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GRANT AGREEMENT

BETWEEN

THE NORWEGIAN MINISTRY OF CLIMATE AND ENVIRONMENT

AND

EMERGENT FOREST FINANCE ACCELERATOR (EMERGENT)

REGARDING

18/2815 - EMERGENT: SCALING DEMAND TO REDUCE
DEFORESTATION

PART I: SPECIFIC CONDITIONS

PART II: GENERAL CONDITIONS

PART III: PROCUREMENT PROVISIONS

ANNEX A: BUDGET

ANNEX B: RESULTS FRAMEWORK

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PART I: SPECIFIC CONDITIONS

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

- (1) The Norwegian Ministry of Climate and Environment (MCE), represented by Norway's International Climate and Forest Initiative, and
 - (2) Emergent Forest Finance Accelerator (Emergent), a non-profit organization duly established in the United States under registration number 84-3053724 (the Grant Recipient),
- jointly referred to as the Parties.

1 SCOPE AND BACKGROUND

- 1.1 The Grant Recipient has submitted an application to MCE dated 28.07.21 (the Application) regarding financial support to the project titled 18/2815 - Emergent: Scaling Demand to Reduce Deforestation (the Project). The estimated costs of the Project are indicated in the 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 Project (the Grant). The Parties expect the Project to be implemented during the period from 1 October, 2021 to 30 September, 2023 (the Support Period).
- 1.3 The Parties have agreed to enter into an Agreement, consisting of this part I; Specific Conditions, part II; General Conditions, and part III; Procurement Provisions, all of which form an integral part of this Agreement. In the event of discrepancies between the Specific Conditions and the General Conditions or Procurement Provisions, the Specific Conditions shall prevail.

2 OBJECTIVES OF THE PROJECT

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

The Project's expected effects on society are protection of tropical forest ecosystems and forest carbon; reduced carbon dioxide emissions; sustainable livelihoods for forest communities and green economic growth in the tropics" (Long Term Impacts) and accelerated at-scale public/private finance for high-quality jurisdictional REDD+ outcomes (Near Term Impact).

The expected effects for the target group of the Project are 1) Growing demand for ART credits purchased through Emergent, 2) Sustained supply of ART credits from multiple jurisdictions to Emergent, 3) Emergent is fully funded and beginning to generate revenue from transactions of ART credits (Outcomes).

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

3 IMPLEMENTATION OF THE PROJECT

- 3.1 The Project shall be implemented in accordance with the Agreement, including all annexes, and the latest approved Application, including implementation plan and budget.

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- 3.2 During the implementation of the Project, the Grant Recipient shall exercise the necessary diligence, efficiency and transparency in line with sound financial management and best practise principles.
- 3.3 The Grant Recipient shall continuously identify, assess and mitigate any relevant risks associated with the implementation of the Project. The risk of potential negative effects of the Project in the following cases (Cross-Cutting Issues) shall always be included in the risk management of the Project:
- 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 Project.

4 THE GRANT

- 4.1 The Grant shall amount to maximum NOK 50 000 000 (Norwegian Kroner fifty million).
- 4.2 Disbursement after the current 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 Project during the Support Period.
- 4.4 The Grant Recipient is responsible for obtaining any additional resources which may be required to duly implement the Project.

5 DISBURSEMENT

- 5.1 The Grant shall be disbursed in advance instalments based on the financial need of the Project for the upcoming period, which shall not exceed six months. The disbursements shall be made upon MCE's receipt of written disbursement requests from the Grant Recipient, describing the financial need for the period in question.
- 5.2 Financial need refers to the budgeted expenditure for the upcoming period, minus any funds available to the Project from all other sources during the same period.
- 5.3 The financial need shall be documented through an updated financial statement for the Project and a reference to the latest approved implementation plan and budget.
- 5.4 The Grant Recipient's ability to cover its operating expenditures through other incomes than the Grant shall be assessed by the Grant Recipient ahead of the year two disbursements and shall follow from the financial need documentation presented to MCE. If the Grant Recipient is able to support a larger share of its operating expenditures through other incomes than anticipated, MCE might opt to proportionally reduce annual Grant allocations and/or the total Grant amount.

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5.5 The disbursement requests shall be signed by the Executive Director of the Grant Recipient. A confirmation that the Project is being implemented in accordance with the Agreement shall be included in the disbursement request.

5.6 All disbursements are conditional upon the Grant Recipient's continued compliance with the requirements of the Agreement, including the timely fulfilment of reporting obligations. 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. Except for the Project's first year, one disbursement each year is subject to MCE's receipt and approval of the progress report and financial report.

5.7 All disbursements will be made to the following bank account:

Name of the account:	Emergent Forest Finance Accelerator, Inc.
Account no.:	226005706549
IBAN no.:	054001204 (US routing #)
Name and address of the bank:	Bank of America, N.A. P.O. Box 27025 Richmond, Virginia 23261-7025
Swift/BIC code:	BOFAUS3N (if wire is in USD) BOFAUS6S (if wire is in non-USD)
Currency of the account:	USD

5.8 The Grant Recipient shall immediately acknowledge receipt of the funds in writing. The amount received shall be stated, as well as the date of receipt and the exchange rate applied.

6 REPORTING AND OTHER DOCUMENTATION

6.1 The following shall be submitted by the Grant Recipient to MCE:

- a) A **progress report** covering the period from 1 October to 30 September shall be submitted to MCE by 1 November. The progress report shall include the content specified in article 2 of the General Conditions.
- b) A **financial report** covering the period from 1 October to 30 September shall be submitted to MCE by 1 November. 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) of the Specific Conditions.
- c) An **audit report** covering the annual financial statements of the Project shall be submitted to MCE by 1 March 2023 and 1 March 2024, covering the grant years ending September 30, 2022 and September 30, 2023, respectively. The audit report shall comply with the requirements set out in article 7 of the Specific Conditions and article 5 of the General Conditions. The management letter (matters for governance attention) shall be attached to the audit report.
- d) An updated **implementation plan and budget** covering the period from 1 October to 30 September shall be submitted to MCE by 1 September. The implementation plan and budget shall include the content listed in article 1 of the General Conditions.

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- e) The **audit report** of the Grant Recipient shall be submitted to MCE by 31 May each year. If the auditor in addition submits a management letter (matters for governance attention) this shall be attached to the audit report.
- f) A **final report** for the Support Period shall be submitted to 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 If the Grant Recipient is unable to meet the deadlines set out above, MCE shall be informed immediately.

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

7 AUDIT

7.1 The annual financial statements of the Project 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 January in order to discuss i.a. the results achieved by the Project during the Support Period. The meetings shall be called and chaired by the Grant Recipient.

8.2 Unless otherwise agreed, the Parties shall discuss the latest progress report and financial report, as well as the implementation plan and budget for the upcoming period.

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

9 REVIEWS AND OTHER FOLLOW-UP MEASURES

9.1 The Parties may agree to carry out a mid-term review if/when required. Details regarding the agenda of the review including terms of reference and procedures will be agreed upon by the Parties. The costs of the review shall be covered by MCE over and above the Grant.

9.2 The Grant Recipient will follow-up on the recommendations of the LTS Partner Review according to the agreed upon monitoring plan.

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- 9.3 If the Grant Recipient or another interested party initiates a 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 report of any such review or evaluation to MCE without undue delay.

10 PROCUREMENT

- 10.1 All procurement under the Project shall be completed in accordance with the Procurement Provisions in Part III of this Agreement.
- 10.2 If the total value of a contract exceeds NOK 100 000, the procurement record and the signed contract shall be submitted to MCE for information. The Grant Recipient shall also confirm in writing that the requirements agreed on 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 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 which have not been used for Project purposes, and other financial gain accrued on the Grant.

- 11.2 Repayments shall be made to the following bank account:

Name of the account: Norwegian Ministry of 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

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

12 SPECIAL PROVISIONS

- 12.1 The Grant Recipient shall only facilitate transactions of emission reduction credits verified by the Architecture for REDD+ Transactions (ART), under The REDD+ Environmental Excellence Standard (TREES).
- 12.2 Individual annual salary increases shall not exceed 2 %. Salary increases on promotion shall not exceed 10% or the bottom of the promotee's new pay band, whichever is the higher. This provision will not apply to Emergent's management team (ie the Executive Director, Chief Operations Officer, Chief Commercial Officer, Chief Portfolio Officer and Chief Supply Officer) since there is no scope for promotion for the holders of these roles. Any other changes to salaries during the grant period must have prior written approval from the MCE.

13 NOTICES

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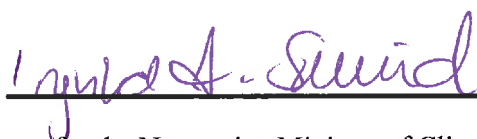
- 13.1 All communication to MCE concerning the Agreement shall be directed to Norway's International Climate and Forest Initiative at the following e-mail address: postmottak@kld.dep.no or tore.langhelle@kld.dep.no.
- 13.2 All communication to the Grant Recipient concerning the Agreement shall be directed to Eron Bloomgarden, Executive Director, and Jon Shepard, Chief Operating Officer, at the following address/e-mail address: eron@emergentclimate.com and jon@emergentclimate.com.
- 13.3 MCE's agreement number and 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, Norway

Date: 7/10/21



for the Norwegian Ministry of Climate and Environment,

Ingvild Andreassen Sæverud

Head of Department

Department of Climate



for Emergent Forest Finance Accelerator, Inc.,

Eron Bloomgarden

Executive Director

Attachments:

- Annex A: Approved budget for the Project
Annex B: Results framework

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Annex A

Approved budget for the Project

Emergent Approved operating budget (summary) October 1, 2021 through September 30, 2023			
Expenses (in USD)	Year 1	Year 2	Total - 2 Years
Wages	\$2,657,000	\$3,052,000	\$5,709,000
Benefits	717,000	824,000	1,541,000
Travel/Meetings	162,000	268,000	430,000
Marketing	324,000	245,000	569,000
Legal	175,000	153,000	328,000
Operations/Consulting Support	459,000	298,000	757,000
Other Direct Costs	231,000	235,000	466,000
Audit	35,000	35,000	70,000
Total Expenses	\$4,760,000	\$5,110,000	\$9,870,000
Grant Request	Year 1	Year 2	Total - 2 Years
in NOK	kr 34,804,200	kr 15,195,800	kr 50,000,000
in USD	\$4,260,000	\$1,860,000	\$6,120,000
exchange rate = 8.17			

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Annex A (continued)
Approved budget for the Project
Supporting Detail

all amounts in USD							
	October 1, 2021 thru Sept 30, 2022			October 1, 2022 thru Sept 30, 2023			2 YR TOTAL BUDGET REQUEST
	Monthly rate	# of months of fees anticipated	YR 1 TOTAL	Monthly rate	# of months of fees anticipated	YR 2 TOTAL	
Executive Director		12			12		
Executive Assistant		12			12		
Chief Commercial Officer		12			12		
VP, Markets		12			12		
Associate, Markets		12			12		
Accounts Manager		12			12		
Analyst, Commercialization		12			12		
Chief Supply Officer		12			12		
VP, Supply		12			12		
VP, Forestry		12			12		
Analyst, Supply		12			12		
VP, Transactions and Portfolio		12			12		
Director, Fund Control		12			12		
Analyst, Transactions and Fund Control		12			12		
Chief Operating Officer		12			12		
Senior Manager, Finance and Operations		12			12		
Associate, Research and Development		12			12		
Associate, Marketing and Comms		12			12		
Chief Finance and Portfolio Officer		9			12		
Portfolio Analyst		9			12		
Head of Marketing		9			12		
Associate, Finance, HR, Grants		9			12		
Executive Assistant and Event Coordinator		6			12		
Account Manager		6			12		
Portfolio Associate		6			12		
Analyst, Finance and Operations		6			12		
Account Manager		3			12		
Total Wages			2,657,250			3,051,360	5,708,610
Benefits	27% of salary		717,458	27% of salary		823,867	1,541,325

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Travel/Meetings	13,500	12	162,000	22,355	12	268,260	430,260
MSQ		12			12		
Climate Advisors		12			12		
Marketing			324,000			244,800	568,800
Legal	14,583	12	175,000	12,750	12	153,000	328,000
Accounting Support		6			0		
Accounting Support, Spain		12			12		
Payroll and HR provider (US), e.g. Paychex		12			12		
IT Support		12			12		
Intern		12			12		
Asia-Pac supply lead (contractor, 25%)		12			12		
Latam supply lead (contractor, 25%)		12			12		
Africa supply lead (contractor, 25%)		12			12		
Recruitment agency		12			0		
Stakeholder facilitation (Meridian)		12			12		
Demand/policy advisor		12			12		
Senior advisors, e.g. Margolis, Anda		12			12		
Technology consulting		12			12		
Other consultants		12			12		
Total Consultants			459,160			298,207	757,367
Rent-NY		12			12		
Rent - other US		12			12		
Rent-Barcelona		12			12		
Insurance (incl D&O) - US		12			12		
Insurance (incl D&O) - Spain		12			0		
Laptops & equipment		12			12		
Telephone reimbursement		12			12		
Software/SaaS		12			12		
Office Supplies/etc		12			12		
Board							
Meetings/Engagement		12			12		
Board member salaries		12			12		
Professional Development		12			12		
Subscriptions, industry associations		12			12		
Other Direct Costs			230,120			235,530	465,650
Audit			35,000			35,000	70,000
Total Expense			4,759,988			5,110,024	9,870,012

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ANNEX B: RESULTS FRAMEWORK

Results	Indicators	Baseline (June 30, 2021)	Targets (Cumulative)				Calculation Basis	Data Sources	Lead implementer(s)
Impact Level									
Long Term Impacts: Protection of tropical forest ecosystems and forest carbon; reduced carbon dioxide emissions; sustainable livelihoods for forest communities and green economic growth in the tropics.									
Near Term Impacts: Accelerated at-scale public/private finance for high-quality jurisdictional REDD+ outcomes.			Indicators for near-term impacts: a) Tonnes (and dollar value) of delivered emission reduction credits. b) Volume of finance that reaches FIs. c) Internal emissions reductions by corporate LEAF participants.	Final targets for near-term impact indicators: a) 50 million tonnes (at least \$500 million) b) \$500 million c) Target to be set based on approach agreed with NICFI.			a) We assume that 100% of transacted credits will be delivered, though there will be a time delay between the two steps. b) Corresponds with b). c) TBD.	a) ART registry, bank statements b) FI reporting c) SBTi, company publications	a) Emergent b) Emergent, FIs c) Emergent
Outcome 1		Baseline (June 30, 2021)	July 2021 - December 2021	January 2022 - June 2022	July 2022 - December 2022	January 2023 - June 2023			

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Growing demand for ART credits purchased through Emergent.	Total tonnes (millions) of emissions reductions represented in demand-side ERPAs with private- and public-sector buyers and alternative routes to market.	0	23	34	50	75	- We are reasonably confident that we've signed up 23 million tonnes in corporate demand. This demand is currently represented by LOIs rather than ERPAs. - 34 million tonnes is our base case budget planning scenario.	- Signed ERPAs	- Emergent - External legal support
	Number of ERPAs.	0	46	68	100	150	- A transaction is defined as signing of a buyer ERPA. This indicator helps to demonstrate Emergent's transaction activity. We've assumed an average of 500k tonnes per buyer ERPA.	- Signed ERPAs	- Emergent
	Output 1.1	Baseline (June 30, 2021)	July 2021 - December 2021	January 2022 - June 2022	July 2022 - December 2022	January 2023 - June 2023			
A pipeline of direct-to-corporate demand that will sustain high-volume, multi-year transactions of TREES credits is in place. (Output may depend on credit availability.)	1.1.1. Number of potential buyers in pipeline.	700	1000	1300	1600	1900	- 3 companies per day, 200 working days per year. The baseline value is the number of companies in the pipeline that we consider responsive. - Underpinning this is the assumption that the number of companies with net zero commitments (around 1000 as of February 2021) continues to grow.	- Emergent's CRM system - Emergent's monthly update dashboard	- Emergent

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1.1.2. Estimated potential demand in pipeline for purchases through Emergent (millions of tonnes).	140	200	260	320	380	- 200k tons per company in pipeline, per current Roundtable estimates. Note demand is expected to be highly concentrated across companies, where a limited number of companies will drive the bulk of Emergent's volume. The average demand for purchases from Emergent is in the Roundtable is 440k across the ~50 members. We're considering the Roundtable because that's the only population for which we've done this analysis. 200k seems like a reasonable adjustment downward given the Roundtable is a self-selected group.	- Emergent's CRM system - Companies' sustainability/ES G reports - Press releases regarding corporate offset purchases - Emergent
1.1.3. Roundtable membership (number of companies).	60	100	140	170	190	- Membership capped at 200; grows quickly then tapers.	- Emergent's CRM system - List of attendees of Roundtable convenings - Emergent's monthly update dashboard - Emergent - External PR agency
	Baseline (June 30, 2021)	July 2021 - December 2021	January 2022 - June 2022	July 2022 - December 2022	January 2023 - June 2023		

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	1.1.4. Tonnes (millions) represented in signed direct-to-corporate LOIs.	15	29	42	62	93	- Working backward from target volumes in ERPAs, and assuming that 25% of LOIs turn into ERPAs.	- Signed LOIs	- Emergent - External legal support
	1.1.5. Tonnes (millions) represented in signed direct-to-corporate ERPAs.	0	22	32	47	70	- Estimates based on forecast to reach LEAF goal of 50M tonnes of private sector demand by end of 2022.	- Signed ERPAs	- Emergent - External legal support
Output 1.2		Baseline (June 30, 2021)	July 2021 - December 2021	January 2022 - June 2022	July 2022 - December 2022	January 2023 - June 2023			
Additional demand for ART credits is secured through alternative routes to market for Emergent.	1.2.1. Tonnes (millions) of emissions reductions represented in LOIs via retail, SME, and B2B2C channels.	0	0.3	1.3	2	2.7	- Working backward from target volumes in ERPAs, and assuming that 25% of LOIs turn into ERPAs.	- Signed LOIs	- Emergent - External legal support
	1.2.2. Tonnes (millions) of emissions reductions represented in ERPAs via retail, SME, and B2B2C channels.	0	0.25	1	1.5	2	- Relatively low targets reflect Emergent's primary focus on the "direct-to-corporates" channel.	- Signed ERPAs	- Emergent - External legal support

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	1.2.3. Tonnes (millions) of emissions reductions represented in LOIs with public-sector buyers, e.g. cities, states, governments, Article 6 transactions.	0	0	0.7	1.3	4	- Working backward from target volumes in ERPAs, and assuming that 25% of LOIs turn into ERPAs.	- Signed LOIs	- Emergent - External legal support
	1.2.4. Tonnes (millions) of emissions reductions represented in ERPAs with public-sector buyers, e.g. cities, states, governments, Article 6 transactions.	0	0	0.5	1	3	- Relatively low targets reflect Emergent's primary focus on the "direct-to-corporates" channel.	- Signed ERPAs	- Emergent - External legal support
		Baseline (June 30, 2021)	July 2021 - December 2021	January 2022 - June 2022	July 2022 - December 2022	January 2023 - June 2023			
Summary indicator for Outputs 1.1 and 1.2.	Total tonnes (millions) of emissions reductions represented in demand-side LOIs via all channels in outputs 1.1 and 1.2.	15	29	44	65	100	- Sum of 1.1.4., 1.2.1., and 1.2.3.	- Signed LOIs	- Emergent - External legal support
Output 1.3		Baseline (June 30, 2021)	July 2021 - December 2021	January 2022 - June 2022	July 2022 - December 2022	January 2023 - June 2023			

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Committed public funding is secured to underwrite corporate demand with a floor price guarantee.	1.3.1. Millions of tonnes committed with a floor price guarantee.	25	50	75	100	100	- To be measured by announced interest.	- Public announcements by sovereigns - Discussions with sovereign contributors leading to signed commitments	- Emergent
Output 1.4		Baseline (June 30, 2021)	July 2021 - December 2021	January 2022 - June 2022	July 2022 - December 2022	January 2023 - June 2023			
TREES credits are widely recognised as high-quality offsets by corporates, jurisdictions, and civil society.	1.4.1. Number of media mentions for Emergent, LEAF, and GGC globally.	600	1200	1700	2200	2800	- Enormous response to LEAF's launched fueled the baseline number. - With many events planned for the second half of 2021, we expect a similar number of media mentions. - Assuming a constant to slightly increasing rate of media mentions from there.	- Media stories	- Emergent - ART/Winrock - External PR and communication agencies
	1.4.2. Thought leadership pieces / op-eds published.	10	20	30	40	50	- 3 pieces every two months.	- Thought leadership pieces/op-eds	- Emergent - ART/Winrock - External PR and communication agencies
	1.4.3. Size of corporate and civil society newsletter distribution list (number of people).	5000	5500	6000	6500	7000	- Aim to refine newsletter distribution list to ensure that the audience is sufficiently targeted.	- Newsletter distribution list	- Emergent - ART/Winrock - External PR and communication agencies
Outcome 2									

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Sustained supply of ART credits from multiple jurisdictions to Emergent.	Number of jurisdictions in full compliance with both 'carbon' and 'non-carbon' elements of TREES.	0	1	5	10	15	- This indicator measures a jurisdiction's readiness to meet ART's requirements; see detailed explanation at the bottom of this document. - These numbers are necessarily estimates, as the supply team continues to work through an assessment of jurisdictions' proposals' ability to meet these criteria. - The team believes that this can be feasibly done on the basis of the information sources in the next column.	- Assessments by LEAF-convened Technical Assessment Panel - LEAF proposals - Publicly available materials, e.g. UNFCCC Lima REDD+ Information Hub (FREL, SOI, National Communications, BUR, other), ROAM reports, INFOFLR country summaries, FCPF ERPDs, GCF RBP submissions, and relevant national records. - Further information that Emergent requests from the jurisdiction (by us) - Information from partners on the ground such as UN-REDD	- TA (Technical Assistance) and resource providers (e.g. UN-REDD) - LEAF-convened Technical Assessment Panel - Emergent
	Number of multi-year ERPAs signed with jurisdictions.	0	1	3	8	12	- Targets are lower than those in the row above because we anticipate an element of demand constraint.	- Signed ERPAs	- Emergent - External legal support

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	Tonnes (millions) represented in ERPAs.	0	10	25	50	100	- Based on our forecast to reach LEAF goal of 100m tonnes of supply.	- Signed ERPAs	- Emergent - External legal support
Output 2.1		Baseline (June 30, 2021)	July 2021 - December 2021	January 2022 - June 2022	July 2022 - December 2022	January 2023 - June 2023			
A pipeline of forest country supply that will sustain high-volume, multi-year transactions of TREES credits is in place and delivering substantial volumes of emissions reduction credits.	2.1.1. Number of jurisdictions in active discussion with Emergent.	30	40	45	45	45	- Numbers confirmed by supply team. - Note that Emergent plans to focus on engagement with jurisdictions that have already submitted proposals under the LEAF CFP, as an overwhelming response was received. We are assuming here that we will not put out a second CFP.	- Emergent's CRM system - Meeting minutes	- Emergent
	2.1.2. Number of proposals received from jurisdictions via LEAF.	0	33	33	33	33	- Based on 33 proposals received for July 30 LEAF CFP deadline. - Assumes no second CFP.	- LEAF proposals	- Emergent

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	2.1.3. Volume targets reported by jurisdictions that pass Emergent supply team's minimum criteria assessment for TREES compliance (millions of tonnes).	0	700	700	700	700	<ul style="list-style-type: none"> - These are volumes that pass the minimum criteria to comply with TREES. The minimum criteria assessment is set to be concluded by the end of September 2021. - Note: these are volumes self-reported by jurisdictions. - Assumes no second CFP. - The minimum criteria assessment is still being conducted at the time of writing. We can update these numbers when the assessment is completed. 	<ul style="list-style-type: none"> - LEAF proposals 	<ul style="list-style-type: none"> - Emergent - LEAF-convened Technical Assessment Panel
	2.1.4. Number of LOIs signed with jurisdictions.	2	3	5	10	14	<ul style="list-style-type: none"> - Tied to "Number of multi-year ERPAs signed with jurisdictions", above. - Assumes time delay but no dropout between LOIs and ERPAs. 	Signed LOIs	<ul style="list-style-type: none"> - Emergent - External legal support
	2.2.1. Number of jurisdictions with whom Emergent has played an introduction or facilitating TA role.	0	1	3	6	10	<ul style="list-style-type: none"> - It is difficult to quantify a facilitating role, but we suggest we record the numbers of jurisdictions where we've conversations which are 1) specifically focused on TA and 2) can reasonably be said to have created progress towards TA 	<ul style="list-style-type: none"> - Emergent's CRM system - Meeting minutes 	<ul style="list-style-type: none"> - Emergent - On-the-ground partners such as UN-REDD
Output 2.2	Forest jurisdictions' capacity to fulfil the requirements of the TREES standard is increased.	Baseline (June 30, 2021)	July 2021 - December 2021	January 2022 - June 2022	July 2022 - December 2022	January 2023 - June 2023			

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	Non-NICFI grant funding raised (USD).	0	635k	1.2m	1.8m	2.3m	<p>- 2021: assuming \$635k in operating budget funding from US government. (We are discussing a Bezos Earth Fund grant via EDF, but this has not been confirmed, so is not included here.)</p> <p>- 2022: assuming \$1m in operational funding from UK government and \$200k from other sources. (We are discussing a substantial advance on transaction fees with Amazon, but this has not been confirmed, so is not included here.)</p> <p>- 2023: assuming \$1m in further funding from UK government.</p> <p>- Assuming these amounts are disbursed throughout the year (rather than all at once).</p>	- Signed agreements with funders	- Emergent - External fundraising consultant
<i>Output 3.1</i>		Baseline (June 30, 2021)	July 2021 - December 2021	January 2022 - June 2022	July 2022 - December 2022	January 2023 - June 2023			
Emergent raises additional grant funding, enabling financial sustainability and market confidence.	3.1.1. Number of funders for opex approached through proposal submissions.	1-2	2-4	4-6	8-10	10-12	- Assumes that half of presented proposals are awarded.	- Proposals sent to funders.	Emergent External fundraising consultant
<i>Output 3.2</i>		Baseline (June 30, 2021)	July 2021 - December 2021	January 2022 - June 2022	July 2022 - December 2022	January 2023 - June 2023			

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Emergent initiates transactions, catalysing a deep, liquid and self-sustaining global market in jurisdictional REDD+ transactions.	3.2.1. Transaction capability.	In process of design g.	Designed	Implemented	Refining as needed	Refining as needed	- Based on status and forecast at time of writing.	- Fund control documents - Portfolio management documents	Emergent
	3.2.2. Staff recruitment (employees).	15	21	27	27	27	- Includes full-time employees in US and Spain. Does not include advisors/consultants.	- Employee contracts	Emergent

Detailed explanation of Outcome 2 indicator. ("Number of jurisdictions in full compliance with both 'carbon' and 'non-carbon' elements of TREES")

Carbon elements include:

- Activity data: Does the jurisdiction have remote sensing or verifiable ground-derived data that can generate activity data that complies with ART's registration requirements?
- Emission factors: Does the jurisdiction have acceptable data available to generate acceptable emission factors or removal factors (e.g. on-the-ground plot measurements and inventories, peer-reviewed literature, use of models and, where allowable, use of default factors such as IPCC Tier 1)?
- Stratification: Will stratification be employed? If so, are records of that work and changes over time accessible for presentation to ART?
- Land-based/activity-based accounting: Both land-based and activity-based accounting are accepted under TREES. For activity-based accounting, Participants must demonstrate that *no potentially significant source of emissions has been overlooked*. For land-based accounting, Participants must be *able to attribute emissions to anthropogenic sources and have in place the means to add new forest areas where reforestation is occurring in the country*.
- Scope of activities: Is degradation tracked? If not, can this be justified through the argument that excluding it is conservative or where emissions total < 10% of reported deforestation emissions?
- Scope of pools and gases: Estimates of changes/emissions from the primary pools/gas (AGB, soil organic matter, CO₂) must result from IPCC Tier 2/3 methods. All other pools and gases may be excluded where conservative OR where the associated emission is equivalent to less than 3% of emissions (and the sum of emissions from excluded pools and gases does not exceed 10% of emissions).

Non-carbon elements include:

- Cancun Safeguards A through G and associated indicators
- Registration requirements, including carbon rights

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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 a system is system of bookkeeping where every entry to an account requires a corresponding and opposite entry to a different account.

2 Bank reconciliation is a process of verifying whether the sum found in the bank statements at the end of the period correspond with transactions recorded in the accounting system. This is usually done in conjunction with closure of the accounting records.

3 Cash reconciliation is a process of verifying whether the cash at hand at the end of the period corresponds with the amount of cash in the beginning of the period and the registrations of withdrawals and deposits in the period. This is usually done in conjunction with closure of the accounting records.

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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 IN THE CONTEXT OF PROJECTS FINANCED BY THE NORWEGIAN MINISTRY OF CLIMATE AND ENVIRONMENT

1 INTRODUCTION

- 1.1 This Part III sets out procurement rules and principles which shall be applied by the Grant Recipient when procuring goods, services or works to Projects financed by the Ministry of Climate and Environment (MCE). Stricter rules may supplement the compulsory minimum rules set forth in this Part III.
- 1.2 The MCE may carry out ex post checks on the Grant Recipient's compliance with the rules set forth in this Part III.
- 1.3 Failure to comply with the rules set forth in this Part III shall render the Project expenditure ineligible for MCE funding and may lead to withholding funds or claim for repayment in accordance with article 17 of the General Conditions (Part II) of this Agreement.
- 1.4 Contracts shall not be split artificially to circumvent the procurement thresholds. All monetary amounts referred to in this Part III are amounts excluding value-added tax (VAT).
- 1.5 The procurement provisions shall also apply to any procurements to be carried out by the Grant Recipient's cooperation partners or others. The Grant Recipient shall be responsible for compliance as per article 11 of the General Conditions (Part II) of this Agreement regardless of whether the procurement is carried out by the Grant Recipient itself or its cooperation partners or others.
- 1.6 Sections 1 to 4 set out rules, which shall apply to all contracts. Sections 5 to 6 contain specific rules for service, supply and works contracts. Section 7 lists the situations where a negotiated procedure without prior publication is permitted.

2 BASIC PRINCIPLES

- 2.1 If a Project requires procurement by the Grant Recipient, the contract must be awarded following a tender procedure to the most economically advantageous tender (i.e. to the tenderer obtaining the best score based on price and quality), or, as appropriate, to the tenderer offering the lowest price. In doing so, the Grant Recipient shall avoid any conflict of interests and respect the following basic principles:

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- a) **Competition:** The procedures applied and the award of contracts shall be based on fair competition.
- b) **Equal treatment and non-discrimination:** Participation in tender procedures shall be open on equal terms to all natural and legal persons. During the entire procurement and the award of contracts, the Grant Recipient shall not discriminate against candidates/tenderers or groups of candidates/tenderers.
- c) **Transparency and ex-ante publicity:** As a general rule, tender procedures shall be based on prior publication. Where the Grant Recipient does not launch an open tender procedure, it shall justify the choice of tenderers that are invited to submit an offer.
- d) **Objective criteria:** The Grant Recipient shall evaluate the offers received against objective criteria, which enable the Grant Recipient to measure the quality of the offers and shall take into account the price (the offer with the lowest price shall be awarded the highest score for the price criterion). The criteria shall be set out beforehand and shall be relevant to the contract in question.
- e) **Notoriety:** The Grant Recipient shall keep sufficient and appropriate records and documentation with regard to the procedure, its evaluation and award.

3 ELIGIBLE TENDERERS

3.1 Tenderers must provide information on their legal form and ownership structure.

3.2 Tenderers shall be excluded from participation in a procurement procedure if:

- a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations. However, tenderers in this situation may be eligible to participate insofar as the Grant Recipient is able to purchase supplies on particularly advantageous terms from either a supplier which is definitively winding up its business activities, or the receivers or liquidators of a bankruptcy, through an arrangement with creditors, or through a similar procedure under national law;
- b) they or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct by a final judgment;
- c) they have been guilty of grave professional misconduct; proven by any means which the Grant Recipient can justify;
- d) they have not fulfilled obligations relating to the payment of social security contributions or taxes in accordance with the legal provisions of the country in which they are established, or with those of the country of the Grant Recipient or those of the country where the contract is to be performed;

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- e) they or persons having powers of representation, decision-making or control over them have been convicted for fraud, corruption, involvement in a criminal organisation or money laundering by a final judgment;
- f) they make use of child labour or forced labour and/or practise discrimination, and/or do not respect the right to freedom of association and the right to organise and engage in collective bargaining pursuant to the core conventions of the International Labour Organization (ILO).

3.3 Tenderers shall confirm in writing that they are not in any of the situations listed above. Even if such confirmation is given by a tenderer, the Grant Recipient shall investigate any of the situations listed above if it has reasonable grounds to doubt the contents of such confirmation.

3.4 Contracts shall not be awarded to tenderers which, during the procurement procedure:

- a) are subject to a conflict of interests;
- b) are guilty of misrepresentation in supplying the information required by the Grant Recipient as a condition of participation in the tender procedure, or fail to supply this information.

4 GENERAL PROCUREMENT RULES

- 4.1 The tender documents shall be drafted in accordance with best international practice. The Grant Recipient may voluntarily use the models published in the Practical Guide on the EuropeAid (EU) website.
- 4.2 The Grant Recipient shall take into account universal design and the potential environmental impact of any planned procurements.
- 4.3 All invitations to submit tenders shall state that offers will be rejected if any illegal or corrupt practises have taken place in connection with the award. All contracts concluded under the Project shall state that the Grant Recipient may terminate the contract if it finds that illegal or corrupt practises have taken place in connection with the contract award or execution.
- 4.4 The time-limits for receipt of tenders and requests to participate must be sufficient to allow interested parties a reasonable and appropriate period to prepare and submit their tenders.
- 4.5 An evaluation committee must be set up to evaluate applications and/or tenders of a value of NOK 500 000 or more on the basis of the exclusion, selection and award criteria. This committee must have an odd number of members, at least three, with all the technical and administrative capacities necessary to give an informed opinion on the tenders.

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- 4.6 For contracts with a value exceeding NOK 100 000, the Grant Recipient shall compile a written record with documentation of all assessments and decisions during all steps of the procurement process from the planning stage until the signing of the contract. Upon request by the MCE, the Grant Recipient shall deliver its written record to the MCE and grant the MCE access to all relevant information and documentation related to the procurement procedure and practices applied.

5 AWARD OF CONTRACTS

- 5.1 Contracts with a value of less than NOK 500 000 may be awarded by using any procurement procedure established by the Grant Recipient, while respecting the rules and principles laid down in Sections 1 to 4 of this Part III.
- 5.2 Contracts with a value exceeding NOK 500 000 shall be awarded by means of one of the following procurement procedures:
- a) **Open tender procedure:** In open procedures, any interested tenderer may submit a tender in response to a call for competition. The tender shall be accompanied by the information for qualitative selection as requested by the Grant Recipient.
 - b) **Restricted procedure:** In restricted procedures, any tenderer may submit a request to participate in response to a call for competition by providing the information for qualitative selection as requested by the Grant Recipient. Only those tenderers invited to do so by the Grant Recipient following its assessment of the information provided may submit a tender. The Grant Recipient may limit the number of suitable candidates to be invited to participate in the procedure.
 - c) **Competitive procedure with negotiation:** In competitive procedures with negotiation, any tenderer may submit a request to participate or a tender in response to a call for competition by providing the information for qualitative selection as requested by the Grant Recipient. Tenderers may submit an initial tender, which shall be the basis for subsequent negotiations. The minimum requirements and the award criteria shall not be subject to negotiations.
- 5.3 Where the Grant Recipient does not launch an open tender procedure, it shall justify and document in writing the choice of tenderers that are invited to submit an offer.
- 5.4 Deviations from the procedures listed in Section 5.2 are limited to the situations listed in Section 7 of this Part III.

6 PUBLICATION OF PROCUREMENT NOTICE

- 6.1 The following shall apply with respect to publication of the procurement notice:¹

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

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- a) **Service and supply contracts from NOK 500 000 to less than NOK 2 500 000 and works contracts from NOK 500 000 to less than NOK 40 000 000**

The prior procurement notice shall be published in all appropriate media, at least in the country in which the Project will be carried out as well as on the Grant Recipient's website."

- b) **Service and supply contracts with a value of NOK 2 500 000 and above and works contracts with a value of NOK 40 000 000 and above**

The prior procurement notice shall be published in all appropriate media, in particular on the Grant Recipient's website, in the international press and the national press of the country in which the Project will be carried out, and in any other relevant specialist periodicals.

7 USE OF NEGOTIATED PROCEDURE WITHOUT PRIOR PUBLICATION

7.1 The Grant Recipient may use a negotiated procedure without prior publication in the following cases:

- a) if any of the circumstances set out in Article 32 of Directive 2014/24/EU are present;
- b) for purposes of humanitarian aid and civil protection operations or for crisis management aid in a crisis that has been formally recognised by and for the time period declared by the MCE;
- c) where the services are entrusted to public-sector or non-profit bodies and relate to activities of an institutional nature or are designed to provide assistance to people in the social field;
- d) for contracts declared to be secret, or whose performance must be accompanied by special security measures, or when the protection of the essential interests of the MCE so requires.

