GRANT AGREEMENT

BETWEEN

THE NORWEGIAN MINISTRY OF CLIMATE AND ENVIRONMENT

AND

THE WORLD ECONOMIC FORUM

REGARDING

18/940 SUPPORT TO TFA2020 SECRETARIAT PHASE 2

***

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PART I: SPECIFIC CONDITIONS

This grant agreement (the Agreement) has been entered into between:

(1) The Norwegian Ministry of Climate and Environment (KLD) and

(2) the World Economic Forum, a Foundation according to Article 80 et seq. of the Swiss Civil Code, duly established in Switzerland (the Grant Recipient),

jointly referred to as the Parties.

1 SCOPE AND BACKGROUND

1.1 The Grant Recipient has submitted an application to KLD, the UK Department for International Development (DFID) and the Ministry of Foreign Affairs of the Netherlands dated April 3rd 2018 (the Application) regarding financial support to the project titled TFA2020 Secretariat Phase 2 (the Project). The estimated costs of the Project are indicated in the budget attached as Annex A to this Agreement.

1.2 KLD and DFID (the Donors) have decided to make funds available to be used exclusively for the implementation of the Project. The Donors will enter into an arrangement on delegated cooperation hereinafter referred to as the ADC. It is foreseen that the Ministry of Foreign Affairs of the Netherlands will contribute financially to the Project at a later stage through this ADC. This will be formalized through an addendum to this Agreement. KLD has taken the responsibility to act as lead donor on behalf of DFID (the Co-Donor).

1.3 The Parties expect the Project to be implemented during the period from June 2018 to June 2021 (the Support Period).

1.4 The Parties have agreed to enter into an Agreement, consisting of this part I; Specific Conditions, part II; General Conditions, and part III; Procurement Provisions, all of which form an integral part of this Agreement. In the event of discrepancies between the Specific Conditions and the General Conditions or Procurement Provisions, the Specific Conditions shall prevail.

2 OBJECTIVES OF THE PROJECT

2.1 The expected results of the Project are as follows:

The Project’s planned effect on society (Impact) is reduced deforestation related to key agricultural commodities by 2020.

The planned effects for the target group of the Project (Outcome) is to mobilise and coordinate actions by the private sector, governments and civil society through the TFA2020 secretariat

There are 4 target groups of the Project:
• Tropical forest governments and sub-national jurisdictions in South East Asia, West/Central Africa and the Amazon Basin;
• Smallholder farmers in each of these regions;
• Key civil society groups working on forest issues in these regions and globally; and
• Soft commodity growers, traders and buyers, both domestically and internationally.

2.2 The full results framework is included as Annex B to this Agreement.

3 IMPLEMENTATION OF THE PROJECT

3.1 The Project shall be implemented in accordance with the Agreement, including all annexes, and the latest approved Application, including implementation plan and budget.

3.2 During the implementation of the Project, the Grant Recipient shall exercise the necessary diligence, efficiency and transparency in line with sound financial management and best practise principles.

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

4 THE GRANT

4.1 Subject to parliamentary appropriations, the Donors will jointly support the Project, and through the KLD, make available a grant (jointly referred to as the Grant). The Grant shall not exceed the following amounts:

- DfiD: up to Pounds sterling (GBP) 2 000 000 (two million)
- KLD: up to Norwegian Kroner (NOK) 38 000 000 (thirty eight million)

The Forum will seek to ensure that DFIDs contribution will not be used for travel expenses.

4.2 The Grant, including accrued interest, shall be used exclusively to finance the actual costs of the implementation of the Project during the Support Period.

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

4.4 The Grant Recipient is responsible for obtaining any additional resources which may be required to duly implement the Project.

5 DISBURSEMENT

5.1 The Grant will be disbursed by the KLD in Norwegian Kroner, and on behalf of the Donors, in advance instalments based on the financial need of the Project for the upcoming period, which shall not exceed six months. The disbursements shall be made upon KLD’s receipt of written disbursement requests from the Grant Recipient, describing the financial need for the period in question.
5.2 Financial need refers to the budgeted expenditure for the upcoming period, less any funds available to the Project from all other sources during the same period.

5.3 The financial need shall be documented through an updated financial statement for the Project and a reference to the latest approved implementation plan and budget.

5.4 The disbursement requests shall be signed by an authorised representative of the Grant Recipient. A confirmation that the Project is being implemented in accordance with the Agreement shall be included in the disbursement request.

5.5 All disbursements are conditional upon the Grant Recipient’s continued compliance with the requirements of the Agreement, including the timely fulfilment of reporting obligations. KLD may withhold disbursements in accordance with article 17 of the General Conditions if it finds that the requirements of the Agreement have not been met. Except for the Project’s first year, the second disbursement each year is subject to KLD’s receipt and approval of the progress report and financial report.

5.6 All disbursements will be made to the following bank account:

<table>
<thead>
<tr>
<th>Account Holder:</th>
<th>World Economic Forum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of the account:</td>
<td>WEF-TFA Initiative</td>
</tr>
<tr>
<td>Account no.:</td>
<td>206-253475.07X</td>
</tr>
<tr>
<td>IBAN no.:</td>
<td>CH48 0020 6206 2534 7507 X</td>
</tr>
<tr>
<td>Name and address of the bank:</td>
<td>UBS AG, Postfach, CH-8098 Zurich</td>
</tr>
<tr>
<td>Swift/BIC code:</td>
<td>UBSWCHZH80A</td>
</tr>
<tr>
<td>Currency of the account:</td>
<td>CHF</td>
</tr>
</tbody>
</table>

5.7 The Grant Recipient shall immediately acknowledge receipt of the funds in writing. The amount received shall be stated, as well as the date of receipt and the exchange rate applied.

6 REPORTING AND OTHER DOCUMENTATION

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

a) A **progress report** covering the period from June 1st to May 31st shall be submitted to KLD by October 15th 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 June to May shall be submitted to KLD by October 15th each year. The financial report shall include the content specified in article 3 of the General Conditions. The final financial report shall cover the entire Support Period and shall be submitted along with the final report referred to in article 6.1e) of the Specific Conditions.

c) An **audit report** covering the annual financial statements of the Project shall be submitted to KLD by October 15th each year. The audit report shall comply with the requirements set out in article 7 of the Specific Conditions and article 5 of the General Conditions. The management letter (matters for governance attention) shall be attached to the audit report.

d) An updated **implementation plan and budget** covering the period from June to May shall be submitted to KLD by October 15th each year. The implementation plan and budget shall include the content listed in article 1 of the General Conditions.
e) A final report for the Support Period shall be submitted to KLD no later than six 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, KLD shall be informed immediately.

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

7 AUDIT

7.1 The annual financial statements of the Project shall be audited in accordance with International Standards of Auditing (ISA) 800 ("Special considerations audits of financial statements prepared in accordance with special purpose frameworks") or ISA 805 ("Special considerations audits of single financial statements and specific elements, accounts or items of a financial statement").

7.2 Additional requirements applicable to the auditor and the audit report are included in article 5 of the General Conditions.

7.3 The Grant Recipient is responsible for submitting the audit report to KLD within the deadline indicated in article 6 of the Specific Conditions.

8 FORMAL MEETINGS

8.1 The Parties shall hold formal meetings once per year, tentatively in October/November in order to discuss i.a. the results achieved by the Project during the Support Period. The meetings shall be called and chaired by the Grant Recipient. There will be two separate meetings: A special Steering Committee Meeting between the Grant Recipient, the Donors and other stakeholders who are members of the TFA Steering Committee. The Steering Committee is the principal decision making body overseeing the Secretariat. The Donors will in addition participate in a separate Grant Management Meeting with the Grant Recipient. This meeting will be held in relation to the special Steering Committee meeting. The focus in the Grant Management Meeting will be on the financial management of the Contribution by the Forum.

8.2 Unless otherwise agreed, the Parties shall discuss the latest progress report and financial report, as well as the implementation plan and budget for the upcoming period. In the event that such reports have not been received at least 2 weeks before the meeting, the Parties shall agree upon a new date to hold the meeting.

8.3 The Grant Recipient shall record main issues discussed, points of view expressed and decisions made, in minutes from the Grant Management Meeting. The Grant Recipient shall submit the minutes to KLD no later than two weeks after the meeting. KLD will circulate to the co-donor(s) and sign off within 3 weeks for approval.
9 REVIEWS AND OTHER FOLLOW-UP MEASURES

9.1 An end-term review focusing on the impact achieved by the Project shall be carried out by May 31st 2021. The Grant Recipient shall draft the terms of reference for the review and submit them to the other Party for approval. The costs of the review shall be included in the Project budget.

9.2 If the Grant Recipient or another interested party initiates a review or evaluation of activities wholly or partly funded by the Grant, KLD shall be informed. The Grant Recipient shall forward a copy of the report of any such review or evaluation to KLD without undue delay.

10 PROCUREMENT

10.1 All procurement under the Project shall be completed in accordance with the Procurement Provisions in Part III of this Agreement.

11 REPAYMENT OF INTEREST AND UNUSED FUNDS

11.1 Upon the end of the Support Period or upon termination of this Agreement, any unused funds that total more than NOK 500 shall be repaid to KLD as soon as possible and at the latest within 6 months. The repayment shall include any interest which have not been used for Project purposes, and other financial gain accrued on the Grant.

11.2 Repayments shall be made to the following bank account:

<table>
<thead>
<tr>
<th>Name of the account:</th>
<th>Klima- og miljødepartementet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account no.:</td>
<td>NO1176940500334</td>
</tr>
<tr>
<td>IBAN no.:</td>
<td>NO1176940500334</td>
</tr>
<tr>
<td>Name and address of the bank:</td>
<td>DNB, Dronning Eufemias gt 30, 0191 Oslo</td>
</tr>
<tr>
<td>Swift/BIC code:</td>
<td>BNBANOKKXXX</td>
</tr>
</tbody>
</table>

11.3 The transaction shall be clearly marked: “Unused funds”. The name of the Grant Recipient shall be stated, along with KLD’s agreement number and agreement title.

12 SPECIAL PROVISIONS

A more detailed results framework will be developed during the first six months of Phase 2, to incorporate the outcome of ongoing assessments. This will be included in the Agreement through a written addendum between the Parties.

The General Condition’s Section 6, clause 9.2, 11.2 a), Section 20 and Section 22 shall also include similar rights to the Co-Donor(s) as the KLD (Lead Donor).

In case of cancellation of the ADC by one or more of the Donors, the Donors will consult with each other to bring the ADC to an orderly end in respect of the cancelling Donor(s). Any amount corresponding to the contribution of the cancelling Donor(s) which remains unspent by the Grant Recipient shall be returned to the KLD immediately and unconditionally, unless otherwise decided by the Donors. The Grant Recipient will be consulted by the Donors before any cancellation of the ADC.

The Grant Recipient confirms it has in place policies for effective risk management, whistleblowing, safeguarding and prevention of sexual harassment.
Respect for human rights, democratic principles, the rule of law and good governance constitute essential elements of this Agreement

13 NOTICES

13.1 All communication to KLD concerning the Agreement shall be directed to the Climate and Forest Initiative at the following e-mail address: postmottak@kld.dep.no, marked "18/940 SUPPORT TO TFA2020 SECRETARIAT PHASE 2".

13.2 All communication to the Grant Recipient concerning the Agreement shall be directed to Marco Albani at the following address/e-mail address: marco.albani@weforum.org.

13.3 KLD’s agreement number and agreement title shall be stated in all correspondence regarding this Agreement, including disbursement requests and repayment of unused funds.

14 SIGNATURES

14.1 By signing part I of the Agreement, the Parties confirm receipt and approval of part II; General Conditions, and part III; Procurement Provisions, which all form an integral part of the Agreement.

14.2 This Agreement has been signed in two -2- original copies in the English language. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.
for the Norwegian Ministry for Climate and Environment

Vidar Vik
Director General
Head of Department for Climate Change

for the World Economic Forum,

Julien Gattoni
CFO and Head of Finance, Technology and Operations, Member of the Executive Committee

Adrian Monck
Member of the Managing Board

Attachments:
Annex A: Approved budget for the Project
Annex B: Results framework
Annex A – Approved Budget

Budget for TFA2020 Secretariat Phase 2 in Swiss Francs (CHF)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Program Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Period 1</td>
<td>Period 2</td>
<td>Period 3</td>
<td>Period 4</td>
<td>Period 5</td>
</tr>
<tr>
<td>Budget items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secretariat salaries</td>
<td>516,000</td>
<td>516,000</td>
<td>533,000</td>
<td>533,000</td>
<td>540,000</td>
</tr>
<tr>
<td>Office Cost/ Communication</td>
<td>106,000</td>
<td>101,000</td>
<td>46,000</td>
<td>101,000</td>
<td>46,000</td>
</tr>
<tr>
<td>Travel and Expenses</td>
<td>80,000</td>
<td>80,000</td>
<td>80,000</td>
<td>80,000</td>
<td>80,000</td>
</tr>
<tr>
<td>Global activities</td>
<td>80,000</td>
<td>235,000</td>
<td>80,000</td>
<td>235,000</td>
<td>80,000</td>
</tr>
<tr>
<td>Regional Coordination</td>
<td>438,000</td>
<td>438,000</td>
<td>443,000</td>
<td>443,000</td>
<td>448,000</td>
</tr>
<tr>
<td>Regional Activities</td>
<td>130,000</td>
<td>100,000</td>
<td>130,000</td>
<td>100,000</td>
<td>130,000</td>
</tr>
<tr>
<td>Consulting (research and facilitation)</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Monitoring of progress</td>
<td>0</td>
<td>100,000</td>
<td>0</td>
<td>100,000</td>
<td>0</td>
</tr>
<tr>
<td>Forum Overhead</td>
<td>100,000</td>
<td>110,000</td>
<td>100,000</td>
<td>110,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,500,000</td>
<td>1,730,000</td>
<td>1,462,000</td>
<td>1,752,000</td>
<td>1,474,000</td>
</tr>
</tbody>
</table>
Annex B: Results framework

A more detailed results framework will be developed during the first six months of Phase 2 to incorporate the outcome of two ongoing projects: an assessment of the supply chain movement carried out by the TFA2020 Secretariat with funding from the Dutch Ministry of Trade and International Cooperation, and project to design a dedicated Monitoring and Evaluation framework for the TFA2020 carried out by consultants to USAID.

<table>
<thead>
<tr>
<th>Results level</th>
<th>Objectives/Results statement</th>
<th>Indicators</th>
<th>Baseline</th>
<th>Prerequisites/Risk factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intended impact</td>
<td>Reduced tropical deforestation related to key agricultural commodities (palm oil, soya, beef, paper &amp; board) by 2020.</td>
<td>Deforestation rate</td>
<td>13 Mha per year, 50-70% caused by traded commodities production</td>
<td>Companies/countries offer and deliver commitments to sustainable commodity sourcing, either individually or collectively. The Secretariat positions TFA 2020 as a trusted public-private partnership vehicle for governments, companies and civil society to engage with.</td>
</tr>
<tr>
<td>Project goal</td>
<td>To mobilise and coordinate actions by the private sector, governments and civil society through the TFA 2020 secretariat in support of reduced deforestation related to key agricultural commodities (palm oil, soya, beef, paper &amp; board).</td>
<td>By end 2020 the Secretariat has enabled TFA 2020 to become a globally recognised public-private partnership for reducing tropical deforestation related to key agricultural commodities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcomes</td>
<td>An increased number of companies (retail, manufacturing, trading, producing) committed and taking action to reduce deforestation associated with palm oil soya, beef and paper &amp; board.</td>
<td>Annual work plans developed in collaboration between the Secretariat staff and the TFA 2020 Partners will include activities that will require outreach to and engagement with companies – some of which may not already have public commitments to avoid deforestation in their supply chains. The number of companies making commitments will also be monitored, regarding the number, strength of the commitments and affected supply chains.</td>
<td>Baseline: In 2010, The Consumer Goods Forum pledged to eliminate deforestation from its supply chains and achieve “zero net deforestation” by 2020. Following that pledge, many companies followed suit by announcing their own corporate commitment to zero-deforestation palm oil, including but not limited to CGF companies like Nestlé, Cargill, General Mills, Mondelez International, Mars, Unilever and non-CGF companies like Wilmar, Golden Agri Resources, and Bunge. As of March 2017, there are now 447 companies that have made 760 commitments to curb forest destruction in supply chains linked to the “big four”</td>
<td>Expected results to be achieved through this specific intervention (financing of the Secretariat) are closely bound to the expected results to be achieved through the TFA 2020 as a whole, since a key function of the Secretariat is to facilitate and mobilise action by TFA 2020 Partners in support of TFA 2020 objectives. Specific risks factor are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- That adequate financial and political support is given to the</td>
</tr>
<tr>
<td>Outcomes</td>
<td>An increased number of governments (consumer and producer) offering explicit support to private-sector led efforts to remove deforestation from supply chains for palm oil, soya, beef, paper &amp; board.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>As is the case with the companies, the annual work plans will include activities to improve and increase engagement with an increased number of countries, and subnational governments many of which are producing nations that do not have the types of regulatory frameworks that could support the private sector’s efforts to remove deforestation from their supply chains.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>Changed practice leading over time to reduced deforestation in at least four producer countries (for example, Indonesia, Colombia).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>It is expected that by 2020 the TFA 2020 will have spurred high-impact partnerships between business, civil society, and tropical forest country.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Due TFA 2020 Signature Initiative on Palm Oil Development— the alliance’s most advanced regional presence is established in West and Central Africa.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Climate and Land Use Alliance (2014). Disrupting the global commodity business: How strange bedfellows are transforming a trillion-dollar industry to protect forests, benefit local communities, and slow global warming. Climate and Land Use Alliance.
4. The Amsterdam Declaration is a commitment signed by the Governments of Denmark, France, Germany, Italy, the Netherlands, Norway, and the United Kingdom to promote a fully sustainable palm oil supply chain at European level. https://www.idhsustainabletrade.com/news/italian-government-signs-amsterdam-palm-oil-declaration/

agricultural commodities. While coverage of the four key supply chains by commitments has been growing steadily, the latest Forest 500 report indicates that policy uptake rate is not on track to get to 100% coverage by 2020 in any of the big four commodities.

Europe (2009) and the United States (2012) imposed strict sustainability requirements on palm oil-based biofuels, creating strong economic incentives for reforms across the industry. The United Kingdom and the Netherlands are also leaders in terms of their policies to purchase only sustainably produced palm oil. As of 2014, the US, the UK and the Netherlands are all TFA 2020 Partners. As of June 2017, seven European governments have signed the Amsterdam Declaration to support 100% adoption of sustainable palm oil, and seven African countries have signed the Marrakech Declaration. In November 2017 Colombia launched a national TFA 2020 platform, with a zero-deforestation agreement for the Palm Oil Sector.

TFA 2020 Secretariat by the international community to help it meet its goals over the course of the project.

- That forested nations, civil society organisations, companies and other governments and subnational jurisdictions remain willing to engage - and increase their engagement - in TFA 2020 over the course of the project.
| **Outcome** | **Creation of a significant body of knowledge and experience relating to the development, structuring and financing of public-private approaches to tackle deforestation associated with agricultural commodity production** | **Quality and quantity of the knowledge assets created by the partners/secretariat and stored and disseminated through the TFA2020 website** | **The Secretariat established an online platform for knowledge and experience sharing among TFA 2020 Partners in a private space of the TFA 2020 website.** |