of an initial formal meeting held before the end of January 2011) unless otherwise agreed in writing. The meetings shall be called and chaired by WCS. The purpose of these meetings is to discuss the progress of the Project, including results and fulfilment of agreed obligations and performance-based milestones, 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.
- 7.2 The minutes shall be drafted by WCS and be submitted to MFA for comments within two weeks. MFA shall respond within two weeks.
- 7.3 A mid-term and end review shall be carried out tentatively by June 2012 and June 2014 respectively. Reviews will focus on results, the achievement of purpose, and issues of sustainability, complementarity, participation, timeliness, integrity, innovation, credibility and efficiency. An assessment of the Project's impact may also be included in the review.

The cost of the review shall be covered by the Grant and administered by MFA.

- 7.4 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**

The Parties declare their commitment to counteract corrupt practices in the execution of the Contract, and to comply with applicable anti-corruption laws and regulations, and to implement internal policy measures to avoid misuse of Project funds. 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 WCS fails to fulfil 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 WCS and after providing written notification, 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 upon delivery of written notification if it determines that corrupt or fraudulent practices were engaged in by representatives of WCS or of a beneficiary of the aid funds without WCS having taken timely and appropriate action satisfactory to MFA to remedy the situation.

**10. Intellectual Property Rights and Acknowledgments**

- 10.1 Any work created or invented by WCS ("Creative Work") under this Contract will be the intellectual property of WCS. All resource materials, databases, systems and methods and other outputs from the Project may however be freely used by MFA, the relevant authorities of Tanzania and other relevant future users for their intended purposes.
- 10.2 The names, logos and trademarks of WCS, on the one hand, and of MFA, on the other hand, may be used only with the express written authorization of the relevant Party, as the case may be, and in accordance with any applicable license or guidelines. Notwithstanding the foregoing, no additional authorization will be required for any use of a Party's name, logo or other trademark in any publication in any medium, form or format, or any press release or public announcement that has been approved in writing in advance by both Parties.
- 10.3 WCS may publish the results of work carried out under this Contract in whole or in part, in draft or in final form. WCS will be solely responsible for any publication that it prepares or publishes.
- 10.4 Each Party agrees to credit and identify the other Party, and, if appropriate, the other Party's respective contributions and services, reasonably prominently and on an equal basis in any publication, in whatever medium, form or format, published by the first Party and relating to activities pursuant to this Contract. Each Party further agrees so to credit and identify the other reasonably prominently in any lecture, interview with the media or other public appearance with respect to work under any grant subject to this Contract.

**11. Equipment**

- 11.1 Ownership of equipment, vehicles, supplies and other properties financed from the Grant hereunder shall vest in WCS. WCS shall be responsible for the maintenance and insurance, as necessary, for such property. Property procured using Grant funds shall be used solely for purposes of the Project. In case any such property is sold during Project implementation, the proceeds of such sale shall be used for Project purposes and be included in the Project accounts. The disposal of any such property upon completion of the Project shall be agreed upon by the Parties in writing.

**12. Entry into force – Termination - Disputes**

- 12.1 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.
- 12.2 Notwithstanding the previous clause, each Party may terminate the Contract for any reason upon three (3) months' written notice.
- 12.3 In case of termination of the Contract WCS 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. WCS 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.

12.4 If any dispute arises relating to the implementation or interpretation of this Contract, the Parties shall consult and first seek to resolve the dispute through informal discussions. Any dispute that cannot be resolved amicably shall be referred to the competent Norwegian court and settled in accordance with Norwegian law. The court venue shall be Oslo.

This Contract is drawn in duplicate with one copy for WCS and one for MFA.

Dar es Salaam, 24.06.2010  
For the Norwegian Ministry of  
Foreign Affairs

Dar es Salaam, 24<sup>th</sup> June 2010  
For WCS

Date  
Chargé d'Affaires a.i.  
Name and Title

Name and Title  
DR TIM DAUENROET  
COUNTRY DIRECTOR  
WCS

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

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# Annex I Agreed Project Summary

## Identification of the Project

*Project Title/Name:* REDD Readiness in Southwest Tanzania.

*Implementing institution:* Wildlife Conservation Society (WCS)

*Norwegian and/or other Partner institution:* Key partners are Terra Global Capital, Missouri Botanical Gardens, while other collaborating institutions include Local Government Authorities (Rungwe and Sumbawanga District Councils), National REDD Task Force, Tanzania National Parks (TANAPA), Ministry of Natural Resources and Tourism (Forestry and Beekeeping Division) and Vice Presidents Office (Division of Environment).

## Description of the Project

### Summary

The project seeks to develop both the capacity and knowledge for Tanzania to participate actively and comprehensively in REDD activities. The emphasis will be placed in and around the threatened montane forests of Tanzania's Southern Highlands.

The activities described will encompass carrying out a robust baseline study and provide methods for estimating deforestation, carbon sequestration and emissions, as well as participatory monitoring in the four most important Southern Highlands forests. Using a range of remotely-sensed and ground-truthed techniques, as well as participatory monitoring methods, this pilot will provide substantial carbon data and demonstrate to relevant national authorities by the end of 2013 appropriate tools for implementing REDD strategies and monitoring forest degradation.

Furthermore, the project will implement economic incentives reaching at least 100,000 people that provide benefit sharing to local communities, and environmental education and reforestation programs will address the drivers of local forest degradation. Collectively the project will provide an estimate of the levels of emission reductions that could be expected should the target forests be included in a national level REDD initiative.

The Goal of the Project is "to develop the capacity and knowledge for Tanzania to participate in REDD activities in the Southern Highlands while establishing sustainable alternatives to forest resource use".

The Purpose of the Project is to "design and carry out a robust baseline study to provide methods for estimating degradation, deforestation, carbon sequestration, emissions and leakage in southwest Tanzania's four most important forests covering 52,680 hectares."

Impact Dimension	Target Indicators
Emission reductions	<ul style="list-style-type: none"><li>t CO<sub>2</sub>e saved by end of project not yet specified.</li></ul>
Incomes and beneficiaries	<ul style="list-style-type: none"><li>Economic incentives reaching &gt;100,000 people</li></ul>
Carbon management	<ul style="list-style-type: none"><li>52,680 ha of forest contributing towards avoided deforestation</li></ul>
Carbon accounting	<ul style="list-style-type: none"><li>Montane, upper montane and cloud (Ufipa-Congolian) forest</li></ul>

## Outputs:

### *Output 1: Background knowledge and resource allocation to implement project activities*

An initial six-month period at the beginning of the project will involve establishing the staff structure, collecting a range of baseline information and setting up key information management systems necessary for effective project management, reporting and communication of results. The project will evaluate the suitability of current national level land cover datasets for quantifying land cover change with respect to REDD initiatives.

### *Output 2: Data collection, analysis and calculations to estimate degradation, deforestation, carbon sequestration and emissions*

The project will conduct a validated assessment to determine information on (i) Current afforested extent of Mt Rungwe, Livingstone, Mbizi and Mporoto; (ii) Current carbon stock contained within these forests; (iii) Total and annual deforestation rates of these forests from 1990 to 2010; (iv) present-day level of forest degradation; (v) Total and annual emissions from deforestation from 1990 to 2010.

### *Output 3: Addressing local drivers and impacts of degradation and deforestation*

The project will provide support to WCS indigenous reforestation program in each forest, offer education programs to communities around each forest, and implement a 'Free-trade' *Mt Rungwe Honey* with villages next to Nkuka.

### *Output 4: Development of a fire, forest degradation and leakage monitoring system*

Approaches to monitoring fire and forest degradation within the context of alternative resource provision will be developed and tested to remediate leakage within a REDD project.

## Inputs

The SHCP has an office in Mbeya, a permanent research camp in Rungwe, and a staff of 32. The Project will procure one vehicle, four motorbikes, and a variety of electronic goods (including one server, three computers and one digital projector). WCS will operate standard approval processes for procurements and all equipment purchased under this Project and ownership of such equipment financed from the Project shall vest in WCS. WCS shall be responsible for the maintenance and insurance, as necessary, for such property. All other vehicles (except the one vehicle to be purchased by the project), equipment, offices and logistics will be provided by the SHCP for the operational length of the project.

The total Project budget over four years is USD 1 328 991 which is equivalent to approximately NOK 9.3 million. All financial disbursements will be linked to the achievement of direct project results.

## Overview of the Project Objectives, Outputs and Activities

Goal	
To develop the capacity and knowledge for Tanzania to participate in REDD activities in the Southern Highlands while establishing sustainable alternatives to forest resource use	
Purpose	
To design and carry out a robust baseline study to provide methods for estimating degradation, deforestation, carbon sequestration, emissions and leakage in southwest Tanzania's four most important forests covering 52,680 hectares	
Outputs	
Background knowledge and resource allocation to implement project activities	Data collection, analysis and calculations to estimate degradation, deforestation, carbon sequestration and emissions
Development of a fire, forest degradation and leakage monitoring system	Addressing local drivers and impacts of degradation and deforestation
Major Activities	
<ul style="list-style-type: none"> <li>• Organization of project staffing</li> <li>• Tier and approach-level selection</li> <li>• Identification of land cover classes</li> <li>• Development of knowledge management system</li> <li>• Linkage development</li> </ul>	<ul style="list-style-type: none"> <li>• Collection of all relevant botanical, anthropocentric and remote sensing data               <ul style="list-style-type: none"> <li>- Vegetation and forest condition plot study</li> <li>- Forest resource and carbon usage surveys</li> <li>- Remote sensing assessments</li> </ul> </li> <li>• Data analysis               <ul style="list-style-type: none"> <li>- Vegetation and forest condition plot study</li> <li>- Forest resource and carbon usage surveys</li> <li>- Remote sensing assessments</li> </ul> </li> <li>• All relevant carbon calculations made</li> <li>• Knowledge management</li> </ul>
<ul style="list-style-type: none"> <li>• Fire monitoring &amp; prevention system</li> <li>• GIS/RS forest degradation and leakage monitoring system</li> </ul>	<ul style="list-style-type: none"> <li>• Indigenous reforestation</li> <li>• Education and capacity building</li> <li>• Mt. Rungwe honey</li> <li>• Woodlots</li> </ul>

All financial disbursements will be linked to performance-based monitoring, comprising a combination of:

- (i) Attainment of specific objectives, assessed on annual basis;

<b>Output</b>	<b>Specific objectives</b>
<i>Output 1</i> Background knowledge and resource allocation to implement project activities	<ul style="list-style-type: none"> <li>• Development of existing staff work plans and recruitment of three Tanzanian staff positions – Project Coordinator, Village Liaison Officer and GIS/RS Analyst.</li> <li>• Selection of Tier and Approach levels to be applied during this project, based on UNFCCC guidelines and their application to Tanzania.</li> <li>• Identification of a suitable land cover classification system containing a set of adequate, complete and consistent land and forest classes for selected forest areas.</li> <li>• Establishing two web-based knowledge management systems – one primarily for project data management, the second for broader project outreach and reporting</li> </ul>
<i>Output 2</i> Data collection, analysis and calculations to estimate degradation, deforestation, carbon sequestration and emissions	<ul style="list-style-type: none"> <li>• Implement a sound participatory measurement procedure for field sampling that will provide local employment and training to measure carbon stocks based upon vegetation plot sampling and village carbon usage surveys.</li> <li>• Produce a set of carbon calculations to develop baseline reference carbon emission and removal levels.</li> <li>• Create a table of site-specific emission factors created based on carbon stock and land class assessments using the tier level and approach identified in Output 1.</li> <li>• Develop models for the next 5-15 years of future land cover change, distribution of degradation in relation to anthropogenic features, and annual emissions predictions.</li> <li>• Development of efficient web-based knowledge management approaches to ensure transparency and maximum benefit to stakeholders through knowledge transfer.</li> </ul>
<i>Output 3</i> Addressing local drivers and impacts of degradation and deforestation	<ul style="list-style-type: none"> <li>• 500,000 indigenous forest trees planted in and around the four forests by the end of the project.</li> <li>• Every village and school within <math>\geq 3</math> km of the four forest sites included in the long-term WCS environmental education program.</li> <li>• Locally managed, sustainable <i>Mt Rungwe Honey</i> enterprise set up.</li> <li>• Establishment of village woodlots as a sustainable alternative to forest resource use.</li> </ul>
<i>Output 4</i> Development of a fire, forest degradation and leakage monitoring system	<ul style="list-style-type: none"> <li>• Pilot a fire monitoring and rapid response programme in conjunction with local governments, protected area authorities and communities.</li> <li>• Develop a forest degradation and leakage monitoring system based on GIS and Remote Sensing analyses in and around the four target forests, and based on an assessment of accessible ex-situ forest and woodland resources and information provided by the village carbon usage surveys.</li> </ul>

- (ii) Critical milestones (mostly focusing on ensuring sustainability, equity and accountability) assessed on a six-monthly basis in terms of quality and timeliness;

Timeframe	Milestones
End of Year 1	<ul style="list-style-type: none"> <li>• Recruitment of project staff members</li> <li>• WebGIS server configured</li> <li>• Background information acquired</li> <li>• Outreach website accessible online</li> <li>• Indigenous tree nurseries established</li> <li>• Survey methods established</li> <li>• Environmental education plans written</li> </ul>
End of Year 2	<ul style="list-style-type: none"> <li>• Historical fire analysis completed</li> <li>• Near real time fire alert system established</li> <li>• Forest resource and carbon usage surveys completed</li> <li>• Deforestation rates since 1990 calculated</li> <li>• Local honey market plan completed</li> <li>• Woodlot plans written</li> <li>• Honey production started</li> </ul>
End of Year 3	<ul style="list-style-type: none"> <li>• Vegetation and forest condition surveys completed</li> <li>• Environmental education being delivered</li> <li>• Reforestation being carried out</li> <li>• Historical land cover, deforestation and degradation maps produced</li> </ul>
End of Year 4	<ul style="list-style-type: none"> <li>• Carbon calculations completed</li> <li>• Online GIS leakage monitoring tool active</li> <li>• All project information is available online on outreach website</li> <li>• Project activities reported to relevant authorities</li> </ul>

- (iii) Financial reports, assessed when disbursement requests are made;
- (iv) Mid-term review, which will also evaluate purpose-level REDD impact; and
- (v) Formal meetings will also review financial aspects, progress and assess risks to project implementation.

An initial assessment of progress will be undertaken after six months. During the first six months of the project, a detailed monitoring and evaluation plan will be developed by the project partners in consultation with relevant stakeholders. The plan will include details on the parameters for each of the indicators, the methodology that will be used to monitor progress in relation to those indicators and the timing of measurements. Other activities to be completed during the first six months of implementation include reviewing and reducing the number of critical milestones and developing higher-level project indicators for annual monitoring.

#### Major risk factors (internal and external)

The risk that some of the already generated carbon credits are lost due to biomass loss (non-permanence risk or reversal risk due to forest fires, political instability, crop failure and rising economic attractiveness of an alternative land use) will be addressed using a buffer pool which contains 10-30% of the generated carbon offsets.

The risk of leakage, where project activities may lead to a displacement of deforestation, will be addressed through the promotion sustainable agricultural intensification, decreasing the dependence of the livelihood of communities on unsustainable harvest of timber and non-



timber forest products, and providing alternative livelihoods such as ecotourism. In any case, the project will aim to monitor leakage so that all loss of forest-land through leakage due to project activities can be subtracted from the carbon credits generated by the project.

The term project risk generally relates to the risk that a project will not deliver the carbon credits as anticipated due to incorrect assumptions, or some unforeseen circumstances

Corruption risks are deemed relatively low since WCS have demonstrated sufficient capacity with respect to procurement, financial management and human resource policies and practice, and have a long term presence in the project area. Governance risks have been reduced since the project does not intend to work on benefit sharing aspects, which generally carry higher risk than other REDD+ readiness activities. Forest governance issues, which are outside WCS control, pose some risk to project activities and will be carefully monitored and communicated with project partners.

Environmental risks aim to be addressed through WCS's policy to be carbon neutral in Tanzania, centered on the protection of forests and extensive indigenous tree planting.

### Overall Budget

The total Project budget over four years is USD 1 328 991 which is equivalent to approximately NOK 9.3 million. The table below shows the budget by year in US dollars, and a full budget breakdown is provided in the Project Document. The Project is fully financed by MFA, within the total Grant. Budget years run from 1<sup>st</sup> July to 30<sup>th</sup> June.

Budget description	Year 1	Year 2	Year 3	Year 4	Total
1.1 Project staffing	\$ 4 700				\$ 4 700
1.2 Tier and approach-level	\$ 2 332				\$ 2 332
1.3 Landcover classification	\$ 17 851				\$ 17 851
1.4 Knowledge management	\$ 33 430	\$ 10 165	\$ 12 662	\$ 13 277	\$ 69 534
1.5 Linkages development	\$ 2 796	\$ 2 798	\$ 63	\$ 65	\$ 5 721
2.1 Fieldwork, remote sensing	\$ 85 016	\$ 55 400	\$ 5 774		\$ 146 191
2.2 Data analysis	\$ 10 897	\$ 44 453	\$ 36 852		\$ 92 202
2.3 Carbon calculations			\$ 6 749	\$ 10 827	\$ 17 576
2.4 Knowledge management	\$ 35 000			\$ 14 532	\$ 49 532
3.1 Indigenous reforestation	\$ 34 501	\$ 11 521	\$ 9 919	\$ 17 969	\$ 73 910
3.2 Environmental education	\$ 2 622	\$ 18 287	\$ 18 308	\$ 36 267	\$ 75 484
3.3 Pilot honey scheme	\$ 1 703	\$ 11 580	\$ 4 269	\$ 10 104	\$ 27 655
3.4 Woodlot development		\$ 19 760	\$ 152 633	\$ 123 275	\$ 295 668
4.1 Fire monitoring system		\$ 18 659	\$ 8 774	\$ 10 286	\$ 37 719
4.2 Leakage monitoring			\$ 7 586	\$ 6 539	\$ 14 125
Capital equipment	\$ 65 050				\$ 65 050
Management staff costs	\$ 18 595	\$ 20 019	\$ 20 010	\$ 16 999	\$ 75 623
Utilities, supplies, etc.	\$ 14 054	\$ 15 286	\$ 8 309	\$ 9 723	\$ 47 372
External audits	\$ 7 500	\$ 7 875	\$ 8 269	\$ 10 000	\$ 33 644
External evaluations		\$ 50 000		\$ 50 000	\$ 100 000
WCS HQ indirect costs	\$ 17 408	\$ 16 468	\$ 21 625	\$ 21 523	\$ 77 023
<b>Total</b>	<b>\$ 353 454</b>	<b>\$ 302 270</b>	<b>\$ 321 802</b>	<b>\$ 351 385</b>	<b>\$ 1 328 911</b>

## Annex II Format for progress reports

Project name:

Reporting period:

Completed by:

### 1. Project performance during reporting period

#### a. Technical

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

#### 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. Project 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, including corruption) 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.

## 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, and is comparable to the budget.
- 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 is 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.