

Rules for the Climate and Forest Funding to Civil Society – Chapter 1482.73

These rules have been drafted pursuant to section 6 of the Regulations on Financial Management in the Central Government, chapter 6 of the Provisions on Financial Management in the Central Government, and the general Rules for the Climate and Forest Initiative for chapter 1482.73. The following rules apply specifically to Norad's management of grants to climate and forest funding to civil society according to chapter 1482.73.

1. Objective of the grant scheme

This scheme is part of Norway's International Climate and Forest Initiative (NICFI), and shall contribute to one or several of the three following objectives:

- Emissions from deforestation and forest degradation in developing countries (REDD+) included in a new international climate regime.
- Cost-effective and verifiable reductions in greenhouse gas emissions from deforestation and forest degradation in developing countries.
- Natural forests are conserved to maintain their carbon storage capacity.

These objectives shall determine resource allocation and priorities, including decisions on initiating, continuing or adjusting support. Contributing to sustainable development and poverty reduction is an overarching objective of Norwegian foreign and development policy. Contributing to the establishment of a global, binding and long term regime for reduced green house gas emissions is an overarching objective of Norwegian climate policy. Climate policies and development policies shall be mutually enhancing.

Civil society may contribute to policy development and consensus building, promote rights and sustainable economic development through awareness raising, sharing of knowledge and skills, and testing and implementing of green livelihood models. Civil society should promote and hold governments and private actors accountable for good forest management and sustainable development policies. Civil society may also take direct part in promoting and protecting human rights, especially of indigenous people and other forest dependent populations.

2. Target groups

Relevant target groups include population groups affected by measures to reduce deforestation and the effects of reduced emissions, and/or governments and other agents for change affected by initiatives funded through the scheme. Examples of such agents for change include private sector and other non-state actors, finance institutions, and international, national and local environments or institutions of expertise, alliances and networks.

A detailed description of who can apply is outlined under 4. Allocation criteria.

3. Criteria for achievement of objectives

Reports from the individual projects will be used by Norad to document the progress towards the planned outcomes of the Climate and Forest Funding to Civil society (specified in the call for proposals). Each individual project shall always refer to the outcome(s) to which it aims to contribute. Annual reports from the grant recipients shall mainly refer to the most important products and services (output), deviations and risk management. Whenever possible, annual reports shall also report on effects achieved for the target groups (outcome(s)). When such information is not yet available, the grant recipients shall explain the likelihood of such outcomes in the future. Final reports shall document the effects achieved for the target groups (outcome(s)), sustainability, cooperation patterns and lessons learned from the projects. These reports shall, as far as possible, explain the contribution to larger effects for society (impact). All grant recipients must report on a set of common indicators enabling aggregation and summative reporting at grant scheme level. These indicators will be available for applicants in the second stage of the application process (application process is described under clause 4, Assessment criteria when considering applications).

4. Allocation criteria

Which thematic areas can be supported

The thematic priorities for this grant scheme are outlined in the annual budget proposition (Proposition No. 1 to the Storting) and the annual letters of allocation from the Ministry of Climate and Environment to Norad.

Where projects can be implemented

Projects that receive support under this grant scheme shall be implemented in or have effect for countries included in the OECD/DAC list of approved ODA recipients.

Priority will be given to targeted developing countries with which Norway and multilateral channels that receive funding from NICFI cooperate actively on REDD+ issues.

Who can apply for support

Priority will be given to civil society actors working within the field of reduced deforestation and forest degradation in targeted developing countries. Inter-governmental organisations outside the UN may, in exceptional cases receive support. Independent competence centers or think tanks with an idealistic, non-commercial purpose may also receive support.

For-profit commercial actors, enterprises, consultancy firms and governmental organisations cannot apply.

A grant recipient is required to:

- Be an independent legal entity with its own articles of association and a responsible board. The board should be administratively separate from the day-to-day operations of the organisation;
- Have an adequate economic base for the work to be carried out, and the necessary technical and administrative competence to implement the projects;
- For projects with field-based operations: Have an established cooperation with local partners
- Have documented experience and expertise within the prioritized thematic areas for this grant scheme.

Who can be a local partner

As a main rule, the allocation shall be used for cooperation with nonprofit civil society actors in targeted developing countries. Local or central authorities and commercial actors may upon exception be local partners when this is considered the best option and it is consistent with the purpose of the scheme.

Assessment criteria when considering applications

As a general rule, the application process is carried out in two stages. In the first stage, the applicant presents a concept note. In the second stage, a selected number of applicants are invited to submit a full project document.

When assessing the applications, these will be important criteria:

- The organisation's experience with REDD+ work and demonstrated results achieved relevant for this grant scheme
- The organisation's role and added value in the project;
- The organisation's financial sustainability
- The organisation's capacity to achieve the project's objectives in a cost-efficient way;
- The systems for results-management;
- The ability to identify and manage risks;
- Financial control, including anti-corruption measures;
- Capacity for long-term planning;
- Strategies for safeguarding of cross-cutting issues: gender equality, climate, the environment and anti-corruption measures,
- The relevance of the project to the overarching goals of the Climate and Forest Initiative and the significance to the composition of the portfolio as a whole;
- The project's proposed link to this grant scheme's outcomes as set out in *in the call for proposals*;
- The description of the project including problem analysis/baseline, the project's aim, outcomes, main outputs and target groups, sustainability and exit strategies.

Duration of project

The grant is for multi-year projects. Priority will be given to projects with a five-year duration, but projects of shorter duration may also be assessed. As a main rule, the assessment criteria for the full application are the same for all types of projects.

The plans and reports must follow the calendar year.

The application's content

All applicants must use the template for concept notes when applying. Provisions concerning the content and format of the application will be described in this template. Templates can be found at www.norad.no.

Identification of risks and risk management

The implementation of the objectives of this grant scheme is associated with considerable risk. Grant recipients must be able to identify and analyse risks, and consider which counter-measures may be implemented and which type of risks may be accepted. The grant recipients are asked to relate the risk and risk mitigation directly to the planned results.

Crosscutting issues

The environment and climate, anti-corruption and gender equality perspectives must be taken into consideration in all projects. The grant recipient shall identify any negative impact the project might have and how this will be counteracted throughout the project cycle. If relevant, environment and climate, positive anti-corruption and gender equality components shall be integrated into the project or added as additional components.

Proportion of grant used for administration

The grant recipient may normally receive a percentage, up to 7 percent, which may be used to cover the grant recipient's administrative costs and support functions, in addition to direct project costs. More information may be found in Routine "R10: Funding for administrative costs in connection with grants", which is available at www.norad.no. The Routine is under revision.

Ethical guidelines

The grant recipient shall have ethical guidelines which, as a minimum, include the requirements outlined in Norad's Guide for ethical guidelines.

Safety abroad

The grant recipient shall carry out sufficient safety assessments for own employees during stays abroad, and in connection with this implement necessary measures related to, for instance, training, own guidelines, insurance and equipment.

5. Information to potential grant recipients

General information on the scheme shall be available on www.norad.no, such as information on the practicalities related to the application process, deadlines, rules and guidelines, report templates, results and others. All formal communication, including applications and reports, must be in Norwegian or English.

In exceptional circumstances, parts of the scheme may be announced directly to relevant professional communities with potential grant recipients with special qualifications to contribute to the objectives of this scheme.

6. Follow-up and control

Norad shall manage grants under this scheme in accordance with the Grant Management Manual of the Ministry of Foreign Affairs and Norad (GMM) and this Grant Scheme Rules. As a main rule, follow-up and control shall be according to management regime I «Project and programme support». The specific need for follow-up/monitoring, determined by the significance and risk of each selected project, shall be assessed in the Decision Document and included in the Agreement. Approved templates and forms shall be used.

Procedures for processing of applications

Reference is made to section 4 above concerning assessment criteria for concept notes. Project Documents shall normally be subject to expert review, from relevant departments in the Ministry of Climate and Environment and Norad, and Norwegian Embassies when relevant. Deviations from this shall be documented.

For projects over NOK 50 million, an external appraisal shall normally be carried out. Deviations from this shall be documented.

Decision documents shall be prepared, documenting all relevant assessments and the justification for the support.

Legal quality assurance

The general requirements for legal quality assurance in Norad are presented below. For projects receiving support over this grant scheme, points 2 and 3 are the most relevant.

1. Legal quality assurance by the Legal Section (JUR) is mandatory for all agreements with governmental actors (Norwegian and foreign) and intergovernmental actors (UN, World Bank, etc.).
2. Legal quality assurance by the Legal Section (JUR) is mandatory for all agreements with NGOs and civil sector actors where the grant exceeds NOK 15 million.
3. Agreements with NGOs and civil sector actors with a lower amount whenever the contents significantly deviate from the contents of the templates approved by Norad/The Ministry of Climate and Environment, or these templates are unsuitable.

4. All treaties. Norad's legal section must always be contacted if, exceptionally, there is an interest in entering into a treaty (agreement concluded on behalf of the Norwegian government with the government of another country or with an intergovernmental organisation). Norad (the department) must furthermore obtain an authorisation to sign the agreement from the Ministry of Foreign Affairs **prior to** concluding the agreement. A signed original treaty must be sent to JUR, which in turn takes charge of translation and forwards the treaty to the treaties' archives of the Ministry of Foreign Affairs.

The responsible unit negotiates the agreement and ensures that it is signed/concluded on the basis of JUR's advice. If the legal advice is significantly deviated from, the justification shall be documented.

See also V06 in the GMM for further guidelines.

Follow-up of grants

Reporting shall be as specified in the Agreement, normally at an annual basis, and include a narrative report, financial statements and audited accounts. A final report shall normally be submitted six months after completion of the support period.

An audit of the project's annual financial statements is normally required. Any deviations shall be based on an assessment of risk and significance, in line with the provisions in the GMM. The audit shall be carried out by an independent, chartered/certified or state-authorised public accountant (auditor). The audit requirements are applicable for the total grant, including any part of the grant that has been transferred to local partners.

International audit standards such as ISA 800, ISA 805 or equivalent, shall be applied. If the auditor cannot meet the ISA 800/805 audit standards, the auditor's report shall as a minimum, specify the following:

- Identification of the project's total expenses and total income
- The subject of the audit (agreement title and date);
- The financial reporting framework applied;
- The auditing standards applied;

- A statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error;
- The auditor's opinion, in accordance with the applicable audit standard.

Formal meetings between the agreement partners to discuss progress, plans, results etc. shall normally be held annually, as part of the follow-up activities. Topics to be discussed, decisions to be made, participants, timing etc. shall be specified in the Agreement. Mandates, signed by a person with the necessary authority, and agreed minutes shall be made.

The responsible unit will from time to time carry out organizational reviews of grant recipients focusing on cost efficiency and results achievement. The responsible unit may also conduct additional reviews if deemed necessary.

For projects exceeding NOK 50 million, an end-review shall normally be conducted. For projects lasting four or more years, a mid-term and end-review shall normally be conducted. This shall be specified in the Agreement. Deviations from this requirement shall be justified and documented.

The grant is normally disbursed in two advance instalments per year, covering estimated need for a period of maximum six months as regulated by the Regulations on Financial Management in the Central Government.

Consideration of appeals

Decisions to approve or reject applications for grants will normally be individual decisions pursuant to the Public Administration Act, and may be appealed to the Ministry. The appeal will be processed in accordance with the Public Administration Act, Chapter VI, and must be submitted in writing to Norad within three weeks from the date that notification of the decision is received by the applicant. If Norad upholds the rejection, the matter is referred to the Ministry of Climate and Environment for final decision. The Ministry of Climate and Environment replies directly to the applicant.

Possible forms of sanction against grant recipients

If the grant recipient breaches the obligations set out in the Agreement, for instance provides incorrect information, uses the grant for purposes other than prescribed in the Agreement, lacks agreed control systems, violates ethical guidelines, etc., Norad will consider applying appropriate sanctions.

Zero tolerance towards corruption and financial irregularities

Norad practices zero tolerance towards corruption and financial irregularities. This means that the grant recipient is obliged to organise its operation and activities in such a way that corruption, misuse of funds and financial irregularities are effectively countered throughout the organisational chain down to the end user.

In case of suspicion of financial irregularities, the Fraud unit in Norad shall be notified without delay, and the case shall be handled in accordance with "Guidelines for Norad's Handling of Suspicions of Financial Irregularities" (valid from 26 January 2011).

Norad has established a "whistleblowing channel" where it is possible to report anonymously according to the described procedures on norad.no: <http://www.norad.no/en/about-norad/whistleblowing>.

Suspicion of corruption or any form of misuse of funds in a project financed under these Grant Scheme Rules will normally lead to immediate stop of planned disbursements until the case is resolved. If financial irregularities have been documented the misused funds shall be repaid to Norad.

7. Evaluation

Norad's Evaluation Department is in charge of planning and carrying out independent evaluations of activities funded through the Norwegian development cooperation budget. Evaluations may be conducted for the whole scheme or parts of it, or for topics/objectives/countries that cover two or more grant schemes.