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Specific Conditions (part I)	Grant Management Regime I	Date:	21.10.2019

## GRANT AGREEMENT

BETWEEN

THE NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION

AND

Nadácia INTEGRA (Integra Foundation)

REGARDING

KEN-21/0001, RENEWING THE KENYAN CASHEW VALUE CHAIN

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PART I: SPECIFIC CONDITIONS

PART II: GENERAL CONDITIONS

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ANNEX A: BUDGET

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## PART I: SPECIFIC CONDITIONS

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

- (1) The Norwegian Agency for Development Cooperation (Norad), represented by Section for Private Sector Development, and
  - (2) Integra Foundation, a non-profit organisation duly established in Slovakia under registration number 203/Na-96/346 and identification number (ICO) 31747493
- jointly referred to as the Parties.

### 1 SCOPE AND BACKGROUND

- 1.1 The Grant Recipient has submitted an application to Norad dated 07.08.2020 (the Application) regarding financial support to the project "Renewing the Kenyan cashew value chain", KEN/21-0001 (the Project). This is an application under the SP2020 Strategic partnership scheme. The estimated costs of the Project are indicated in the budget attached as Annex A to this Agreement with a Norad grant portion not exceeding NOK 28,389,896.
- 1.2 Norad has decided to award a grant to be used exclusively for the implementation of the Project (the Grant). The Parties expect the Project to be implemented during the period from 1 April 2021, to 1 April 2024 (the Support Period).
- 1.3 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 expected effect(s) on society is restoration of the cashew value chain in Kenya, increasing rural income and involving youth and women in the cashew sector (Impact).

The expected effects for the target group of the Project (Outcome) are:

- Improve discretionary income of 30,000 participating farmers over the original baseline by 15% over the four-year period and by 84%-112% over a ten-year period;
- Renew and increase producing, processing and exporting capacity of cashew industry in coastal Kenya by planting 1,200,000 seedlings over four years;
- Increase Kenyan cashew exports of processed cashew nuts to global markets by 30%;
- Increase in the number of farmers involved in the cashew industry with particular focus on attracting women (30%) and youth (10%).

The planned main products and/or services of the Project are (Outputs)

- Supporting 30,000 farmers with high-value cashew seedlings;
- Creating 280 jobs in agro-processing and nursery, and tree pruning;
- Involve 125 schools and 6,250 students in cashew value chain and training
- Increased volumes of raw cashew from pruned (4,800 MT) and new trees (1,200MT) during the four-year period.

The intended target group is small-hold farmers in the following Counties of Kenya: Kilifi, Kwale, Lamu. Estimated 30,000 farmers, of which 9,000 are women. A secondary target group are rural youth (under 30 years), who will be presented with a viable future alternative in farming, a total of 2,500 participants.

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 continuously identify, assess and mitigate any relevant risks associated with the implementation of the Project. The risk of potential negative effects of the Project in the following cases (Cross-Cutting Issues) shall always be included in the risk management of the Project:

- anti-corruption
- climate and environment,
- women's rights and gender equality, and
- human rights (with a particular focus on participation, accountability and non-discrimination)

3.4 The Grant Recipient shall immediately inform Norad of any circumstances likely to hamper or delay the successful implementation of the Project.

### 4 THE GRANT

4.1 The Grant shall amount to maximum NOK 28,389,896 (Norwegian Kroner twenty-eight million three hundred thousand eighty-nine eight hundred ninety-six).

4.2 Disbursement after the current calendar year is subject to Norwegian Parliamentary appropriations. Significant reductions in the Parliament's annual allocation to the relevant budget line may lead to a reduction in annual Grant allocations and/or in the total Grant amount. The annual Grant allocations must be confirmed by Norad following the Parliament's approval of the state budget for the relevant budget year. If the Grant amount is reduced the Grant Recipient must revise the implementation plan, budget and results framework correspondingly.

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

- 4.4 The Grant may be used to cover overheads/indirect costs up to a maximum of 7% of Norad's pro rata share of the incurred direct project costs of the Project.
- 4.5 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 shall be disbursed 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 Norad'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, minus 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. Norad 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 disbursement, the first/second disbursement each year is subject to Norad's receipt and approval of the progress report and financial report.
- 5.6 The Grant Recipient shall have a separate bank account exclusively for grants from Norad. All disbursements will be made to the following bank account:
- Name of the account: Integra Foundation  
Account no.: 2941058692  
IBAN no.: SK3511000000002941058692  
Name and address of the bank: Tatra Banka, Hodzovo Nam. 3,  
Bratislava, 850 05, Slovakia  
Swift/BIC code: TATRSKBX  
Currency of the account: EUR
- 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 Norad:
- a) A **progress report** covering the period from 1 April to 30 September 2021 shall be submitted to Norad by 31 October 2021. Thereafter, a financial report covering each six-month (1 October-

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31 March and 1 April-30 September) period shall be submitted within 4 weeks. The progress report shall include the content specified in article 2 of the General Conditions.

- b) A **financial report** covering the period from 1 April to 30 September 2021 shall be submitted to Norad by 31 October 2021. Thereafter, a financial report covering each six-month (1 October-31 March and 1 April-30 September) period shall be submitted within 4 weeks. 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 6.1 f) of the Specific Conditions.
- c) An **audit report** covering the annual financial statements of the Project shall be submitted to Norad by each year, beginning from 2022. 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. Ten Senses Africa shall also submit an audit report each year.
- d) An updated **implementation plan and budget** covering the period from January to December shall be submitted to Norad by 31 October 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 Norad no later than 3 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, Norad shall be informed immediately.

6.3 All implementation plans, budgets and reports shall be approved in writing by Norad 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). The auditor shall comply with all ISAs relevant to the audit, ref. ISA 200 (Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing), paragraphs 18 and 20. Of Particular relevance is ISA 240 (The Auditor's responsibility to Consider Fraud and Error in an Audit of Financial Statements), and ISA 800 ("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 Norad within the deadline indicated in article 6 of the Specific Conditions.

## 8 FORMAL MEETINGS

8.1 The Parties shall hold formal meetings at least once per year, tentatively in November and/or March each year 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.

- 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.
- 8.3 The Grant Recipient shall record main issues discussed, points of view expressed, and decisions made, in minutes from the meeting. The Grant Recipient shall submit the minutes to Norad no later than two weeks after the meeting for comments. The agreed minutes shall be signed by both Parties.

## 9 REVIEWS AND OTHER FOLLOW-UP MEASURES

- 9.1 A mid-term review focusing on progress to date shall be carried out by February 2023. 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 An end-term review focusing on results achieved by the Project shall be carried out by August 2024. 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.
- 9.3 If the Grant Recipient or another interested party initiates a review or evaluation of activities wholly or partly funded by the Grant, Norad shall be informed. The Grant Recipient shall forward a copy of the report of any such review or evaluation to Norad without undue delay.
- 9.4 On Norad's request, the Grant Recipient will arrange for field visits to the project site(s). Norad will notify about such a request with at least 7 days' notice.

## 10 PROCUREMENT

- 10.1 All procurement under the Project shall be completed in accordance with the Procurement Provisions in Part III of this Agreement.
- 10.2 If the total value of a contract exceeds NOK 500,000 the call for tenders/the shortlist of suppliers/the award criteria and their weighting/the procurement record and the signed contract shall be submitted to Norad for information. The Grant Recipient shall also confirm in writing that the requirements agreed on in article 10.1 have been fulfilled.

## 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 NOK 500 or more shall in its entirety be repaid to Norad 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:

Name of the account: Direktoratet for utviklingshjelp (Norad)  
Account no.: 7694.05.14815  
IBAN no.: NO31 76940514 815  
Name and address of the bank: DNB BANK ASA, N-0021 Oslo  
Swift/BIC code: DNBANKNOKKXXX

- 11.1 The transaction shall be clearly marked: "Unused funds". The name of the Grant Recipient shall be stated, along with Norad's agreement number and agreement title.

## 12 SPECIAL PROVISIONS

- 12.1 The Grant Recipient shall in accordance with Section 3.3 identify relevant risk factors that may adversely affect the implementation of the Project, including the risk of corruption and possible negative effects on the climate and environment, women, gender equality and human rights, anti-corruption. The risk assessment shall be included in the Final Report to Norad.
- 12.2 Norad expects the Grant Recipient and its partners to act in accordance with the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises on responsible business conduct.
- 12.3 General Conditions article 14 shall be replaced with the following: "The Grant Recipient shall make project documentation available to anyone upon request unless disclosure is prohibited by confidentiality obligations and/or if it may be detrimental to the Grant Recipient's legitimate interests. "Project documentation" shall include this Agreement and any contracts, cooperation agreement or other sub-agreements financed by the Grant, the Application and all agreed reports."
- 12.4 Salary to company employees that is included in the Budget in Annex A can be covered with a maximum approved hourly rate of NOK 800 per hour, or equivalent in the local currency. The hourly rates shall cover direct salary expenses, including social costs and be documented by timesheets. The hourly rate for external project staff is NOK 1600 per hour, or the equivalent in local currency. For other consulting services, the procurement shall take place according to Procurement Provisions in part III of this Agreement. Travel costs should follow the Norwegian official travel regulations. All travel and accommodations must be undertaken in the cheapest way possible and all airfares must be economy class. Accommodation is covered on actual incurred costs. The company can choose to increase the cost of travel beyond the official rates, but Norad cannot be billed for this

## 13 NOTICES

- 13.1 All communication to Norad concerning the Agreement shall be directed to the Section for Private Sector Development at the following address/e-mail address: Postboks 1303 Vika, NO-0112 Oslo, Norway / [post-naering@norad.no](mailto:post-naering@norad.no).
- 13.2 All communication to the Grant Recipient concerning the Agreement shall be directed to Integra Foudation at the following address/e-mail address: Dobšinského 3120/14, 811 05 Bratislava-Staré Mesto / [allan.bussard@integra.sk](mailto:allan.bussard@integra.sk).
- 13.3 Norad'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 also 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.

Place: Oslo, Norway

Date: 12.05.2021

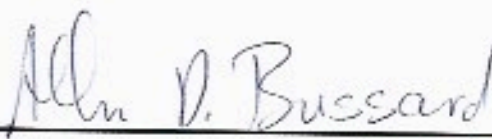


for the Norwegian Agency for Development  
Cooperation,

Kim Kristmoen

Acting Assistant Director

Section for Private Sector Development



for Integra Foundation,

Allan Bussard

Chief Executive Officer

Attachments:

Annex A: Approved budget for the Project  
Annex B: Results framework (attached separately)

**Nadácia INTEGRA**

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## Annex A. Budget\*

\*Note: this is a summary of the Project's budget. A detailed activity-based budget was submitted to Norad by Integra Foundation 13.04.2021

### Renewing the Kenyan Cashew Value Chain

NOK

#### Summary of key data

Budget Summary NOK	year 1	year 2	year 3	year 4	totals
Rec'd funding	11 458 241	8 232 244	5 294 105	3 404 805	28 389 395
Collaboration	3 280 740	2 004 457	4 943 085	6 948 790	17 177 072
Total	15 438 982	10 237 201	10 237 201	10 353 595	46 266 940

Infrastructure contribution as % of entire budget	NOK	%
Norad	3 105 461	6,01 %
Integra/TSA	3 305 173	7,38 %
Total budget	46 266 940	

Budget categories NOK	year 1	year 2	year 3	year 4	totals	%
Personnel	4 750 762	2 212 830	2 312 890	2 312 830	20 489 292	57,25 %
External consultants	555 881	303 781	301 701	378 508	1 539 871	3,35 %
Travel	204 274	380 230	104 230	354 214	1 438 948	3,11 %
Infrastructure	6 809 097	0	0	0	6 809 097	14,90 %
Other	2 564 853	1 775 885	1 775 885	1 800 004	7 916 540	17,12 %
Sub-total	14 705 797	6 769 715	9 249 715	9 840 514	44 065 761	95,24 %
Indirect costs 5%	735 190	487 485	487 485	493 027	2 203 188	4,76 %
Total	15 418 982	10 237 201	10 237 201	10 353 566	46 266 940	100,00 %

TSA Key business financial projections	2021	2022	2023	2024	2025	2026
Operating revenues	\$ 105 699	\$ 456 894	\$ 1 203 210	\$ 2 128 825	\$ 3 442 693	\$ 4 538 534
Gross margin	\$ 42 745	\$ 178 305	\$ 507 790	\$ 846 268	\$ 1 410 129	\$ 1 868 225
Net result income	\$ 583 862	\$ (80 414)	\$ (130 180)	\$ 105 288	\$ 237 473	\$ 487 635
Net result income NOK	4 977 368	-101 044	1 396 118	892 573	2 024 426	4 098 991
Cumulative cash flow USD	\$ 583 862	\$ 720 265	\$ 712 845	\$ 599 849	\$ 1 309 037	\$ 2 006 388
Cumulative cash flow NOK	4 977 368	6 054 916	6 247 428	8 523 612	11 926 054	17 304 255

Key Performance Indicators	2021	2022	2023	2024	2025	2026
Number of containers	1	4	10	16	24	30
Total nuts in shell (NIS) in kg purchased	118 667	466 667	1 076 921	1 800 000	2 480 000	3 000 000
Total exports in kg	14 000	50 000	140 000	224 000	336 000	420 000
Fair Trade Social Premium payments	\$ 1 078	\$ 8 624	\$ 29 852	\$ 50 186	\$ 120 880	\$ 158 600
Organic Premium payments RTS	128 338	1 078 000	3 926 175	6 149 680	16 044 683	21 058 646
Number of farmers in program	15 000	18 750	22 500	26 250	30 000	30 000
Average increased annual revenue per farmer (NIS)	6 000	8 663	12 008	14 708	20 474	46 129
Total increased farmer revenue (NIS)	90 000 000	162 423 875	270 180 063	386 025 173	794 211 784	1 386 870 627

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Outcome	Indicator	Target	Actual	Comments
Outcome 2.1	Increased capacity of course industry course MFA	Number of new and existing course MFA	200	200
	Increased volume of new course MFA	Volume of new course MFA	200	200
Outcome 2.2	Established system for processing high volume of course product	Volume of course product	100	100
	Increased volume of course product	Volume of course product	100	100
Outcome 3.1	Increased the number of business involvement in the course industry with particular focus on attracting women and youth	% of women in overall number of course industry	30%	30%
	Increased the number of business involvement in the course industry with particular focus on attracting women and youth	Number of business involvement in the course industry	10	10
Outcome 3.2	Increased the number of business involvement in the course industry with particular focus on attracting women and youth	% of women in overall number of course industry	30%	30%
	Increased the number of business involvement in the course industry with particular focus on attracting women and youth	Number of business involvement in the course industry	10	10
Outcome 3.3	Increased the number of business involvement in the course industry with particular focus on attracting women and youth	% of women in overall number of course industry	30%	30%
	Increased the number of business involvement in the course industry with particular focus on attracting women and youth	Number of business involvement in the course industry	10	10
Outcome 4.1	Increased the number of business involvement in the course industry with particular focus on attracting women and youth	% of women in overall number of course industry	30%	30%
	Increased the number of business involvement in the course industry with particular focus on attracting women and youth	Number of business involvement in the course industry	10	10
Outcome 4.2	Increased the number of business involvement in the course industry with particular focus on attracting women and youth	% of women in overall number of course industry	30%	30%
	Increased the number of business involvement in the course industry with particular focus on attracting women and youth	Number of business involvement in the course industry	10	10

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