

**Contract between the Norwegian Ministry of Foreign Affairs (MFA) and the Wildlife Conservation Society of Tanzania (WCST) regarding *Piloting REDD in Pugu Kazimzumbwi Forest Reserves***

WCST has in letter dated 16<sup>th</sup> December 2010 requested MFA for financial support for piloting REDD in Pugu Kazimzumbwi forests. MFA has decided to comply with the request, and the two parties agree as follows:

**1. Scope and objectives**

- 1.1 This Contract sets forth the terms and procedures for MFA's assistance to the project as outlined in the Agreed Project Summary in Annex I (the Project) and further described in the Project Document "Dar es Salaam Lung Project- Piloting REDD in Pugu Kazimzumbwi Forests", dated 16 December 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 WCST in Tanzania relating to the Project will be directed to the Chief Executive Officer.

- 1.2 The Goal of the Project is Pugu Kazimzumbwi Forest Ecosystem is properly managed, supports surrounding community livelihood and provides ecosystem services

The Purpose of the Project is Forest condition is improved with corresponding reduction in CO<sub>2</sub> emissions in the Reserves and increased carbon stock

**2. Contributions of MFA**

- 2.1 MFA shall, subject to Parliamentary appropriations, make available a financial grant not exceeding NOK 25 584 314 (Norwegian Kroner twenty five million five hundred eighty four thousand three hundred and fourteen) to be used exclusively to finance the Project during the planned period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2015.
- 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 the WCST 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 exceeding NOK 1000, including accrued interests, shall be returned to MFA.

**3. Obligations of WCST**

WCST 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 WCST and to cooperate fully with the external financial management advisor(s) (mentioned in Section 3.10),
- 3.12 enter into dialogue with the 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 WCST 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 WCST

The second disbursement will be made after submission and approved annual workplan and budget for year one, recruiting the Project Financial Manager and receipt of the revised financial management manual acceptable to MFA.



Along with the disbursement requests, except the first request, WCST shall submit progress report and financial statements showing income, expenditures and the financial position of the project from the Project's accounting records.

- 4.2 When determining the amount to request, WCST shall take into account unspent disbursed amounts and income from all sources as well as any accrued interests.
- 4.3 Funds will be transferred upon MFA's approval of the request to a separate bank account in the name of 'WCST', and will be available for the Project immediately. WCST 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 WCST shall submit the following reports/documentation to MFA:
- annual financial statements (1 April to 31 March) 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 (1 April to 31 March ) 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 agreed upon, covering the period April to September and October to March within end of October and April respectively each year, with the latter no later than four weeks before the annual meeting referred to in section 7.1,
  - organization annual report (January to December) within September the following year
  - the audited annual financial statements (January to December ) of the entire organization within September the following year,
  - 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 six months after the completion of the project.
- 5.2 The semi-annual progress reports shall be prepared in accordance with the format in Annex II to this Contract, and shall include the following information:
- A description of actual outputs compared to planned outputs (normally defined in annual work plans)
  - A brief summary of the use of funds compared to budget
  - An assessment of the efficiency of the Project (a measure of how efficiently resources/inputs are converted into outputs)
  - An explanation of major deviations from the plan
  - An assessment of problems and risks (internal or external to the Project) that may affect the success of the Project
  - An assessment of the need for adjustments to activity plans and/or inputs and outputs, including actions for risk mitigation
- 5.3 The final report shall include the following information:
- The topics listed in clause 5.2 above
  - an assessment of the effectiveness of the Project, i.e. the extent to which the purpose has been achieved
  - an assessment of impact (if possible), i.e. the changes and effects positive or negative, planned and unforeseen of the Project seen in relation to target groups and others who are affected
  - an assessment of the sustainability of the Project, i.e. an assessment of the extent to which the positive effects of the Project will 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. MFA shall approve the work plans and budget in writing

## 6. Audit

6.1 The annual financial statements 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. WCST 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 the following year. WCST 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.

## 7. Meetings and reviews

7.1 Formal meetings shall be held no later than end of May every year (with the exception of a formal meeting to be held before the end of the first half of year one) unless otherwise agreed in writing. All formal meetings shall be called and chaired by WCST, with a member of the Task Force invited as an observer for the first meeting and optionally thereafter. The purpose of these meetings is to discuss the progress of the Project, including results and fulfillment 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. The minutes shall be drafted by WCST and be submitted to MFA for comments within two weeks.

7.2 End of phase one review and end-term evaluation shall be carried out tentatively by March 2012 and April 2015 respectively. Reviews will focus on issues of sustainability, complementarity, participation, timeliness, integrity, innovation, credibility, efficiency and results. 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.

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

## 8. Corruption

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



**9. Breach of contract**

- 9.1 If WCST fails to fulfill its obligations under this Contract, or if any major organisational changes are found to be contradictory to the objectives of the Project, MFA may, upon consultations with WCST cancel this Contract and claim repayment or withdraw the total or a portion of the funds provided to the Project.
- 9.2 MFA may cancel this Contract or portion of this Contract with immediate effect if it determines that corrupt or fraudulent practices were engaged in by representatives of WCST or of a beneficiary of the aid funds without WCST having taken timely and appropriate action satisfactory to MFA to remedy the situation.

**10. Entry into force – Termination – Disputes**

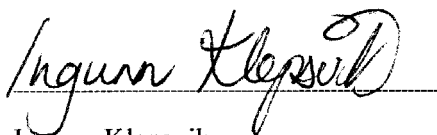
- 10.1 This Contract shall enter into force on the date of its signature, and shall remain in force until both Parties have fulfilled all obligations arising from it. Whether these obligations shall be regarded as fulfilled, shall be determined in consultation by the Parties.
- 10.2 Notwithstanding the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

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


Date: 24 March 2011

Dar es Salaam,  
For the Norwegian Ministry of  
Foreign Affairs

Dar es Salaam,  
For WCST



Ingunn Klepsvik  
Ambassador



EVARIST N. MAEMBE  
HON. SEC. WCST.

Annex I	Project Summary
Annex ii	Format for progress reports
Annex iii	Terms of Reference for audit
Annex iv	Reporting/meeting schedule
Annex v	Project budget

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