

**CONTRACT  
BETWEEN  
THE MINISTRY FOR FOREIGN AFFAIRS OF FINLAND  
AND**

**ON THE FINANCING OF  
*TREE OUTGROWER SUPPORT PROGRAMME***

**I. PARTIES**

This Contract ("Contract") is concluded between

The Ministry for Foreign Affairs ("the Ministry" or "MFA")  
Katajanokanlaituri 3  
P.O. Box 512  
00023 Helsinki  
Finland

And

**II. PURPOSE OF THE CONTRACT**

The purpose of the Contract is, in addition to the provisions of the Grant Decision and the Finnish Act on Discretionary Government Transfers (No 688/2001) to regulate the use of the Grant and the implementation of the Tree Outgrower Support Programme ("Project") during the period\_\_\_ , the period ending 31.12.2022 ("Project Period").

**III. DEFINITIONS**

For the purposes of the Contract:

**The Grantee** means the Project Developer, who is responsible for the implementation of the Project.

**Project Proposal** means the Proposal described in the Tree Outgrower Support Programme Application Form with its appropriate Annexes that describe the applicant's Outgrower system in detail and is attached to this Contract as an Annex I.

**Contract** means this contract including all its Annexes.

**Grant** means the grant funding for implementation of the Project that can be given to the Grantee based on the Grant Decision in accordance with the Act on Discretionary Government Transfers (No 688/2001) and regulated also by the provisions of this Contract.

**Grant decision** or the **Decision**, refers to the final Ministry approval of providing grant funding ("Grant") to the Grantee for execution of the Project.

**MFA** or **the Ministry** means the Ministry for Foreign Affairs of Finland.

**Project** means Tree Outgrower Support Programme (TOSP) funded by the Ministry.

**Outgrower** means the small-scale contract farmers who receive funding from the Project.

**Parties** means the MFA and the Grantee together.

**Activities** refer to the implementation of the Project.

**Project Period** means the period from the Grant Decision's signing date until 31.12.2022.

**Reporting period** means the reporting schedule in Annex V

#### **IV. AMOUNT OF THE GRANT**

The maximum amount of the Grant is, subject to annual parliamentary approval in Finland, \_\_\_ for carrying out the activities referred to in detail in Annex I to the Contract. The Grant may be used only for the purpose stated in the Government Grant Decision and this Contract.

#### **V. USE AND MANAGEMENT OF THE GRANT**

The Grantee shall carry out the Activities in accordance with the detailed plan and budget attached hereto as Annex I or as may be otherwise agreed in writing between the Ministry and the Grantee. The Activities must be in harmony with the official principles regulating the development cooperation of the Government of Finland. The Grantee shall use the Grant solely to cover expenses accrued to the Grantee during the Project.

The Grantee shall manage the Grant in accordance with internationally accepted professional bookkeeping rules and practices. The Grantee shall ensure that no illegal or corrupt practices relate to the use of the Grant or the implementation of the Project.

#### **VI. PROCUREMENTS**

All procurements shall be made by the Grantee with generally accepted principles and good procurement practices. Invitations to tender as well as procurement contracts shall include a clause on the possibility of the tender being rejected and the contract being cancelled, in case of any illegal or corrupt practices in conjunction with the award or the execution of the contract.

No offer, gift, payment or benefit of any kind, which would or could be construed as an illegal or corrupt practice, shall be accepted, either directly or indirectly, as an inducement or reward for the award or execution of procurement contracts.

The Finnish legislation on public procurement shall be applied if the Grantee has received more than half of the value of the procurement as an aid or subsidy from the Ministry or other Finnish governmental authorities (Act on Public Contracts 348/2007, Chapter 2) available at <http://www.finlex.fi/en/laki/kaannokset/2007/en20070348.Granteef>).

**I No direct assignment is allowed for procurement of value exceeding 6.000€.**

**II Procedure for procurements of value over 6.000 € and below 30.000 €:**

Competitive tendering with invitations to tender sent directly to potential suppliers;

- The quotes and reasons for selection shall be annexed to a progress report.
- Principles of equal and non-discriminatory treatment of tenderers shall be complied with.

- Selection of the provider shall be made in the first place on the basis of competitive tendering.
- When using competitive tendering, the Grantee shall draw up an invitation to tender and ask for tenders by e-mail, fax and/or letter. The invitation to tender can be delivered directly to selected potential tenderers (at least three whenever possible). All significant information concerning the purchase and the contract shall be presented in the written invitation to tender.
- The time limit for submitting written tenders must be reasonable.

**Direct assignment shall only be used to the extent:**

- the costs of competitive tendering exceed the benefits obtained from competitive tendering;
- the contract is urgent for reasons independent of the Grantee;
- a corresponding product has been procured in the recent past and the price level is known; and/or
- No other potential suppliers have been identified.

If direct awarding has been applied, this has to be agreed upon with the Ministry in advance.

**III Costs 30.000 € and above:** Finnish legislation on public procurement shall be applied. This means i.a. that competitive open tendering with invitations to tender announced publicly. Invitations to tender shall be announced publicly in Finnish Hilma-website ([www.hilma.fi](http://www.hilma.fi)).

**VII. DISBURSEMENT OF THE GRANT**

Grant instalments will be made to the Grantee within the Project Period or at latest within two months from the completion of the Project Period against written payment requests to the Ministry in the form and content as shown in the Annex III (Disbursement Request) of the Contract. Detailed requirements concerning reporting are stated in Annex IV (Administrative Manual for Project Implementation), which forms an integral part of the Contract.

**VIII. BANKING DETAILS**

The Grant will be disbursed in accordance with the Contract to the following bank account of the Grantee:

NAME OF BANK:	
NAME OF ACCOUNT:	
ACCOUNT NUMBER:	
TYPE OF ACCOUNT:	
BANK'S BRANCH/ BRANCH CODE:	
IBAN (if applicable):	
SWIFT CODE:	
FULL ADDRESS OF THE BANK:	

**IX. DISBURSEMENT OF THE GRANT TO INDIVIDUAL OUTGROWERS**

The Grantee is allowed to disburse any part of the Grant forward, for example to individual Outgrowers only in accordance with the terms of this contract including its annexes, or as otherwise agreed with the Ministry.

The Grantee can disburse Grant forward to individual Outgrowers only on the basis of invoicing against approved and verified reporting of the accrued costs.

The disbursement of the Grant forward to individual Outgrowers must be documented in writing, i.e. both the disbursement request detailing the accrued costs and the approval of the disbursement request shall be in written form and archived.

The Grantee shall include in the approval of the Outgrowers disbursement request the terms and conditions on the use of the grant and the supervision of its use. The Grantee shall also include in the approval of the disbursement request that the representatives of the Ministry are entitled to audit and inspect the finances and operations of the Outgrower to which the part of the grant is given.

With respect to the Ministry, the Grantee is fully responsible also for the part of the Grant it has given forward.

## **X. REPORTING AND AUDITING**

The Grantee shall submit periodical progress and financial reports as well as the final report and audit report to the Ministry according to the detailed requirements described in the Annexes. Adequate reporting is a prerequisite for disbursements as stated in section VI above.

The Grantee shall permit representatives of the Ministry and Ministry designated third party representatives to carry out any inspection or audit in respect of the use of the Grant as well as to conduct site visits to the Project site and the Grantee's office. The Grantee shall grant representatives of the Ministry access to all records, accounts, documents, materials and pertinent personnel related to the Project or the Grant. The Ministry or its representatives have the right to perform monitoring or site visits, inspections and audits also after the Contract has been terminated or the Ministry has confirmed the Grantee that the Project has been completed.

When the Grantee has given a part of the Grant forward to be used in an activity of an Outgrower, the Ministry is entitled to audit and inspect, if needed, the finances and operations of the Outgrower.

The Grantee must provide auditors and other inspectors with all information and reports, documents, records and other material needed for the purposes of the audit and inspection and assistance free of charge.

Auditors and other inspectors are entitled to seize the material subject to audit or inspect if required. A record must be made of the seizure of material during an audit or inspection. The record must state the purpose of seizing the material and indicate what has been seized. Seized material must be returned without delay when no longer needed for the audit or inspection.

Auditors and other inspectors are entitled to have access, to the extent warranted by the audit or inspection, to the business, storage and other such premises used in the practice of a profession or in business and other areas in the possession or use of the Grantee or Outgrowers.

The Grantee shall keep all original receipts and invoices of all Project expenses that are to be covered by the Grant minimum of six (6) years from the date when the Contract has been terminated or from the date when the Ministry has confirmed the Grantee that the Project has been completed. The Ministry or its representatives may periodically inspect the original receipts and invoices during monitoring visits to the Grantee. The final report of the Project shall include an audit report in a manner stated in Annex IV.

## **XI. INFORMATION OBLIGATIONS OF THE GRANTEE**

The Grantee shall notify the Ministry within two weeks to the extent any change within the Grantee has occurred with regard to any of the following aspects:

- Persons authorized to sign the company's/organization's name
- Management and organizational structure;
- The Grantee's financial situation (ongoing or pending liquidation, debt recovery, bankruptcy or other action that may cause insolvency or incapacity to carry out the Project);
- Ownership and/or control; and/or - nature of business.

The Grantee must provide the Ministry with correct and sufficient information for the purpose of overseeing that the terms of the Grant Decision and this Contract are observed.

The Grantee must provide the Ministry with correct and sufficient information for the purpose of paying the Grant.

The Grantee shall in all its publications and reports concerning the Project, specifically mention that the Ministry has provided financial resources for the implementation of the Project. This includes publications on the Grantee's websites.

The Grantee shall provide the Ministry with such other information on the Project as may be reasonably requested from time to time for public information, dissemination or other purposes.

The Grantee shall accept that the TOSP plantations can be used for plus tree selection, seed and scion collection or other research purposes for long term tree improvement programmes by the Tanzanian government research organisations and the PFP.

## **XII. CONTACT INFORMATION AND NOTICES**

All payment requests, reports, documents and other communication relating to this Contract and/or the implementation of the Project shall be made in writing to the following contact points:

### **For the Ministry**

Embassy of Finland  
P.O.Box 2455  
Dar es Salaam, Tanzania  
sanomat.dar@formin.fi

Ministry for Foreign Affairs of Finland  
Department for Africa and the Middle East  
P.O. Box 176  
00023 Government, Finland  
ALI-20@formin.fi

### **For the Grantee**

All payment requests shall be signed by person(s) authorized to sign by the Grantee and sent by email (scanned copy).

## **XIII. REPRESENTATION AND WARRANTIES**

The Grantee assures that:

- It is duly incorporated and has power to own its assets and carry on its business;
- It has power to perform its obligations under the Contract
- The Grantee is not part of any litigation or claim that would have a material impact on the Project
- No debt recovery or bankruptcy procedure is taking place or pending against it.

#### **XIV. INTERRUPTION OF PAYMENT**

The Ministry may decide to interrupt the payment of the Grant:

- 1) If grounds exist to suspect that the Grantee is not observing the provisions laid down in contract or the Grant Decision;
- 2) The grounds on which the Grant was given have essentially changed; or
- 3) Interruption of payment is required by European Union law.

#### **XV. REPAYMENT OF GRANT**

The Grantee must repay without delay any transfer or part thereof they have received through error, in excess or manifestly without cause. The Grantee must also repay the Grant or part thereof if it cannot be used as required in the Grant Decision.

#### **XVI. MANDATORY CLAWBACK OF THE GRANT**

The Ministry shall decide on the discontinuation of the payment of the Grant and the claw back of the Grant already paid if the Grantee has:

- 1) Neglected to repay the Grant or part thereof that must be repaid;
- 2) used the Grant for a purpose essentially different from that for which it was given;
- 3) Provided the Ministry with false or misleading information in a matter that was critical to the granting of the money, its amount or terms, or concealed such information; or
- 4) Otherwise essentially violated provisions concerning the use of the Grant or terms included in this contract in a manner comparable to subsections 1–3 above.

#### **XVII. DISCRETIONARY CLAWBACK OF THE GRANT**

1. The Ministry may decide to discontinue of the payment of the Grant and the claw back of the Grant or part thereof already paid, if:

- 1) the Grantee has used the Grant for purpose different from that for which it was given or provided the Ministry with false or misleading information or not informed about changes occurred;
- 2) The Grantee has refused to provide material asked by the representative of the Ministry or assistance with regard to an audit;
- 3) The Grantee has terminated the activities for which the Grant was given, reduced them substantially or assigned them to another party;
- 4) The Grantee has assigned to another the ownership or possession of property procured with the Grant;
- 5) The Grantee has permanently altered the purpose of the property for which the Grant was given;
- 6) the Grantee has been subject to recovery proceedings, or placed into liquidation, bankruptcy or made subject to debt adjustment referred to in the Finnish Act on restructuring of a business (47/1993) or debt rescheduling referred to in the Act on the Adjustment of the Debts of a Private Individual (57/1993) or another act with equal content with those previously mentioned in this paragraph and in force in the home country of the Grantee, unless the purpose of the Grant requires otherwise, or;

7) The Grantee takes action that is in practical terms comparable to what is laid down in this subsection by giving a matter related to the granting, payment or use of the money a legal form that does not comply with its true nature or purpose.

2. If the property for which the Grant was given has been destroyed or damaged during the period of use laid down in section 1 and new, corresponding property will not be procured to replace that which was destroyed or damaged, the Ministry may issue a decision ordering the termination of the payment of the Grant and order that a sum that corresponds to the share of the Grant of the original acquisition price of the property be clawed back from any insurance indemnity or other compensation.

3. The Ministry may also decide that the payment of the Grant be terminated and the Grant already paid be clawed back if required by European Union law.

#### **XVIII. INTEREST**

The Grantee must pay an annual interest in accordance with section 3, subsection 1 of the Finnish Interest Act (633/1982) plus 3 percentage points on the amount to be repaid or clawed back from the day the Grant was paid.

#### **XIX. PENALTY INTEREST**

If the sum clawed back is not paid by the due date set by the Ministry, an annual penalty interest is payable on the sum in accordance with the Finnish Interest Act.

#### **XX. SETTLEMENT OF DISPUTES**

The Grantee and the Ministry shall seek to settle amicably any dispute, controversy or claim arising out of or relating to the Contract, a breach, termination or invalidity thereof. Failing such an amicable solution, the dispute, controversy or claim shall be referred to the District Court of Helsinki (Finland) and settled in accordance with Finnish Law.

#### **XXI. LIABILITY**

The Ministry shall not accept any responsibility or liability for any claim, debt, demand, damage or loss as a result of this Contract or of the implementation of the Project.

#### **XXII. OTHER MATTERS**

The Grantee shall co-operate fully with the Ministry in order to carry out this Contract and shall give the Ministry all the information needed for the payment and follow-up of the use of the Grant.

The Grantee may not without the consent of the Ministry transfer the Contract or any part of it to a third party.

The Ministry may on its website and in publications disseminate other than confidential information related to the Grant and the project results.

The Ministry reserves its right to make unilateral changes to the sections of the Annexes of the Contract that cover the reporting, audit and disbursement requirements of the Project.

#### **XXIII. ENTRY INTO FORCE, TERMINATION AND AMENDMENT OF THE CONTRACT**

The Contract shall enter into force upon the last date of signature of the Contract by the authorised representatives of the Parties and remain in force until all the obligations have been duly fulfilled by the Ministry and the Grantee, unless terminated earlier by the Ministry by giving the Grantee notice in writing three months prior to such termination.

The Ministry may terminate Contract without notice period if the Grantee has failed to fulfil its obligations related to the Contract. The Ministry shall before such termination give the Grantee an opportunity to address the noticed shortcomings from the part of the Grantee within reasonable time.

Notwithstanding the termination of the Contract the Grantee is obligated to comply with the obligations remaining in force after the termination of the Contract according to the Contract and its Annexes.

Any amendment or modification to this Contract shall be mutually agreed on in writing between the Ministry and the Grantee.

By signing below, the Ministry and the Grantee agree to be legally bound by the terms and conditions set forth in this Contract.

Done in two originals in the English language and duly signed by the authorised representatives of the Ministry and the Grantee,

ON BEHALF OF  
THE MINISTRY FOR  
FOREIGN AFFAIRS OF FINLAND

ON BEHALF OF  
THE GRANTEE

\_\_\_\_\_  
[Signature ]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Place and date]

\_\_\_\_\_  
[Place and date]

LIST OF ANNEXES

- Annex I: Project Proposal
  - a. Project Application Form
  - b. Technical annexes delivered annexed to application
- Annex II: TOSP Guidelines
- Annex III: Disbursement request
- Annex IV: Administrative Manual for Project Implementation
- Annex V: Progress reporting and payment schedule
- Annex VI: General Terms and Conditions for the Government Grant
- Annex VII: Ethical code of conduct



### ANNEX III

(To be typed on the Company's/Organization's letterhead).

#### DISBURSEMENT REQUEST

DATE:

REFERENCE NUMBER OF THE PROJECT:

PROJECT NAME:

PROJECT MILESTONE SEQUENCE:

TO: Embassy of Finland in Dar es Salaam

Email:

With reference to the Grant Decision (date) and the Contract signed on **[date]**, and ending **on (date)** between the Ministry for Foreign Affairs of Finland and **[name of Grantee]** on the financing of **[XYZ Tree Outgrower Scheme]** from MFA funds, we are issuing this disbursement request for the amount of

**[Number xxx (words)]**

To be used to cover expenses accrued to **[name of Grantee]** from implementation of the Project milestone (number) during **[period]**.

We wish to request the disbursement to be remitted to the following account, which is the same account as defined in the Contract:

NAME OF BANK:	
NAME OF ACCOUNT:	
ACCOUNT NUMBER:	
TYPE OF ACCOUNT:	
BANK'S BRANCH/ BRANCH CODE:	
IBAN (if applicable):	
SWIFT CODE:	
FULL ADDRESS OF THE BANK:	
BENEFICIARYS REFERENCE:	

Please find enclosed documents required according to section VII of the abovementioned Contract.

Sincerely yours,

(Stamped with Grantee's seal)

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Name of authorised person  
Grantee name

**Annexes** [as applicable]

For first payment request only:

- Copy of all required permits, licenses and agreements as described in the Annex II of the OSP Guidelines.

For first and subsequent payment requests:

- Progress report and other deliverables listed in the approved reporting and payment schedule;
- Financial report including required supporting documents; and
- Copies of receipts and invoices

Additional annexes for last instalment:

- Final report and audit report.

## ANNEX IV

### Administrative Manual for Project Implementation

#### 1. INTRODUCTION

The purpose of this manual is to give guidance and instructions to (Grantee) on administration of the project implementation as well as on the reporting requirements in MFA funded project.

It is the Grantee's responsibility to make sure that enough information regarding the project implementation and financial performance has been included in the reports and that the reporting clearly states the situation of the project.

It is recommended to always ask advice and guidance from the Embassy of Finland in Dar es Salaam if there is any uncertainty whether the information provided by the Grantee is sufficient to approve their reporting.

Please also note that the Administration Manual is updated and additional guidance added when considered necessary and therefore Grantee need to make sure that they are always following the latest guidance/manual. The Grantee's will be informed of the possible revisions of the manual through email by the Embassy of Finland in Dar es Salaam.

This Manual is meant to be used aligned with the project contracts. If a part of this manual is in conflict with the contract, the contract shall be concerned as a priority.

#### 2. GRANTEE'S RESPONSIBILITIES

The Grantee monitors their own project and is responsible for reporting the progress of the project as stated in the Reporting and Payment Schedule (RPS). Grantee is also responsible of implementing the project as agreed in the contract made with the Ministry for Foreign Affairs of Finland (Ministry). In more detail the Grantee's responsibilities of project administration and reporting towards the Programme are:

- a) The main contact person from the Grantee shall ensure that all relevant information is promptly provided to the Ministry via Embassy of Finland in Dar es Salaam.**
  - Questions and reports should always be sent to Embassy of Finland in Dar es Salaam. The title of every email shall start with the project code, as it makes it easier for the Embassy to follow-up on specific projects and thus enables a quicker answer to the Grantee.
  - The Embassy of Finland in Dar es Salaam is always the relevant party to address questions regarding the project and the whole programme. Therefore, no project or programme related matter should be appointed to the donors or any other party involved in the Programme.
- b) Meeting the reporting requirements relating to the progress of the project and the financial reporting (please see chapter 3 for more details).**
  - The Grantee shall report the project progress to the Embassy of Finland in Dar es Salaam according to the reporting payment schedule (RPS) attached to the project contract or to an addendum if the contract has been exceeded. Do notice that the reporting interval should not be longer than six month, please review chapter 3 for more detailed instruction

regarding reporting. The Grantee is responsible of sending an updated RPS to the Embassy of Finland in Dar es Salaam if there are changes in implementation that also affect the reporting. RPS should always be prepared considering the realistic timing when the milestones are met.

- The Grantee is responsible of requesting extension to the contract period if the original contract period is not long enough for implementing the project. It is important to realistically consider the time when the project is estimated to be finalized in order to avoid several extensions.
- c) Maintaining for further inspection or audit Outgrowers' applications, contracts, permits, land usage licenses and district decisions as stated in the Annex 1 and 2.**

### **3. PREPARING THE REPORTING FOR THE PROJECT**

#### **3.1 Templates**

When reporting of the project progress, the MFA reporting templates shall be used. There is a template for narrative progress report and a template for financial report. There is also a separate template for the project completion report submitted after all the milestone reports and completion of the actual project. It should be noted that any parts of the templates should not be deleted or tailored but they should be completed in the given format. All the reporting shall also include the submission date. All templates can be found on the Programme website [www.privateforestryprogramme.com](http://www.privateforestryprogramme.com)

#### **3.2 Progress/milestone report**

Reporting should be results based and follow the guidelines set out in the specific reporting template, which complies with Annex V in the project contract.

The progress reports should answer at least the following questions:

- a) Have the activities mentioned in the Project Proposal been completed? Have the implemented activities contributed towards the planned results?
  - If yes, the report should include information regarding the implementation of the activity.
  - If no, there has to be a justification why the activities have not been completed and a clarification if they have been scheduled to be completed later during the project.
- d) In case of procurements, how the Grantee has ensured that procurement requirements have been met?
  - The report has to clarify the procurement process and supporting documentation for the procurement shall be provided.

Possible changes in the activities have to be justified, and how these changes are affecting the budget and the output results of the Project have to be clarified. If there are activities that have not been completed, the expenditures for the corresponding Milestone should be lower.

If the Milestone activities include studies and/or evaluations that are stated as milestone deliverables, the reports of those studies and evaluation shall be attached to the report as annexes.

If the Grantee wishes to make technical changes in the project plan, the report needs to clarify whether this has an effect on the output results of the projects. In general, if the outputs do

not change, the technical changes can be approved. The Grantee should discuss any significant changes in the project with the Embassy of Finland in Dar es Salaam and these have to be approved by the MFA before they are made by the Grantee.

### **3.3 Financial report**

Together with the payment request the Grantee is required to submit financial report showing funds received and costs covered by the grant during the reporting period.

- a) Reporting shall always be based on real expenditures and reported on correct budget lines.**
- b) The financial reports shall consist of all expenditures related to the Project, regardless if they are funded by the Grantee, third party or MFA.
- c) All reported expenditure shall have proper supporting documentation and all invoices paid with MFA funds shall be clearly indicated.
- d) For salaries or labour costs paid by the Grantee, the payment shall be supported by a receipt signed by the employee. If the salary is paid to the bank account of the employee, an extract from the Grantee's bank account clearly showing the amount and receiver is also acceptable.
- e) In case a service has been provided by a third party that verifiably cannot provide a receipt, the person will have to sign a receipt indicating the amount or estimated cost of the service and enclose a copy of her/his identity documentation/card.
- f) If an expense has been split between MFA and another donor, the voucher has to state the amount that has been requested from the MFA.
- g) If the reported expenditures have been covered by an advance payment, the Grantee should use the exchange rate of the advance payment date when converting the expenses that are clearing the advance payment. For any other expenditure, the exchange rate to be used in conversion is the exchange rate on the reporting day.
- h) All expenditures relating to project shall be budgeted. Changes in budget shall be approved before the costs that are not in the last approved budget can be reclaimed. (Please see additional guidance below)
- i) The amount financed by MFA(euro) in the financial report shall equal to the amount in the disbursement request for the reporting period.
- j) Only eligible expenses, can be reimbursed/funded by MFA.**
- k) If there have been changes in activities, the finance report should indicate similar variation in expenditures.
- l) The total eligible expenses that can be reimbursed/funded by MFA cannot exceed the total amount stated in the contract. Thus, in practice, eligible expenses can only be reallocated between budget lines.

#### **3.3.1 Guidelines for differences in budget line items**

Deviations of more than 10 percent or € 1,000, whichever is less, from a budget line, shall be explained in the reporting. More specifically;

- a) It is acceptable that a budget line is exceeded with at most 10 percent or € 3,000, whichever is less, without prior approval from the MFA.
- b) If a budget line is exceeded with more than 10 percent or € 3,000, whichever is less, the additional expenses exceeding the budget line by 10 percent or € 3,000, whichever is less, and prior approval to the change in budget has not been approved in advance by the MFA, the expenses might not be considered as eligible expenses even if they otherwise could be eligible expenses.
- c) If prior approval cannot be reasonable obtained, the change shall be communicated to the MFA as soon as possible. This means mostly a separate communication to MFA from the normal progress reporting.

### **3.4 Project Completion Report**

For a completed project, the Company/Organization must send the MFA a project completion report including photos for possible publication on the Programme website and in related publications. Please note that the final payment will be paid against approved Project Completion Report.

The project completion report shall include a profound analysis of changes in the project context and of the target group and the beneficiaries. In addition, the report shall contain a detailed assessment of the project progress and results based on comparing the intervention logic and plans with actual achievements, stating deviations, comments and observations made, as well as providing a description of the monitoring and management measures implemented. Based on this assessment, the report shall bring out conclusions with regard to future perspectives of the Project sustainability.

The project completion report shall also include the Auditor's report.

A brief leaflet covering the main outputs shall be completed by the end of the project by the grantee to attract further financiers (related applicable costs are to be included in the project budget) and contribute tangible and succinct information necessary for potential replication, scale-up and knowledge sharing purposes.

## **4. DISBURSEMENT OF GRANTS**

Grants are disbursed to the Grantee, after required reports and disbursement request have been verified.

Disbursements are paid only against written payment requests to the MFA in the form and content as shown in Annex II of the Project Contract. The payment request shall be prepared by the Grantee, signed by the authorized person and sent to the MFA via Embassy of Finland in Dar es Salaam.

Payment shall be made in after reaching each milestone. The payment is made after completion of activities during the three month period. Maximum amount of payment for each Milestone is 20% of the maximum value of the Grant.

- a) Before payment of the first instalment, the Grantee shall submit to the MFA a planning document for the Project that describes the planned activities and milestones.

- b) Subsequent instalments shall be made in accordance with the approved reporting and payment schedule (Annex V), actual progress and reported expenditures of the Project and on the basis of the financial needs for the coming reporting period, subject to acceptance of the required reporting and payment request documentation as stated in Annex III.
- c) The final instalment cannot be an advance payment. At least 15 % of the Grant shall be scheduled to be paid as the final instalment. The final payment to the Grantee is subject to approval of the Project Completion Report and an audit report regarding the project in the format described in section 4.

**In case of advance payment**, the Grantee is responsible of filling up the advance payment request and sending it signed by the authorized person to the MFA. The template for the letter is attached to the Project contract as Annex III. The reasons why advance payment is needed shall be clearly stated, including and budget for how the advance payment is intended to be used.

When sending the reporting it is important to ensure that all the required documentation is submitted. The Grantee should ensure that the report is as clear as possible and that a third person can understand the calculations and reconcile the numbers in the report with the related vouchers without any difficulties.

If the MFA has to request missing documentation or clarification on the reporting, this will slow down the disbursement process. If all the documentation is in place, the disbursements should be made within 30 days of receiving the disbursement request.

As the requested funds have been received, the Grantee shall confirm the received amount to the MFA by sending a bank statement via email.

## **5. GRANTEE PROJECT AUDIT REPORT**

The Grantee shall appoint independent auditors for the project.

The project audits have to be performed by a legally authorized and certified audit firm and will have to present the firm's findings, risks and recommendations on the following aspects:

**Financial statements and documents verifications**, to insure

that:

- a) there is an acceptable endorsement document for each expense;
- b) all expenses have been made according to the project budget;
- c) budgetary deviations and reallocations are in line with these current guidelines and other instructions given by the MFA, furthermore clearly indicated and justified;
- d) all expenses are supported by appropriate original receipts and invoices as proofs of payment;
- e) expenses reimbursed by or charged to MFA do not include VAT that the GRANTEE can, or reasonable could, reclaim;
- f) all the original invoices, receipts or any other voucher issued to the Company's/Organization's name are stamped with the statement "Paid with funds of MFA"; and

- g) Expenditure is within reasonable range of costs benchmarked against rates specified in the project document, market prices and/or other acceptable industry or Government rates for professional fees, mileage compensation and daily subsistence allowances.

## **6. GRANTEE ELIGIBLE EXPENSES**

All expenditure must be necessary for the project and reasonable. All reimbursed costs are subject to discretion and their eligibility evaluated in relation to the project plan and project decision. Costs are only considered eligible, if proper procurement procedures have been followed, when products or services are sourced from another party.

### **6.1 Eligible expenses**

- a) products and services purchased from external service providers;
- b) costs related to the evaluation of project effectiveness and monitoring;
- c) acquisition costs of fixed assets necessary for project implementation (machinery, equipment, etc.), to the extent verified that no public assistance has been granted for their acquisition during the five previous years;
- d) rental or leasing costs of premises, machinery and equipment necessary for project implementation (including motor vehicles) if they result solely from the Project;
- e) general costs (indirect costs), e.g. costs resulting from the use of telephone calls, electricity or water, as well as accounting costs, rental and cleaning costs, office costs, when these can be shown to have occurred solely from the project (the allocation of indirect costs must be clearly demonstrated); and
- f) Audit costs.

### **6.2 Ineligible expenses**

Expenditure that is not based on the approved project plan or on financing decisions issued for the project or which has not been agreed on authoritatively with the Programme in project negotiations:

- a) merit pay, bonuses, fringe benefits and similar supplements to wages that are paid in addition to regular wage;
- b) general staff training;
- c) fines, penalty fees and legal expenses, except legal expenses that are related to the project and that has been approved in the budget;
- d) financing expenses: interest on loans, fees related to financing transactions, currency exchange fees and exchange rate losses;
- e) fees resulting from opening or managing an account, if providing the Grant does not specifically require this;
- f) value-added tax (VAT) that may be deducted or refunded, or compensated for in another way;
- g) fees related to customs clearance;
- h) expenditure without original receipts”;



- i) expenditure with professional fees, mileage rates, rental rates, etc. which have not been agreed authoritatively and in advance with the Programme; and
- j) Expenditure for equipment, installations and maintenance which do not comply with professionally acceptable standards in the country of implementation or with those presented in the project document.

## **7. OTHER IMPLEMENTATION RELATED RULES**

### **7.1 Repayment of unused funds**

Any amount, including interest, which has already been disbursed but has not been fully used by the end of the project, shall be paid back in the full amount as applicable.

### **7.2 Use of the MFA logo in project related material produced by the Grantee**

All printed or electronic documents related to the project prepared by the Grantee, either for promotional, information or other purposes, including project related information on the Grantee's website, will have to include the legend "Project financed by the Ministry for Foreign Affairs of Finland," and the corresponding logo, which will be provided by the Embassy of Finland in Dar es Salaam. Additionally, the document layout and illustrations shall be sent to the Embassy of Finland in Dar es Salaam for approval prior to printing and publication. In case the project is co-funded by other donors, the legend can be expanded to reflect such co-funding as appropriate.

### **7.3 Guidance and regulation from the Ministry**

The MFA and Embassy of Finland in Dar es Salaam as its representative has the right to provide additional information or guidance to the Grantee Company/Organization regarding the execution and financial management of the project as well as to issue further audit and audit report related specifications. The Grantee Company/Organization must comply with such further guidance and specifications.

### **7.4 Project related VAT**

The Project is not able to deduct or get the VAT paid refunded. The grant disbursed to the Grantee from the Project is, from the Ministry's behalf, considered to be a grant, not a payment for services provided by Grantee for the Project.

The Grantee is responsible for following the applicable VAT regulation in the country or countries where the project or the Grantee is located and chooses to deduct or apply for refunding of VAT for Project related expenses, if this is possible. The Grantee can only get funding from the Programme for VAT expenses, if the Grantee cannot choose to deduct or apply for refunding of the VAT for Project related expenses.

## ANNEX V

### PROGRESS REPORTING AND PAYMENT SCHEDULES

Progress reporting shall be made at regular intervals. The Applicant shall follow the payment and progress reporting schedule in line with their verifiable OSP process milestones. The financial payment schedule is a 3-month interval and that the progress reporting is done monthly.

#### 3.1 Financial reporting and payment schedule

<b>Milestone</b>	<b>Output or deliverables</b>	<b>Due date</b>	<b>Area, ha</b>	<b>Cost, €</b>	<b>Percentage of total cost, %</b>
Milestone 1, month x					
Milestone 2, month x					
Milestone 3, month x					
Milestone n, month x					

For each milestone state what outputs and deliverables shall be used as proof of successful completion of the milestone.

#### 3.2 Progress reporting

<b>Planned Outputs</b>	<b>Achieved Outputs, detailed description</b>	<b>Deviation</b>	<b>Reasons for Deviation</b>	<b>Remarks</b>
Output 1				
Output 2				
Output 3				
Output ..n				