

A G R E E M E N T

between

THE GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA

and

THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

regarding

development cooperation concerning “Empowering communities through training on Participatory Forest Management, REDD+ and climate change initiatives”

WHEREAS the Government of the United Republic of Tanzania (Tanzania) and the Government of the Kingdom of Norway (Norway) have entered into an agreement regarding Cooperation for Promotion of Economic and Social Development of the United Republic of Tanzania, dated 13th of June 1988 and prolonged by Addenda of which the latest is dated 1st of November 2007 (the Main Agreement),

WHEREAS Norway and Tanzania signed a Letter of Intent on a Climate Change Partnership with a focus on reduced emissions from deforestation on 21st April 2008,

WHEREAS Tanzania in letter dated 8th May 2012 has requested Norway for support to the project on “Empowering Communities through training on Participatory Forest Management, REDD+ and climate change initiatives” and

WHEREAS the Norwegian Ministry of Foreign Affairs (MFA) has decided to comply with the request,

NOW THEREFORE MFA and Tanzania (the Parties) have reached the following understanding which shall constitute an Agreement between the Parties:

Article I Scope and objectives

This Agreement sets forth the terms and procedures for MFA’s support to “Empowering communities through training on Participatory Forest Management, REDD+ and climate change initiatives” (the Project) as outlined in the Agreed Project Summary in Annex I and further described in the Project Document “Empowering communities through training on Participatory Forest Management, REDD+ and climate change initiatives” dated 8th May 2012.

1. The Goal of the Project is “To build the capacity of community groups in Tanzania to manage their resources more sustainably and profitably”.

The Purpose of the Project is “To enhance the sustainable management of



Tanzania's forest resources in ways that maximize social, economic, and environmental and governance benefits for communities engaged in Participatory Forest Management, REDD+ and climate change initiative”.

2. The Parties may agree on extending existing or including new Project elements within the Project, as well as on re-allocating funds within the Project. Any such agreement shall be in writing, e.g. recorded in the Agreed Minutes from the consultations mentioned in Article VI.

Article II Cooperation – Representation

1. The Parties shall communicate and cooperate fully with the aim to ensure that the Goal and Purpose are successfully achieved. The Parties further agree to cooperate on preventing corruption within and through the Project, and undertake to take rapid legal action to stop, investigate and prosecute in accordance with applicable law any person suspected of misuse of resources or corruption. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to the Project.
2. In matters pertaining to the implementation of the Project the Norwegian Embassy in Dar es Salaam (the Embassy) and the Tanzanian Ministry of Finance (MoF) shall be competent to represent MFA and Tanzania respectively. All communication to MFA regarding the Agreement shall be directed to the Embassy.
3. The Ministry of Natural Resources and Tourism (MNRT) in Tanzania shall through Forest Training Institute (FTI) be responsible for day-to day implementation of the Project.
4. The Forest Training Institute will collaborate with Parties namely MJUMITA, SUA and RECOFTC in execution of the Program.

Article III Contribution of MFA

1. MFA shall, subject to Parliamentary appropriations, make available to Tanzania a financial grant not exceeding **NOK 40,000,000** (Norwegian kroner forty million) (the Grant) to be used exclusively to finance the Project in the planned period 1st July 2012- 30th June 2017.
2. Any accrued interests on the Grant may be used for the benefit of the Project if agreed on by the Parties in writing.
3. Any unspent disbursed funds and accrued interests shall be returned to MFA upon completion of the Project.

Article IV Contributions and obligations of Tanzania

Tanzania shall be responsible for implementing the Project, and shall hereunder:

1. Have the overall responsibility for the planning, implementation, reporting and monitoring of the Project.



2. Provide the financial and other resources required in addition to the Grant.
3. Ensure that the Grant is used according to approved work plans and budgets.
4. Ensure that Project funds, which shall include any accrued interests, are properly accounted for, and that the Grant is reflected in the plans, budgets and accounting of Tanzania.
5. Promptly inform MFA of any circumstances that interfere or threaten to interfere with the successful implementation of the Project.
6. Exempt tax on all equipment, materials and supplies financed by the grant according to existing tax laws of the United Republic of Tanzania.
7. Ensure that all permits, import licenses and foreign exchange permissions that may be required are granted.
8. Ensure that representatives of Norway are permitted to visit any part of Tanzania and examine any relevant records, goods and documents for purposes related to the Agreement.
9. Ensure that FTI enters into contracts with cooperating partners. The contracts and any subsequent amendments shall be submitted to MFA for information.

Article V Disbursements

1. The Grant will be disbursed upon semi-annual written requests from Tanzania based on the financial needs of the Project and, except the first request, on approved work plans and budgets. The first disbursement, amounting to NOK 5,000,000 will be made upon signing of this Agreement and approval by MFA of a disbursement request from Tanzania.
2. When determining the amount to request, Tanzania shall take into account unspent disbursed amounts and income from all sources as well as any accrued interests which the Parties have agreed on using for the benefit of the Project according to Article III, Clause 2.

Along with the requests, except the first request, Tanzania shall submit statements of cash and bank balances from the Project's accounting records.

3. Funds will be transferred to the Exchequer Development Account upon MFA's approval of the requests. From that account funds will be released through the Ministry of Natural Resources and Tourism to a separate and convertible bank account. The funds shall thereafter be available to the Project immediately through FTI.

Tanzania shall immediately, in writing, acknowledge receipt of the funds. The date of receipt shall be stated as well as the exchange rate applied.

FTI shall accordingly open and operate a separate and convertible bank account for the Project funds.

4. All disbursements to suppliers of goods or services shall be made by Tanzania.

Article VI Annual Meeting

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1. Representatives of the Parties shall have an Annual Meeting during second quarter of each fiscal year in order to:
 - Discuss the progress of the Project, including results and fulfillment of agreed obligations,
 - Discuss and, if feasible, approve annual work plans and budgets for the following year,
 - Discuss issues of special concern for the implementation of the Project, such as the major risk factors set out in the Agreed Project Summary in Annex 1, and how to manage such risks/issues.
2. The documentation specified in Articles VII and IX shall form the basis for the consultations.
3. The Annual Meeting shall be called by FTI and chaired by MNRT.
4. Main issues discussed and points of view expressed as well as any decisions shall be recorded in Agreed Minutes. The Agreed Minutes shall be drafted by FTI and be submitted to MFA for comments no later than two weeks after the Annual Meeting. The final Agreed Minutes shall be signed by both the MFA and the MNRT no later than one month after the Annual Meeting.

Each of the Parties may include others to participate as observers or as advisors to their delegations.

Article VII Reports

1. Tanzania shall submit to MFA the reports and documentation specified below. MFA shall respond within two weeks upon reception of the reports and documentation.
2. An annual progress report shall be submitted to MFA four weeks before the Annual Meeting each year.

The progress report shall be prepared in an agreed format and shall include, but not be limited to, the following information:

- A description of actual outputs compared to planned outputs (as defined in the work plans),
 - a brief summary of the use of funds and inputs compared to budget,
 - an assessment of the efficiency of the Project (how efficiently resources/inputs are converted into outputs),
 - an explanation of major deviations from plans,
 - 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,
 - a brief assessment of achievements in relation to Purpose.
3. An annual work plan shall be submitted four weeks before the Annual Meeting. The work plan shall specify planned outputs and time schedules for the next fiscal year.



4. The following annual financial statements and budget shall be submitted four weeks before the Annual Meeting.

a) Annual financial statement consisting of:

- A statement showing income and expenditures for the previous period structured as and compared to approved budgets for such previous period. The statement shall capture all sources of funding, with sufficient segregation of data to permit identification of individual sources of funds and disbursements on major Project activities or types of expenditure,
- A statement and a clear breakdown of cash and bank balances,
- Relevant notes to the above mentioned statements including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Project.

b) Budget for the Project for the coming fiscal year showing estimated income from all sources and planned expenditures (in format comparable to the financial statements).

The financial statements and budget(s) shall give complete and detailed information on the financing of the Project.

5. In addition to the annual progress report, Tanzania shall submit to MFA information material including policy briefs and other reports produced within the Project.

6. A final report shall be submitted within six months after the completion of the Project. If the Project is not completed by the agreed date, a status report shall be submitted to MFA by the said date.

The final report shall include, but not be limited to:

- The topics listed in clause 2 above for the whole Agreement period,
- an assessment of the effectiveness of the Project, i.e. the extent to which the Purpose has been achieved,
- an assessment of impact, i.e. the changes and effects positive or negative, planned and unforeseen of the Project seen in relation to target groups and others who are affected,
- an assessment of sustainability of the Project, i.e. an assessment of the extent to which the positive effects of the Project will still continue after the external assistance has been concluded,
- a summary of main “lessons learned”.

Article VIII Procurement



1. Tanzania undertakes to effect all procurements of goods and services necessary for the implementation of the Project.
2. The procurements shall be performed in accordance with generally accepted procurement principles, good procurement practices, and the procurement laws and regulations of Tanzania. Norwegian suppliers shall be given the same opportunities as other suppliers to compete for deliveries.

Tanzania shall observe the highest ethical standards during the procurement and execution of contracts, and shall ensure in its national legislation adequate and effective means to punish and prevent illegal or corrupt practices.

No offer, gift, payment or benefit of any kind, which would or could, either directly or indirectly, be construed as an illegal or corrupt practice, e.g. as an inducement or reward for the award or execution of procurement contracts, shall be accepted. Invitations to make offers as well as the procurement contracts shall, respectively, include a clause stating that the offer will be rejected and/or the contract cancelled in case any illegal or corrupt practices have taken place in connection with the award or the execution of the contract.

3. Tanzania shall upon request furnish MFA with all relevant information on its procurement practices and actions taken, and provide access to all related records and documents. MFA may require access to information even during the stage in the procurement procedure when it is restricted to the officers performing the procurement. Restrictions on such information shall be respected until the information can be made public without any risk of detriment to the result of the procurement.

Article IX Audit

1. The annual financial statements of the Project shall be audited by the Controller and Auditor General or an equivalent governmental audit body or an independent professional accountant/accountancy firm in public practice (external auditor/audit firm) engaged by the Controller and Auditor General.
2. The audit shall be carried out in accordance with international auditing standards. The auditor shall state in the report which auditing standards that have been applied.
3. The audit report shall state the auditor's opinion/findings as to:
 - Whether the financial statements present fairly, in all material respects, the Project's cash receipts/income and expenditures as well as the cash/bank/financial position in accordance with an acceptable financial reporting framework,
 - Whether the audit has uncovered any material weaknesses in relevant internal control(s),
 - Whether the audit has uncovered any illegal or corrupt practices,
 - Whether cash receipts/income and expenditures are properly accounted for.
4. Tanzania shall submit to MFA the audit report and any other report from the auditor significant to the implementation of the Project before 1st March following the end of the Tanzanian fiscal year. Tanzania shall comment upon the

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auditor's findings. MFA shall respond within four weeks upon reception of the report.

Article X Reviews – Evaluation

1. A mid-term review focusing on progress to date and the effectiveness of the Project, i.e. the extent to which the Purpose is being/has been achieved, shall be carried out by second quarter of fiscal year 2015/16. An assessment of the Project's impact may also be included in the review.
2. An end review shall be done shortly after the completion of the activities of the Project. The purpose should be to assess to what extent the Project has reached its objectives, as well as document the experience gained and learning elements.
3. The cost of the reviews shall be covered by MFA.
4. Norway 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.

Article XI Reservations

1. MFA reserves the right to withhold disbursements at any time in case e.g.:
 - The Project develops unfavorably in relation to the Goal and Purpose,
 - Substantial deviations from agreed plans or budgets occur,
 - Resources to be by allocated Tanzania are not provided as agreed,
 - The documentation specified in Articles VII and IX has not been submitted as agreed,
 - The financial management of the Project has not been satisfactory.
2. MFA reserves the right to reclaim all or parts of the Grant and cancel the Agreement if Project funds are found not to have been used in accordance with the Agreement or are found not to be satisfactorily accounted for.
3. MFA has the right to cancel the Agreement or portion of the Agreement, and has the right to demand the cancellation of any contract financed under the Agreement, with immediate effect if it determines that corrupt or fraudulent practices were engaged in by representatives of Tanzania or by a beneficiary of Project funds during procurement or execution of the contract without Tanzania having taken timely and appropriate action satisfactory to MFA to remedy the situation.
4. Before MFA withholds disbursements, reclaims funds or cancels the Agreement, the Parties shall consult with a view to reaching a solution in the matter.

Article XII Distribution of the Agreement

The Parties shall distribute copies of the Agreement to the respective ministries, authorities and other institutions involved in the Project or otherwise in need of information on its content.



Article XIII
Entry into force – Termination – Disputes


1. The Agreement shall enter into force on the date of its signature, and shall remain in force until the Parties have fulfilled all obligations arising from it within the agreed project implementation period. Whether the obligations are fulfilled, shall be determined in consultations by the Parties.
2. Notwithstanding the previous clause each Party may terminate the Agreement upon three months written notice.
3. If any dispute arises relating to the implementation or interpretation of the Agreement, the Parties shall consult with a view to reaching a solution.

IN WITNESS WHEREOF the undersigned, acting on behalf of the respective Party, have signed the Agreement in two originals in the English language.

Done in Dar es Salaam the 25 day of 10 of 2012

For the Government of
the Republic of Tanzania

For the Norwegian Ministry
of Foreign Affairs



Ramadhani Khijjah
Permanent Secretary
Ministry of Finance



Ingunn Klepsvik
Ambassador

Annex I

Agreed Project Summary

Identification of the Project:

- **Project Title:** “Empowering communities through training on Participatory Forest Management, REDD+ and climate change initiatives”.
- **Implementing institution:** Forest Training Institute (FTI)
- **Partners:** MJUMITA, FORCONSULT, RECOFTC.

Description of the Project:

4. The Goal of the Project is “*To build the capacity of community groups in Tanzania to manage their resources more sustainably and profitably*”.

The Purpose of the Project is “*To enhance the sustainable management of Tanzania’s forest resources in ways that maximize social, economic, and environmental and governance benefits for communities engaged in Participatory Forest Management, REDD+ and climate change initiative*”.

Main *outputs* and *indicators* are shown below:

| Outputs | Objectively verifiable indicators |
|---|--|
| 1. PFM, REDD+ and climate change capacity building program is developed and institutionalized at FTI through an experiential and adaptive learning approach. | <ul style="list-style-type: none"> • By end of the Project capacity building program developed and institutionalized. • Number of students enrolled for certificate and diploma courses by end of the Project • Number of requests for capacity building services to FTI |
| 2. District council and NGO staff become more effective in the delivery of Participatory Forest Management (PFM), REDD+ and climate change initiatives services and accountable to their clients. | <ul style="list-style-type: none"> • Number of District and NGO staff trained on PFM, REDD+ an climate change initiative • Number of district reflection meetings at which service providers and community members participate • Number of requests from community level forest mangers and users for service provision by district staff • Number of community-level forest management leaders who report an improvement in the services provided by local governments in support of PFM within target districts. |
| 3. The skills and knowledge of village leadership to undertake sustainable PFM, REDD+ and climate change are improved. | <ul style="list-style-type: none"> • Number of village leaders trained on sustainable PFM, REDD+ and climate change initiative by end of the Project. • Number of community PFM and REDD+ projects initiated and supported by end of the Project. • Number of villagers taking an active role in participatory process for PFM and REDD • Numbers of villages who take their own initiative to improve PFM/REDD management • Number of village leaders who support and |

| Outputs | Objectively verifiable indicators |
|---|---|
| | <p>give priority to PFM/REDD in their communities</p> <ul style="list-style-type: none"> Numbers of requests from village forest management groups to join MJUMITA networking for better policy dialogue and communication with other stakeholders |
| 4. Opportunities for practitioners, implementers, and decision makers to review and reform the PFM, REDD+ and climate change policy environment are identified and supported. | <ul style="list-style-type: none"> Number of practitioners, implementers and decision makers supported to review and reform climate change policy by end of the Project. Number of opportunities for practitioners, implementers and decision makers identified and supported by end of the Project. Number of meetings at which village level forest managers have the opportunity to interact with decision makers at national level regarding forest policy and implementation constraints. |
| 5. FTI infrastructures for effective training are improved. | <ul style="list-style-type: none"> By the end of the Project FTI infrastructures improved by 70%. Number of short and long course students will increase by the end of the Project. Number of female student will increase to be 50% by end of the Project. |
| 6. Project managed effectively. | By the end of the Project, FTI project management effectiveness increased by 70%. |

The main *input* to the Project is the financial support of up to NOK 40,000,000

Major *risk factors* (internal and external)

| Risk | Comment/Mitigation Strategy |
|--|--|
| FTI do not allocate sufficient staff to the Project, or staff with a sufficient willingness and interest in deepening their skills in capacity building approaches | It will be important to negotiate and agree up-front with FTI, the numbers, time-allocation and skills/profiles of the proposed trainers that will be supported through this Project. This could be included in a MoU between project partners at the outset of the Project |
| Subsidies required after five years are not available to support the Project in the medium term | It is unlikely that the capacity building process established during this phase will be able to continue without some form of low-level subsidy. It is likely that this funding could be secured from existing donor support to Forest and Beekeeping Division(FBD)/ Tanzania Forest Service (TFS) provided through development partners such as Danida and MFA Finland |
| Potential clients are not willing to pay the costs required to deliver capacity building | Marketing and sensitive pricing will play an important role in ensuring that capacity building processes continue beyond the five year life of this project. An important mitigation strategy will be process of offering the package of capacity building on a subsidized bases during the Project's five year life. |
| Incentive for staff within local governments and NGOs trained by project are sufficient for them to transfer skills, knowledge and capacity to community level | <p>A range of specific measures have to been taken to ensure that this risk is mitigated.</p> <p>This includes: -Selecting districts with some available financial resources</p> |

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| Risk | Comment/Mitigation Strategy |
|--|---|
| | <p>for implementation. Ensuring that the right staff are selected for training</p> <ul style="list-style-type: none"> -Creating links between community groups and district staff so that services can be demanded from below -Working at an institutional level to address implementation |
| <p>Donor financing to PFM and REDD+ declines, which in turn lowers sustainability of the Project.</p> | <p>Donor interest in the forest sector remains strong, as does support to REDD+ largely due to the positive legal and policy environment that exists in Tanzania. However, should donor interest of preferences change over the next five years, there is little that could be done to mitigate this.</p> <p>However, one mitigation strategy could be further increase in Government Funding and partnerships built to channel parts of future REDD+ funding into the training institutions.</p> |
| <p>Government policies around REDD+ declines, which in turn jeopardizes the long term sustainability of the Project.</p> | <p>Tanzania has a strong legal framework for community structures to own and manage forest resources on village land. There is always a risk that as benefits begin to flow to this level (and away from higher levels) these legal provisions may become diluted. However, the Project has included an advocacy strategy with which to mitigate this.</p> |
| <p>Possible breakdown of Global REDD+ Process that would warrant thorough review of the Project</p> | <p>This risk is not seen as a killer factor as most topics that will be covered in this Project are relevant for local forest management irrespective of future REDD+ payments.</p> |

Budget (USD)

| Outputs | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|--|------------------|------------------|------------------|----------------|----------------|------------------|
| Output 1: PFM/REDD+ national capacity building program is developed and institutionalized through an experiential and adaptive learning approach | | | | | | |
| | 297 700 | 359 100 | 181 000 | 89 500 | 39 500 | 966 800 |
| Output 2: District Council and staff become more effective in the delivery of PFM/REDD+ services and accountable to their clients | | | | | | |
| | 38 200 | 115 000 | 85 000 | 93 200 | 44 600 | 376 000 |
| Output 3: The skills and knowledge of village leadership to undertake sustainable PFM/REDD are improved | | | | | | |
| | 188 600 | 215 900 | 134 000 | 85 200 | 73 500 | 697 200 |
| Output 4: Opportunities for practitioners, implementers, and decision makers to review and reform the PFM/REDD policy environment are identified and supported | | | | | | |
| | 45 000 | 60 400 | 56 000 | 53 400 | 39 000 | 253 800 |
| Output 5: FTI infrastructure for effective training are improved | | | | | | |
| | 565 700 | 335 000 | 290 600 | 125 000 | 85 904 | 1 402 204 |
| Output 6: Project operation and management | | | | | | |
| | 274 200 | 258 700 | 309 200 | 266 200 | 313 700 | 1 422 000 |
| Total 1 - Outputs | 1 409 400 | 1 344 100 | 1 055 800 | 712 500 | 596 204 | 5 118 004 |
| Management overhead (7%) for FTI | 98 658 | 94 087 | 73 906 | 49 875 | 41 734 | 358 260 |
| Management overhead (3%) for MJUMITA | 42 282 | 40 323 | 31 674 | 21 375 | 17 886 | 153 540 |
| Total 2 - Overhead | 140 940 | 134 410 | 105 580 | 71 250 | 59 620 | 511 800 |
| GRAND TOTAL | 1 550 340 | 1 478 510 | 1 161 380 | 783 750 | 655 824 | 5 629 804 |

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