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Specific Conditions (part I)	Grant Management Regime I	Date:	17.06.2016

GRANT AGREEMENT

BETWEEN

THE NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION

AND

CARITAS NORGE

REGARDING

COL-17/0011

“BUILDING SKILLS IN THE COFFEE VALUE CHAIN”

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 Agency for Development Cooperation (Norad), represented by the Department for Economic Development, Gender and Governance, and
- (2) Caritas Norge, a foundation duly established in Norway under registration number 971 436 514 (the Grant Recipient),

jointly referred to as the Parties.

1 SCOPE AND BACKGROUND

- 1.1 The Grant Recipient has submitted a project document to Norad received 30 October 2017 (the Application) regarding financial support to the project titled COL-17/0011 "Building Skills in the Coffee Value Chain" (the Project). The estimated costs of the Project are indicated in the budget attached as Annex A to this Agreement.
- 1.2 Norad 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 October 2017 to December 2020 (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:
- 2.2 The Project's planned effect on society (Impact) is: Small scale coffee farmers in target areas have stable access to food and income security.
- 2.3 The planned effects for the target group of the Project (Outcomes) are:

1050 target coffee farmers have adopted new efficient and environmentally sustainable production techniques making them more productive and improved quality.

1050 target coffee farmers have improved livelihoods.

1050 target coffee farmer households strengthen their community networks through associative and capacity building activities.

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The intended target group is coffee farmers in Huila, Tolima and Cauca.

2.4 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.

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 identify, assess and mitigate any relevant risks associated with the implementation of the Project, including the risk of corruption and other financial irregularities, and any potential negative effects that the Project may have on the environment and climate, gender equality and human rights.

3.4 The Grant Recipient shall be familiar with UN Security Council Resolution 1325 on women, peace and security (s/res/1325 (2000)), and implement the Project in a way that promotes the intentions of the resolution in the best possible way. A statement on how the intentions of this resolution have been addressed shall be included in the progress reports and final report of the Project.

4 THE GRANT

4.1 The Grant shall amount to maximum NOK 13 561 000 (Norwegian Kroner Thirteen Million Five Hundred and Sixty One Thousand).

4.2 Disbursement after the current calendar year is subject to Norwegian Parliamentary appropriations.


4.3 The Grant shall be used exclusively to finance the actual costs of the implementation of the Project during the Support Period.

4.4 The Grant may be used to cover overheads/indirect costs up to a maximum of 7% of Norad's pro rata share of the actual costs of the Project.

4.5 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 Norad's receipt of written disbursement requests from the Grant Recipient, describing the

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financial need for the period in question. The first disbursement shall include approved Project expenses incurred prior to the signing of this Agreement.

- 5.2 Financial need refers to the budgeted expenditure for the upcoming period, less 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 disbursement requests shall be signed by the chief financial officer of the Grant Recipient. A confirmation that the Project is being implemented in accordance with the Agreement shall be included in the disbursement request.
- 5.5 All disbursements are conditional upon the Grant Recipient's continued compliance with the requirements of the Agreement, including the timely fulfilment of reporting obligations. Norad 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 (2018), the first disbursement each year is subject to Norad's receipt and approval of the progress report and financial report.
- 5.6 The Grant Recipient shall have a separate bank account exclusively for grants from Norad. All disbursements will be made to the following bank account:

Name of the account: Caritas Norge
Account no.: 8200.01.93441
IBAN no.: NO6782000193441
Name and address of the bank DnB, Dronning Eufemias gate 30, 0191 Oslo
Swift/BIC code: DNBANOKKXXX
Currency of the account: NOK

- 5.7 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.

6 REPORTING AND OTHER DOCUMENTATION

- 6.1 The following shall be submitted by the Grant Recipient to Norad:
- A **progress report** covering the period from March to August shall be submitted to Norad by November 1st each year and a **annual report** covering the period from March to February shall be submitted to Norad by May 1st each year. The progress report shall include the content specified in article 2 of the General Conditions.
 - A **financial report** covering the period from March to August shall be submitted to Norad by November 1st each year and an **annual financial report** covering the period from March to February shall be submitted to Norad by May 1st each year. The financial report shall include the content specified in article 3 of the General Conditions. The final financial report shall cover the entire Support Period and shall be submitted along with the final report referred to in article 6.1 e) of the Specific Conditions.
 - An **audit report** covering the annual financial statements of the Project shall be submitted to Norad by August 1st each year. The audit report shall comply with the requirements set out in

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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) A **final report** for the Support Period shall be submitted to Norad no later than 6 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, Norad shall be informed immediately.

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

7 AUDIT

7.1 The annual financial statements of the Project shall be audited in accordance with International Standards of Auditing (ISA) 800 ("Special considerations audits of financial statements prepared in accordance with special purpose frameworks") or ISA 805 ("Special considerations audits of single financial statements and specific elements, accounts or items of a financial statement"). Additional requirements applicable to the auditor and the audit report are included in article 5 of the General Conditions.

7.2 The Grant Recipient is responsible for submitting the audit report to Norad 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 April 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. In the event that such reports have not been received at least 3 weeks before the meeting, the Parties shall agree upon a new date to hold the meeting.

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 Norad no later than two weeks after the meeting for comments. The agreed minutes shall be signed by both Parties.

9 REVIEWS AND OTHER FOLLOW-UP MEASURES

9.1 A mid-term review focusing on progress to date and necessary adjustments in the Project shall be carried out by June 2019. Caritas Norge shall draft the terms of reference for the review and submit them to Norad for approval. The costs of the review shall be included in the Project budget.

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- 9.2 If the Grant Recipient or another interested party initiates a review or evaluation of activities wholly or partly funded by the Grant, Norad shall be informed. The Grant Recipient shall forward a copy of the report of any such review or evaluation to Norad 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 500 000, the procurement record and the signed contract shall be submitted to Norad for information.
- 10.3 Along with the documentation mentioned above, the Grant Recipient shall confirm in writing that the requirements agreed on in this article 10 have been fulfilled.

11 REPAYMENT OF INTEREST AND UNUSED FUNDS

- 11.1 Interest accrued on the Grant during the course of a year shall be repaid to Norad by 31 January the following year. If the Grant Recipient receives several grants from Norad, the interest on these grants should be repaid in one instalment. The instalment shall be documented by a copy of the annual bank statement for the account.
- 11.2 Upon the end of the Support Period or upon termination of this Agreement, any unused funds that total more than NOK 500 shall be repaid to Norad as soon as possible and at the latest within 6 months. The repayment shall include any interest and other financial gain accrued on the Grant and not previously repaid.
- 11.3 Repayments shall be made to the following bank account:

Name of the account: Norad
Account no.: 7694.05.14815
IBAN no.: NO31 7694 0514815
Name and address of the bank: DNB Bank ASA, N-0021 Oslo, Norway
Swift/BIC code: DNBANOKKXXX

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

12 SPECIAL PROVISIONS

- 12.1 The following shall be added to article 2 of the General Conditions: "Gender disaggregated data shall be provided where relevant."

13 NOTICES

- 13.1 All communication to Norad concerning the Agreement shall be directed to Section for Private Sector Development at the following address/e-mail address: post-naering@norad.no.

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13.2 All communication to the Grant Recipient concerning the Agreement shall be directed to Knut Andreas Lid (Acting Director Caritas Norway) at the following address/e-mail address: caritas@caritas.no and kal@caritas.no.

13.3 The 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 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: 14.02.2018

for Norad,

for Caritas Norway,

Paul Wade

Knut Andreas O. Lid

Assistant Director

Acting Director

Department for Economic Development, Gender
and Governance

Attachments:

Annex A: Approved budget for the Project

Annex B: Results framework

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Annex A – Approved Budget

Detailed Project Budget



Fill in cells marked green

Project Name: Improving livelihoods for Small Scale Coffee Farmers through innovations in coffee value chain in Colombia

Country: Colombia

Implementing partner/s:

Budget period: 3 years

Local Currency: USD

Budget frame for local orgs (NOK)

This budget is based on and linked to the organisation's detailed implementation plan / action plan.

	Exchange rate		Exchange rate		Exchange rate		Exchange rate	
	0.1250		0.1250		0.1250		0.1250	
	TOTAL period (2018-2021)		Total Year 2018		Total Year 2019		Total Year 2020	
	Local Currency	NOK	Local Currency	NOK	Local Currency	NOK	Local Currency	NOK
a1. Investments								
a1.1 Vehicles (1 vehicle for each zone of the project)	85 238	681 904	28 413	227 301	28 413	227 301	28 413	227 301
a1.2 Plant for the production of pulp based organic fertilizer	60 000	480 000	20 000	160 000	20 000	160 000	20 000	160 000
a1.3 Infrastructure & equipment (benefit centrals)	1 500 000	12 000 000	500 000	4 000 000	500 000	4 000 000	500 000	4 000 000
a1.4 Others	-	-	-	-	-	-	-	-
Total a1. Investments	1 645 238	13 161 904	548 413	4 387 301	548 413	4 387 301	548 413	4 387 301
a2. Operational costs								
Project administration and management	125 000	1 000 000	41 667	333 333	41 667	333 333	41 667	333 333
Audits	15 600	124 800	5 200	41 600	5 200	41 600	5 200	41 600
Total a2. Operational costs	140 600	1 124 800	46 867	374 933	46 867	374 933	46 867	374 933
a3. Outcomes specific costs								
<i>Outcome 1 - 1050 coffee farmers have adopted new efficient and environmentally sustainable production techniques</i>								
Materials for the development of training for producers	32 253	258 024	10 751	86 008	10 751	86 008	10 751	86 008
Soil analysis for the nutrition parcels (2/parcel)	3 461	27 688	1 154	9 219	1 154	9 219	1 154	9 219
Reforestation materials (100,000 trees), and posters about	65 529	524 232	21 843	174 744	21 843	174 744	21 843	174 744
Training for the technical team, and the operative and admin	28 500	228 000	9 500	76 000	9 500	76 000	9 500	76 000
Supplies for the demonstrative parcels	42 000	336 000	14 000	112 000	14 000	112 000	14 000	112 000
Inclusion of producers in certification/verification program	197 569	1 580 552	65 856	526 851	65 856	526 851	65 856	526 851
Total Outcome	369 312	2 954 496	123 104	984 832	123 104	984 832	123 104	984 832
<i>Outcome 2 - 1850 target coffee have improved livelihood</i>								
Technical assistance	250 000	2 000 000	83 333	666 667	83 333	666 667	83 333	666 667
R&D - Quality assurance	71 500	572 000	23 833	190 667	23 833	190 667	23 833	190 667
Technical assistance: Includes 3 agronomists in Cauca, 3 agr	444 750	3 558 000	148 250	1 186 000	148 250	1 186 000	148 250	1 186 000
Others	-	-	-	-	-	-	-	-
Total Outcome	766 250	6 130 000	255 417	2 043 333	255 417	2 043 333	255 417	2 043 333
<i>Outcome 3 - Targeted coffee farmer households strengthen their community networks through associative and capacity building activities</i>								
Personnel costs - Tech.staff - Work team in targeted region	60 847	486 777	20 282	162 259	20 282	162 259	20 282	162 259
Personnel costs - Tech.staff - Project coordinator	85 785	686 281	28 595	228 760	28 595	228 760	28 595	228 760
Personnel costs - Tech.staff - Partial accountant	45 027	360 219	15 009	120 073	15 009	120 073	15 009	120 073
Operative costs	99 340	794 722	33 114	264 914	33 113	264 904	33 113	264 904
Indirect costs	13 500	108 000	4 500	36 000	4 500	36 000	4 500	36 000
Others	-	-	-	-	-	-	-	-
Total Outcome	304 500	2 435 000	101 501	812 007	101 500	811 997	101 500	811 997
A.TOTAL costs	3 225 900	25 807 300	1 075 301	8 602 407	1 075 300	8 602 397	1 075 300	8 602 397
b1. Income								
Operating income - Partner orgs	-	-	-	-	-	-	-	-
Interest - Partner orgs	-	-	-	-	-	-	-	-
B.TOTAL Income								
(A-B) Project funding needs	3 225 900	25 807 300	1 075 301	8 602 407	1 075 300	8 602 397	1 075 300	8 602 397

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Indicator theme	Related KPIs	Definition
Productivity	OC1, OP1	To measure productivity it will be considered harvest collected during one calendar year (January to December) thus results will be shown yearly. Furthermore, as the harvest period varies per department, the starting month and ending month of the total annual crop cycle (main and minor crop) per region are: In Huila the main harvest is in Oct-Jan period and a second smaller harvest in May-July. Cauca and Tolima has their main harvest in April-June and the smaller one in Oct-Jan.
Quality	OC2	agricultural practices promoted in the project. This indicator measures the improvement of coffee bean conditions. It will be tested the weight of the cherries vs. the weight of the dried parchment coffee beans to determine the conversion factor.
Demoplots	OP2	trainings in clusters as a methodology of learning by doing and watching successful agricultural practices.
Trade	OP3, OP8	One of the main project goals is to help producers to access to some value chains that are able to remunerate their efforts via premiums, thus we will measure the coffee volume produced by them and traded through our supply chain. On the other hand as price is key when producers decide where to sell their coffee with the project we will assure farmers have access to market prices via text messages.
Training	OP4, OP5	A trained producer is the owner/manager/the representative person of the farm in charge of managing and/or executing the activities that are being taught in the training sessions. This person should be trained on how the mill works and the benefits of sell their coffee there and at least attend 3 out of the main 4 productivity training themes as well as social and environmental themes required by international standards of certification programs. The training themes related to productivity are: 1. Effective nutrition, 2. Soil improvement & coverage, 3. Integrated Pest Management 4. Harvest and post-harvest best practices. The project will also address training needs identified by the target households related to associative economies, credit, saving and other activities aimed at strengthening community networks.
Household Income from coffee	OC3, OC4, OC5	Income/costs/profit as productivity will be measured yearly and the costs which will be considered are: 1. Fertilization. 2. Picking. 3. Administrative 4. Agroinputs. 5. Workforce. 6. Pruning and renovation.
Mills	OP6	By the end of the project there will be established 3 mills, which will be strategically located and will be built during the project execution.
Environment liability	OC6, OC7, OP7	It will be tested the reduction of fresh water required for the wet process of the coffee cherries needed to obtain one kilogram of dry parchment coffee. It also will measure the reduction of polluted water that will be discharged into the environment because of the milling plants
Capacity building	OC7, OC8, OP10	This indicator will measure the knowledge acquired by targeted households on associative economies, credit, saving and other activities aimed at strengthening community networks which will allow them to continue with a sustainable production beyond the project's time frame.
Gender equality	OP11, OP12	The project aims at implementing gender equality strategies by encouraging a more active participation of women. The indicator will measure the percentage of women attending the project's activities and the number of capacity building strategies that promote gender equality.
Public awareness	OP13, OP14	The project aims at drawing attention of the public and private sectors both on the benefits of improving the livelihoods of coffee farmers as well as on the opportunities for further improvements (access and transportation, capacity building, access to credit and markets, etc.)

