ADDENDUM NUMBER 12 TO AGREEMENT BETWEEN THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS AND THE GERMAN MARSHALL FUND OF THE U.S. (BALKAN TRUST FOR DEMOCRACY) CONCERNING SUPPORT TO IMPROVED MEDIA ENVIRONMENT IN SERBIA, STRENGHTENING EU INTEGRATION IN MACEDONIA, MONTENEGRO AND SERBIA, SRB-17/0001

1 BACKGROUND

1.1 The Norwegian Ministry of Foreign Affairs (MFA) represented by the Royal Norwegian Embassy in Belgrade (the Embassy) and the German Marshall Fund of the United States with its project Balkan Trust for Democracy (GMF/BTD) (the Grant Recipient) (jointly referred to as the Parties) have entered into an agreement dated 5 December 2017 (the Agreement) as amended by Addendum number 1 dated 27th June 2018, Addendum number 2 dated 7th December 2018, Addendum number 3 dated 21st June 2019, Addendum number 4 dated 5th September 2019, Addendum number 5 dated 4th August 2020, Addendum number 6 dated 28th June 2021, Addendum number 7 dated 2nd December 2022, Addendum 8 dated 14th December 2022, Addendum 9 dated February 28th 2023, and Addendum 10 dated June 25th 2024, and Addendum 11 dated 3rd December 2024, concerning SRB-17/0001 BTD - Strengthening EU integration in Macedonia, Montenegro and Serbia (the Project).

1.2 The Grant Recipient has submitted an application to the Donor dated 30 April 2026 requesting additional financial support, an extension of the Support Period, and approval of a revised project design and results framework for the next phase of support, with which the Donor has decided to comply.

1.3 The Parties have agreed to amend the Agreement through this addendum number 12 (the Addendum), which shall be an integrated part of the Agreement.

2 EXTENSION OF THE SUPPORT PERIOD

2.1 The Support Period set forth in the Agreement shall hereby be extended to 30 April 2030.

3 ADDITIONAL GRANT

3.1 The Donor shall, subject to Norwegian parliamentary appropriations and on the terms and conditions of the Agreement, including previous addenda, and this Addendum, provide an additional grant not exceeding NOK 20.000.000 (twenty million Norwegian Kroner) (the Additional Grant).

3.2 The Additional Grant shall be used exclusively to finance new components of the Project in accordance with the Application. A revised Agreement budget (Annex A) which includes the Additional Grant is attached to this Addendum.

3.3 The Additional Grant shall be disbursed upon written requests as described in the Agreement.

4 ADDITIONAL AND REVISED CONDITIONS

4.1 Updated versions of part II; **General Conditions** (from May 2025) and part III; **Procurement Provisions** (from November 2024) form 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.

RS

4.2 Article 2 of the Agreement is hereby amended and replaced with the following:

"The Project objectives, expected results, indicators, and assumptions shall be governed by the revised results framework attached to Addendum No. 12 as Annex B, which replaces all previous versions of Annex B."

4.3 The Grant Recipient shall implement the Project in accordance with the Donor's requirements on cross-cutting issues. In particular, the Grant Recipient shall continuously identify, assess, and mitigate risks related to anti-corruption, climate and environmental considerations, women's rights and gender equality, and human rights, with particular attention to participation, accountability, and non-discrimination. These considerations shall be integrated into project implementation, risk management, and reporting throughout the extended Support Period.

4.4 Article 6 of the Agreement is hereby amended and replaced with the following:

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

a) The **progress report** covering the period from 1 May to 31 October shall be submitted by 30 November, and progress report covering the period from 1 November to 30 April shall be submitted by 30 May each year. The progress report shall include the content specified in article 2 of the General Conditions.

b) A **financial report** covering the period from 1 May to 31 October shall be submitted by 30 November, and financial report covering the period from 1 November to 30 April shall be submitted by 30 May each year. The financial report shall include the content specified in article 3 of the General Conditions.

c) An **audit report** covering the annual financial statements of the Project shall be submitted by 31 July in 2027, 2028 and 2029, and by 31 August in 2030. The audit report shall comply with the requirements set out in article 7 of the Specific Conditions and article 5 of the General Conditions. A management letter (matters for governance attention) shall be attached to the audit report.

d) The **annual report and audit report of the Grant Recipient's entire organisation** shall be submitted for information by July each year, for the previous year. Organizational annual financial statements are audited in accordance with the U.S. Generally Accepted Auditing Standards (GAAS).

f) **A final report** for the Support Period shall be submitted no later than 4 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, the Donor must be informed immediately.

6.3. All Project reports shall be approved in writing by the Donor. The Donor may request additional information from the Grant Recipient at any time

RS

4.5 Article 7 of the Agreement is hereby amended and replaced with the following:

7.1. The annual financial statements of the Project shall be audited in accordance with International Standards of Auditing (ISA). The Auditor shall comply with ISA 800 (Special Considerations Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks), ISA 805 (Special Considerations audits of single financial statements and specific elements, accounts or items of a financial statement) and all ISAs relevant to the Project audit. Additional requirements applicable to the auditor and the audit report are included in article 5 of the General Conditions.

5 REMAINING CONDITIONS OF THE AGREEMENT

5.1 All other provisions of the Agreement shall remain unchanged and in force.

6 ENTRY INTO FORCE AND DURATION

6.1 The Addendum shall enter into force on the date of the last signature and remain in force until all obligations arising from it have been fulfilled.

***

This Addendum has been signed by both Parties. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.

Place: Belgrade

Date: 30.04.2026.

for the Norwegian Ministry of Foreign Affairs,

Kristin Melsom

Ambassador

Royal Norwegian Embassy in Belgrade

For the German Marshall Fund of the U.S.,

Rachel Small

Chief Operating and Financial Officer

Attachments:

Annex A: Revised budget
Annex B: Revised result framework
Part II: General Conditions (May 2025)
Part III: Procurement Provisions (November 2024)

PART II: GENERAL CONDITIONS

TABLE OF CONTENTS

1 WORK PLAN AND BUDGET 2
2 PROGRESS REPORT 2
3 FINANCIAL REPORT 2
4 FINAL REPORT 3
5 AUDIT 3
6 CONTROL MEASURES 4
7 FINANCIAL MANAGEMENT 5
8 EXCHANGE RATE FLUCTUATIONS 5
9 EQUIPMENT, CONSUMABLES AND INTELLECTUAL PROPERTY RIGHTS 5
10 REAL PROPERTY 6
11 TRANSFER OF THE GRANT TO A COOPERATING PARTNER 7
12 CHANGES OR CIRCUMSTANCES AFFECTING THE PROJECT OR THE GRANT RECIPIENT 7
13 EXTENSION OF THE SUPPORT PERIOD 7
14 TRANSPARENCY 8
15 FINANCIAL IRREGULARITIES 8
16 SEXUAL EXPLOITATION, SEXUAL ABUSE AND SEXUAL HARASSMENT 8
17 CONFLICT OF INTEREST 9
18 BREACH OF THE AGREEMENT 10
19 TERMINATION OF THE AGREEMENT 10
20 WAIVER AND IMMUNITIES 11
21 LIABILITY 11
22 ASSIGNMENT 11
23 RECOGNITION AND PUBLICATION 11
24 ENTRY INTO FORCE, DURATION AND AMENDMENT 11
25 CHOICE OF LAW AND SETTLEMENT OF DISPUTES 12

This Part II General Conditions is an integral part of the Agreement signed between the Grant Recipient and Norwegian Ministry of Foreign Affairs (MFA/the Donor), or the Norwegian Agency for Development Cooperation (Norad/the Donor).

1 WORK PLAN AND BUDGET

1.1 Any work plan to be submitted in accordance with the Specific Conditions must directly relate to the latest approved Application, results framework and budget.

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.

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, results framework 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, including any "lessons-learned" and consequent adaptations to the Project.
b) an account and assessment of significant deviations from the Application and/or work plan, see Specific Conditions article 3.4.
c) a brief account of the effect/consequence of materialised risk to the Project, including how these have been handled in the reporting period and how these, and if relevant other new identified risks, will be handled going forward,
The update shall include both risks affecting Project results and the risks of negative consequences from the Project on its surroundings. Potential negative effects in the areas of anti-corruption, climate and environment, women's rights and gender equality, and human rights (the Cross-Cutting Issues) as referred to in the Specific Conditions article 3 shall always be accounted for.
d) a brief account of work undertaken to prevent instances of financial irregularities and sexual exploitation, sexual abuse and sexual harassment (SEAH).

3 FINANCIAL REPORT

3.1 Any financial report to be submitted in accordance with the Specific Conditions shall consist of 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) income from all sources, including bank interest, the Donor's contribution shall be specified,
b) disbursements received from Donor,
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. The Donor's share shall be specified,
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 principles used and any other explanatory material necessary for transparent financial reporting of the Project.

3.3 Deviations between the actual expenditures (financial statements) and the approved budget shall be specified with information about both nominal amounts and percentage of each deviation. The Grant Recipient shall include a written explanation of any deviations that exceed both 10% of a budget line and NOK 15 000[1] (fifteen thousand).

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 cost effectiveness of the Project,
e) an assessment of the sustainability of the results achieved 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 The Donor reserves the right to approve the auditor and may require that the auditor shall be replaced if the Donor 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 and the requirements of article 3 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) the Project period subject of the audit,
c) reference to the financial reporting framework applied,

[1] The conditions are cumulative, both need to be fulfilled at the same time.

d) the auditing standards applied,
e) a statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement,
f) the auditor's opinion.

5.6 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 the Donor together with the management letter.

5.7 The costs of the audit of the Project's financial statements shall be included in the Project's budget.

5.8 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.

5.9 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. ISA 600 establishes standards and provides guidelines when using the work of other auditors.

5.10 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 applicable financial reporting framework and the requirements of article 3. 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 the Donor and the Norwegian Auditor General may always carry out independent reviews, audits, field visits or evaluations or other control measures related to the Project. The objective of such control measures is to verify that the Grant has been used in accordance with the Agreement and/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 the Donor and the Norwegian Auditor General shall be given access to the Grant Recipient's auditor, as well as all relevant information pertaining to the audit. The Grant Recipient shall release the auditor from any confidentiality obligations 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.

7 FINANCIAL MANAGEMENT

7.1 The Grant Recipient shall keep accurate accounts of the Project's income and expenditures using an appropriate accounting- and double-entry bookkeeping system[2].

7.2 The accounts shall be kept up to date at least on a monthly basis. Bank reconciliations[3] and cash reconciliations[4] shall be completed at least every month and shall be documented by the Grant Recipient.

7.3 All income and expenditures relating to the Project must be easily identifiable and traceable within the Grant Recipient's general accounting- and bookkeeping systems. This can be done by using separate accounts for the Project, or by recording all the Project's income and expenditures under a unique project number. Regardless of the method used, it must be possible to generate a report from the Grant Recipient's accounting system that can be directly reconciled with the Project's financial statements in the financial report.

7.4 All income and expenditures relating to the Project must be easily verifiable. Insufficient documentation may render the expenditure ineligible.

7.5 The Grant Recipient shall keep the Project's accounting documentation for at least 5 years from the time of the Donor's approval of the final report for the Project.

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 the Donor. 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 the Donor as soon as possible.

8.3 If exchange rate fluctuations increase the value of the Grant, the surplus shall be treated as disbursed Grant funds and used for Project purposes.

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,

2 A double-entry bookkeeping system is a system of bookkeeping where every entry to an account requires a corresponding and opposite entry to a different account.
3 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.
4 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.

significant use of such equipment, consumables and intellectual property rights for purposes outside the Project shall be subject to the Donor's prior approval.

9.2 Intellectual property rights financed in whole or in part from the Grant shall, in the spirit of securing such rights as a common global good, be managed in a way that maximizes their public accessibility and allows the broadest possible use. Material produced as a result of this Grant shall, as far as possible and appropriate, be placed in the public domain for non-commercial use.

9.3 The Donor shall have a non-exclusive and royalty-free license to use all intellectual property rights procured or developed by the use of the Grant. The Donor may assign this right to any individual or organisation at its own discretion.

9.4 Transfer of ownership of such equipment, consumables or intellectual property rights during the Support Period shall be made at market terms, unless otherwise agreed with the Donor. 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 relationship could lead to a conflict of interest as described in article 17 of the General Conditions.

9.5 Before a transfer is decided, the Grant Recipient shall assess whether it may have an impact on the Project and, where appropriate, consult with the Donor. Any income from a transfer shall accrue to the Project and shall be reported in the financial statement of the Project.

9.6 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 the Donor along with the first progress report due after the sale.

9.7 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 the Donor about any remaining equipment and goods that have been purchased by use of the Grant. The Donor 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 the Donor.

10 REAL PROPERTY

10.1 The Grant may not be used to purchase or construct real property (land or buildings) unless explicitly approved by the Donor. Where the Donor has approved a purchase or construction of real property such approval must be formalised in the Agreement Part I Specific Conditions or in a later separate amendment (addendum) to the Agreement.

10.2 The Grant Recipient and the Donor shall in such agreement/addendum decide 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.

10.3 The Donor may in such agreement/addendum require 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 the Donor. The Donor 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 must be documented through a written sub-grant agreement. The sub-grant agreement shall specify that the cooperating partner is required to comply with the provisions of this Agreement which is relevant to the sub-grant agreement and to cooperate with the Grant Recipient to ensure that the Grant Recipient is able to fulfil its overall obligations under the Agreement.

11.2 The sub-grant agreement shall include provisions for results and financial reporting, audit, procurement and measures to prevent financial irregularities and sexual exploitation, abuse and harassment. Furthermore, the sub-grant agreement shall explicitly state that:

a) both the Grant Recipient, the Donor and the Norwegian Auditor General shall be given access to control how the cooperating partner have used the Grant as described in the General Conditions art. 6,
b) both the Grant Recipient and the Donor have the same right to claim repayment of the Grant from the cooperating partner as the Donor have towards the Grant Recipient in accordance with General Conditions art. 18,
c) the cooperating partner shall accept the choice of law and settlement of disputes provisions in the General Conditions art. 25 for any dispute arising between it and the Donor.

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 that are relevant for the sub-grant agreement and shall follow-up the cooperating partner's compliance with such requirements throughout the Support Period. The Grant Recipient must throughout the Support Period obtain and assess Project management letters issued by auditors to its cooperating partners. Any significant findings must be acted upon.

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 the Donor.

11.5 The Grant Recipient shall remain fully responsible towards the Donor for any part of the Grant including assets that has been transferred to a cooperating partner.

12 CHANGES OR CIRCUMSTANCES AFFECTING THE PROJECT OR THE GRANT RECIPIENT

12.1 The Grant Recipient shall immediately inform the Donor of circumstances likely to hamper, delay or otherwise significantly affect the successful implementation of the Project. The same applies to significant changes to, or circumstances materially affecting, the Grant Recipient's organisation. The Donor may suspend disbursement of the Grant until the implications for the Project has been assessed.

13 EXTENSION OF THE SUPPORT PERIOD

13.1 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. The Donor shall approve or decline the request in writing.

14 TRANSPARENCY

14.1 The Donor may make this Agreement and other Project documentation, such as but not limited to, the Application and agreed reports available to the public to promote transparency of the use of public funds.

14.2 The Grant Recipient shall make the Project documentation, including the Application and all agreed reports, available to anyone upon request. Requests for disclosure may only 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 practise 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 where relevant 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 Agreement.

15.3 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 the Donor immediately of any indication of financial irregularities in or related to the Project. The Grant Recipient shall provide the Donor 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 the Donor in accordance with the Donor's guidelines for handling suspicion of financial irregularities. The Grant Recipient shall cooperate fully with the Donor's investigation and follow-up. If requested by the Donor, the Grant Recipient shall, provided there is sufficient basis for taking legal steps, report the suspicions to the police, commence civil proceedings for recovery of damages or apply other appropriate sanctions against persons or entities suspected of financial irregularities. However, in cases where the Grant Recipient is concerned that due process of law may be unavailable, the matter shall instead be included in the account and assessment referred to in clause 15.4 for discussion of a mutually acceptable course of action.

16 SEXUAL EXPLOITATION, SEXUAL ABUSE AND SEXUAL HARASSMENT

16.1 The Donor has zero tolerance for inaction against sexual exploitation, abuse and harassment (SEAH). The Grant Recipient shall have a victim/survivor-centred approach to SEAH issues and take all reasonable steps to prevent, detect and respond to SEAH within and related to the Project.

This obligation applies to all staff members, consultants and other non-staff personnel, cooperating partners and any third parties involved in activities funded by the Grant.

16.2 The following definitions apply:

a) Sexual exploitation: Any actual or attempted abuse of a position of vulnerability, differential power, or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another.
b) Sexual abuse: The actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions.
c) Sexual harassment: Any form of unwanted sexual attention that has the purpose or effect of being offensive, frightening, hostile, degrading, humiliating or troublesome.

16.3 The Grant Recipient shall:

a) Adhere to the IASC-Minimum Operation Standards on "Protection from sexual exploitation and abuse by own personnel" and/or the SEA elements of the Core Humanitarian Standard on Quality and Accountability,
b) have ethical guidelines that include policies on prevention and response to SEAH,
c) organise its operations and internal control systems in a way that SEAH is prevented, detected and responded to,
d) take swift action on suspicions or complaints of SEAH to stop harm occurring, investigate and report to relevant authorities (for criminal matters), after considering the rights, needs and wishes of the survivor/victim.

16.4 The Grant Recipient shall inform the Donor immediately of any indications of SEAH credible enough to warrant an investigation within or related to the Project as well as indications of SEAH not directly linked to the Project but of significant impact on the partnership with the Donor.

16.5 The Grant Recipient shall provide the Donor with a report of the relevant facts and an assessment of how the matter will be followed up, including whether the organisation will improve internal systems to prevent, detect and respond to SEAH, and whether criminal prosecution or other sanctions are considered appropriate, considering the rights, needs and wishes of the survivor/victim. The reporting will be made without compromising the safety, security, privacy, and due process rights of any concerned person. The report will be handled by the Donor in accordance with the Donor's guidelines for handling notifications of sexual abuse, sexual exploitation, and sexual harassment by grant recipients.

16.6 Upon request from the Donor, the Grant Recipient shall grant the Donor access to all relevant information and documentation related to the Grant Recipient's adherence with this article.

17 CONFLICT OF INTEREST

17.1 The Grant Recipient shall take all necessary precautions to avoid any conflicts of interest in all matters related to the Project.

17.2 Conflict of interest refers to any situation where the impartial and objective exercise 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. The obligation to avoid conflict of interest applies to anyone acting on behalf of the Grant Recipient.

17.3 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.

17.4 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 the Donor.

18 BREACH OF THE AGREEMENT

18.1 If the Grant Recipient fails to fulfil its obligations under this Agreement and/or if there is suspicion of financial irregularities, the Donor may suspend disbursement of all or part of the Grant.

18.2 In the event of material breach of the Agreement, the Donor may terminate the Agreement with immediate effect, and/or claim repayment of all or parts of the Grant. A repayment claim may also include interest, and any other financial gain obtained by the Grant Recipient as a result of the financial irregularity.

18.3 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 work 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) the Grant Recipient has failed to take preventive measures against sexual exploitation, sexual abuse, or sexual harassment, to detect or respond to indications thereof, or to take corrective action when sexual exploitation, sexual abuse or sexual harassment has occurred, in accordance with article 16 of the General Conditions,
f) financial irregularities, grave professional misconduct, or illegal activity of any form have taken place within the Grant Recipient or its cooperating partners,
g) the Grant Recipient has failed to inform the Donor of indication of financial irregularities within the Project in accordance with article 15 of the General Conditions,
h) the Grant Recipient has changed legal personality without prior notification to the Donor,
i) 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.

18.4 The Grant Recipient shall inform the Donor immediately of any circumstances that may indicate or lead to a breach of Agreement and shall provide the Donor with any information or documentation it may reasonably require to determine if a breach of the Agreement has occurred.

18.5 The Donor may also suspend disbursements or terminate the Agreement with immediate effect if a material breach of another agreement between the Donor and the Grant Recipient has been established.

19 TERMINATION OF THE AGREEMENT

19.1 Each of the Parties may terminate the Agreement upon a written notice.

19.2 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.

19.3 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.

19.4 The Grant Recipient shall submit a final report to the Donor 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.

19.5 The Agreement will be considered terminated when the final report has been approved by the Donor and any remaining funds have been repaid.

20 WAIVER AND IMMUNITIES

20.1 Nothing in the Agreement or any document related to the Agreement or the Donor's acceptance of other countries' jurisdiction in disputes arising from this Agreement shall imply that the Donor, the Government of Norway or any of their employees are deemed to have, expressly or implicitly waived any privileges or immunities they may have. This article 20 will not prevent arbitration or court proceedings in the legal venue of the Grant Recipient pursuant to article 25 of the General Conditions.

21 LIABILITY

21.1 The Donor 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. The Donor will not accept any claim for compensation or increases in payment in connection with such damage, injury or loss of income.

21.2 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 the Donor against any claim or action from the Grant Recipient's staff or third parties in relation to the Project.

22 ASSIGNMENT

22.1 The Agreement and/or the Grant may not be assigned to a third party without the prior written consent of the Donor. This shall not, however, prevent transfer of parts of the Grant to a cooperating partner in accordance with article 11 of the General Conditions.

23 RECOGNITION AND PUBLICATION

23.1 The Grant Recipient shall acknowledge Norway's support to the Project in all publications and other materials issued in relation to the Project. Norway's logotype will be provided by the Donor upon request. All use of Norway's logotype must be in line with the visibility guidelines provided by the Donor.

24 ENTRY INTO FORCE, DURATION AND AMENDMENT

24.1 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 the Donor in a completion letter.

24.2 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.

24.3 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.

25 CHOICE OF LAW AND SETTLEMENT OF DISPUTES

25.1 The Agreement shall be governed and construed in accordance with Norwegian law.

25.2 If any dispute arises relating to the implementation or interpretation of the Agreement, the Parties shall seek to reach an amicable solution.

25.3 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. No other courts of law shall have jurisdiction over disputes arising out of or in connection with this Agreement.

25.4 The Donor may, 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.

***

PART III: PROCUREMENT PROVISIONS APPLICABLE TO GRANTS FROM THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS AND NORAD

TABLE OF CONTENTS

PRINCIPLES 2
1 SOUND FINANCIAL MANAGEMENT 2
2 EQUAL TREATMENT AND NON-DISCRIMINATION 2
3 ETHICS IN PROCUREMENT 2
4 SUSTAINABLE PROCUREMENT 3
GENERAL RULES 3
5 NOTORIETY 3
6 CONFLICT OF INTEREST 3
7 VALUATION OF CONTRACTS AND THRESHOLDS 3
8 TENDER DOCUMENTS 4
9 EVALUATION OF TENDERS 4
10 GROUNDS FOR DISQUALIFICATION OF TENDERERS 4
11 VERIFICATION OF QUALIFICATIONS 4
12 PROCUREMENT PROTOCOL 5
13 CONTROL AND COMPLIANCE 5
PROCUREMENT METHODS 5
14 OPEN TENDERING 5
15 SIMPLIFIED TENDERING 6
16 SINGLE SOURCE PROCUREMENT 6
17 NEGOTIATED PROCEDURE 7
18 FRAMEWORK AGREEMENTS 7

PART III: PROCUREMENT PROVISIONS

This Part III of the Agreement sets out the minimum rules and principles which shall be applied by the Grant Recipient and their sub-grantees for all procurements under the Project/Activity funded by grants received from MFA or Norad.

These minimum rules and principles shall contribute to increased value by ensuring efficient use of resources based on transparency, good business ethics and equal treatment. The provisions aim to ensure that grant recipients act with great integrity when procuring goods, works and services for projects and programmes.

PRINCIPLES

1 SOUND FINANCIAL MANAGEMENT

1.1 All procurement must be justified, reasonable and compliant with sound financial management.

1.2 Sound financial management means that the Grant must be used in accordance with the principles of economy, efficiency, and effectiveness:

a) The principle of economy refers to resources required being made available in due time, in appropriate quantity and quality and at the best price.
b) The principle of efficiency refers to the relationship between the resources spent and results achieved.
c) The principle of effectiveness refers to the degree of which the procurement process meets the intended outcome.

2 EQUAL TREATMENT AND NON-DISCRIMINATION

2.1 Fair competition is the foundation for sound procurement. Tenderers shall be treated equally and without discrimination throughout the procurement process.

2.2 Open and transparent processes are essential for promoting competition and minimising the risk of corruption. Where the design or execution of a procurement process is made with the intention of unduly favouring or disadvantaging certain tenderers the competition will be considered artificially narrowed and in breach with the principle of equal treatment and non-discrimination.

3 ETHICS IN PROCUREMENT

3.1 Grant recipients, as well as tenderers, suppliers, contractors, and consultants under contracts financed in whole or in part by the Grant shall observe the highest standards of ethics during the procurement and execution of contracts.

3.2 This shall always include:

a) Respecting minimum ILO standards such as the respect of working conditions and avoidance of child labour.

b) Respecting basic social rights and environmental aspects.
c) Having zero-tolerance for corruption and financial irregularities.
d) Having zero-tolerance for inaction to sexual exploitation, sexual abuse, and sexual harassment (SEAH).

4 SUSTAINABLE PROCUREMENT

4.1 Grant recipients shall endeavour to consider environmentally-sound products and/or services when defining criteria and requirements for procurement.

4.2 The Grant recipients shall take into account universal design and the potential environmental impact of any planned procurements. Grant recipients shall, when procuring services, endeavour to limit the amount of travel needed to perform the services and when relevant and appropriate instead use virtual meetings and/or phone conferences.

GENERAL RULES

5 NOTORIETY

5.1 Grant recipients shall keep sufficient and appropriate records and documentation about the procurement procedure, the selection criteria set, evaluations made and award decisions.

6 CONFLICT OF INTEREST

6.1 Grant recipients shall avoid any situation of conflict of interest. Conflict of interest refers to any situation where the impartial and objective exercise 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.

6.2 Contracts may not be awarded to tenderers that are subject to a conflict of interest without an explicit written approval from MFA/Norad.

6.3 The obligation to avoid conflict of interest applies to anyone acting on behalf of the grant recipient.

7 VALUATION OF CONTRACTS AND THRESHOLDS

7.1 All monetary amounts referred to in this Part III are amounts excluding value-added tax (VAT).

7.2 To determine the applicable procurement method, grant recipients shall ensure that the estimation of the contract value is made correctly and includes all costs related to the specific contract.

7.3 Any form of options and extensions of the contract shall be included when estimating the contract value.

7.4 No contract may be split-up with the intention of avoiding the application of a formal procurement method.

8 TENDER DOCUMENTS

8.1 The tender documents shall furnish all information necessary for a prospective tenderer to prepare a responsive tender for the goods, works or services to be provided.

8.2 The tender documents shall be drafted to encourage the widest possible competition. They shall clearly define the scope of works, goods, or services to be supplied, the rights and obligations of the tenderer and the grant recipient and set out fair and non-discriminatory criteria for selecting the winning tender.

9 EVALUATION OF TENDERS

9.1 The evaluation of tenders shall be made in a neutral and transparent manner and in accordance with the criteria pre-determined in the call for tenders.

9.2 Where the value of the contract exceeds NOK 1,300,000 an evaluation committee must be set up to evaluate the received tenders. This committee must have an odd number of members with the technical and administrative capacities to give an informed opinion of the tenders.

10 GROUNDS FOR DISQUALIFICATION OF TENDERERS

10.1 A tenderer should be excluded from the evaluation and the award of a contract, if:

a) They are bankrupt or is being wound up, whose affairs are being administered by court, has entered an arrangement with creditors, has suspended business activities or is subject of an injunction against running business by court.
b) They are the subject of proceedings for a declaration of bankruptcy, for an order for compulsory winding up or administration by court, or for an arrangement with creditors or of any other similar proceedings.
c) They have been found guilty of grave professional misconduct by any means which the grant recipient can justify.
d) They are not registered in a national official register or registered for declaration and payment of tax in accordance with national legislation.
e) They have not fulfilled obligations relating to payments of taxes or social security contributions.
f) 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.
g) They or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct.

11 VERIFICATION OF QUALIFICATIONS

11.1 Grant recipient shall, unless deemed unnecessary, ensure that a tenderer meets formal requirements as stipulated under this Part III and national law.

11.2 A tenderer should normally be required to include in its tender evidence that:

a) It is registered by a national registrar of companies.
b) It is registered for declaration and payment of tax in accordance with national legislation.
c) It is free from debts regarding taxes and social security contributions.

12 PROCUREMENT PROTOCOL

12.1 For contracts with a value exceeding NOK 100,000, the grant recipient shall compile a written protocol with documentation of all assessments and decisions made during all steps of the procurement process from the planning stage until the signing of the contract.

12.2 The protocol shall as a minimum include:

a) A description of the service, goods or works to be procured,
b) the value of the contract,
c) the selected tender procedure,
d) the name of all received tenderers,
e) the selection criteria,
f) the assessment of the tenders and tenderers,
g) an assessment of conflict of interest, and
h) the name of the selected tenderer.

Where simplified tendering is used the protocol shall in addition include:

i) A justification for the selection of tenderers.

12.3 Upon request by MFA/Norad, the grant recipient shall submit the procurement protocol to MFA/Norad and grant MFA/Norad access to all relevant information and documentation related to the procurement procedure and practices applied.

12.4 Failure to provide the procurement protocol shall render expenditure ineligible for MFA/Norad funding.

13 CONTROL AND COMPLIANCE

13.1 MFA/Norad may carry out ex post controls of the grant recipients' compliance with the rules set forth in this Part III.

13.2 Non-compliance with the minimum procurement rules and principles in this Part III shall render expenditure ineligible for MFA/Norad funding.

13.3 Non-compliance with the minimum procurement rules and principles in this Part III may be viewed as a material breach in accordance with General Conditions article 18.

PROCUREMENT METHODS

14 OPEN TENDERING

14.1 Open tendering is mandatory for procurement where the contract value exceeds NOK 1,300,000 (Norwegian kroner one million three hundred thousand).

14.2 Open tendering are procedures under which all firms/individuals are given sufficient notification of contract requirements, and all eligible tenderers are given an equal

opportunity to submit a tender. The time-limits set must be sufficient to allow interested parties a reasonable and appropriate period to prepare and submit their tenders.

14.3 Open tender requires that the tendering opportunities are published to notify eligible tenderers about the contract opportunity.

14.4 Under open tendering the grant recipients are required to publish the invitation to tender in an appropriate national or international media outlet.

14.5 The grant recipient must give sufficient public notification of tendering opportunities to allow potential tenderers to determine their interest and to prepare their tenders. Open tendering may be conducted with or without prequalification proceedings.

14.6 Grant recipients are encouraged to apply open tendering in all procurement to increase transparency and promote competition.

15 SIMPLIFIED TENDERING

15.1 Simplified tendering may be used when the value of the contract is less than NOK 1,300,000 (Norwegian kroner one million three hundred thousand).

15.2 Simplified tendering is a procedure where a minimum of three - 3 – potential, relevant and qualified tenderers are invited to tender by direct invitation in writing. As for open tendering the time-limit set must be sufficient to allow the invited parties a reasonable and appropriate period to prepare and submit their tenders.

15.3 A simplified tender process shall always include the following features:

a) A written invitation to tender which includes the tender and contract information, cf. article 8.
b) A procurement protocol cf. article 12.

16 SINGLE SOURCE PROCUREMENT

16.1 Single source procurement may be used when the contract value is less than NOK 100,000 (Norwegian kroner one hundred thousand).

16.2 The contract may be awarded using any procedure established by the grant recipient while respecting the principles of sound financial management, conflict of interest, ethics in procurement, sustainable procurement, and notoriety.

16.3 Single source procurement may also be used where the extension of an existing contract clearly would be economic and efficient. The extended contract’s maximum value shall not exceed 50 % of the original contract value.

16.4 MFA/Norad may in exceptional cases upon written and justified request from the grant recipient, also allow single source procurement where:

a) A product or services can only be provided by a single firm because of exclusive capabilities, exceptional worth for the Project or proprietary rights.
b) Standardisation with existing equipment is determined to be important and justified, and compatible goods cannot be provided by other suppliers.
c) It is a case of extreme urgency not foreseeable or attributable to the grant recipients.

The exceptions set out in points (a) and (b) shall only apply when no reasonable alternative or substitute exists, and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement.

17 NEGOTIATED PROCEDURE

17.1 Under a negotiated procedure the grant recipient may approach one or more suppliers to negotiate a contract directly.

17.2 A negotiated procedure may only be used where no tenders or no acceptable tenders are received after an open tender procedure. A negotiated procedure may then be applied without further publication of a procurement notice provided that the original contract terms are not substantially altered.

17.3 An unacceptable tender is a tender that significantly deviate from the procurement requirements, is not delivered within the set deadline, is delivered by a supplier who does not meet the qualification requirements, or where there is evidence of illegal bid collusion or corruption.

18 FRAMEWORK AGREEMENTS

18.1 Where the grant recipients enter into framework agreements[1] for procurement of goods, works or services needed the initial framework tender process must corresponds to the requirements for tender procedures as set out in these Procurement Provisions. The estimated total value of contracts that may be entered under the framework agreement during its period of validity shall form the basis for the evaluation of which tender procedure to apply.

18.2 The grant recipients may utilize existing framework agreements or other types of pre-qualified suppliers for procurement of goods, works or services needed for an activity funded by the Grant if the initial contractual process corresponds to the requirements for tender procedures as set out in these Procurement Provisions. The procurement protocol documenting the initial tender procedure and a copy of the initial contract shall be submitted to MFA/Norad upon request.

18.3 Framework agreements should not exceed five years.

[1] a framework agreement is an agreement which establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.