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Specific Conditions (part I)	Grant Management Regime I	Date:	01.03.2016

GRANT AGREEMENT

BETWEEN

THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

AND

GENEVA CENTRE FOR THE DEMOCRATIC CONTROL OF ARMED
FORCES (DCAF)

REGARDING

RER-18/0018, Regional Police Co-operation and Integrity Building in the
Western Balkans (PCIB)

PART I: SPECIFIC CONDITIONS

PART II: GENERAL CONDITIONS

PART III: PROCUREMENT PROVISIONS

ANNEX A: BUDGET

ANNEX B: RESULTS FRAMEWORK

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PART I: SPECIFIC CONDITIONS

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

- (1) The Norwegian Ministry of Foreign Affairs (MFA), and
- (2) Geneva centre for the democratic control of armed forces (DCAF), an international foundation duly established in Switzerland under registration number CHE-109.458.452 (the Grant Recipient), jointly referred to as the Parties.

1 SCOPE AND BACKGROUND

- 1.1 The Grant Recipient has submitted an application to MFA dated 17.4.2018 regarding financial support to the project titled Regional Police Co-operation and Integrity Building in the Western Balkans (PCIB), PTA agreement number RER-18/0018. (the Project). The estimated costs of the Project are indicated in the budget attached as Annex A to this Agreement.
- 1.2 MFA 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 01 December 2018 to 30 November 2021 (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 planned effect (impact) on the society is:

The Regional Police Cooperation and Integrity Building Programme (PCIB) will contribute to security of Western Balkans, its people and the wider European security space, within a framework of democratic governance, rule of law and respect for human rights and aligned with the Euro-Atlantic integration process. PCIB has two complementary outcomes - the first will build strategic and operational capacities to prevent, detect and fight cross-border organized crime and the second will assist beneficiaries in implementing strategic and operational measures to effectively tackle corruption and to build police integrity in line with internationally recognized standards. The PCIB will augment the capacities of agencies to systematically deliver in-service training on police integrity, human rights, gender equality, non-discrimination and democratic policing to all their law enforcement staff.

The planned effects for the target group of the Project are:

The Regional Police Cooperation and Integrity Building Programme in Western Balkans (PCIB) will target the Western Balkan countries (WBC) aspiring to become members of European Union (EU) and/or NATO. The main objective of PCIB is to enhance regional cooperation and strengthen good governance and rule of law and key capacities within law enforcement departments in the fight against national and transnational cross-border organized crime and corruption. The PCIB aims to harmonise regional law enforcement standards with the EU acquis and best practices, aiding in the fulfilment of EU membership conditions as well as enhancing the security of WBC and their people within a framework of democratic governance, rule of law and respect for Human Rights.

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The planned main products and/or services of the Project are:

The objectives of PCIB will be achieved by complementary interventions at the political, strategic and operational levels. PICB will respond to current and future needs in Western Balkans (WB). Regional police cooperation will be strengthened by supporting effective implementation of the Police Cooperation Convention Southeast Europe (PCCSEE), focusing on specific priorities identified under the EU-initiated Integrative Internal Security Governance (IISG) policy cycle. The PCCSEE is a treaty signed between five EU Member States and six non-EU Countries that provides a broad police cooperation toolkit equivalent to that available within the EU. Ministers of Interior of the WB region have identified a number of operational priority areas where cross-border cooperation needs to be enhanced. These priority areas are part of the multiannual Integrated Plans of Action of the IISG policy cycle, which have been adopted by the Ministers. PCIB will contribute to four operational priority areas related to the fight against (1) trafficking in human beings and smuggling along the Balkan route, (2) illicit trafficking of cultural goods, (3) travel document forgery, and (4) mobile organized crime groups. Concrete mechanisms will be put in place to guarantee effective exchange of information on both the strategic and operational levels (i.e. establishment of police and customs cooperation centers, organizing joint training and implementing joint operations). PCIB will also focus on strategic and operational interventions to increase the effectiveness of the fight against corruption and to build integrity in law enforcement agencies in WB. PICB will aid beneficiaries in developing, revising and implementing action plans to increase organizational capacity to prevent, investigate and support the prosecution of corruption. Special attention will be given to strengthening the capacity of internal control and professional standards units of respective organizations. The training institutions will play a key role in ensuring the sustainability of PCIB's results. Curriculum development and training capacities will be built to allow the knowledge and skills to be transferred to current and future generations of law enforcement agents. Other state and non-state institutions that play a role in external oversight and control of police will also be asked to participate in the process to increase effectiveness in the fight against corruption and to support integrity building within law enforcement agencies. Although the main focus of the programme will be on strengthening regional law enforcement cooperation in the fight against organized cross-border crime and corruption, gender equality and women's rights, human rights, integrity building, Euro-Atlantic integration and the environment will be also addressed throughout the entire programme.

The intended target group is:

The main beneficiaries will be border police, customs and investigation departments, anti-corruption and internal control departments and respective law enforcement and training institutions from Western Balkans.

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.

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- 3.4 The Grant Recipient shall be familiar with UN Security Council Resolution 1325 on women, peace and security (s/res/1325 (2000)), and implement the Project in a way that promotes the intentions of the resolution in the best possible way. A statement on how the intentions of this resolution have been addressed shall be included in the progress reports and final report of the Project.

4 THE GRANT

- 4.1 The Grant shall amount to maximum NOK 16,1498 mill. (Norwegian Kroner sixteen million onehundred and forty-nine thousand eighthundred).
- 4.2 Disbursement after the current calendar year is subject to Norwegian Parliamentary appropriations.
- 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 5% of the actual 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 MFA's receipt of written disbursement requests from the Grant Recipient, describing the financial need for the period in question. The first disbursement shall include approved Project expenses incurred prior to the signing of this Agreement.
- 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. MFA 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 disbursements each year are subject to MFA's receipt and approval of the progress report and financial report.

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- 5.6 The Grant Recipient shall have a bank account exclusively for grants from MFA. This account includes this grant project as well as other MFA grants to DCAF. All disbursements will be made to the following bank account:

Name of the account:	Centre pour le Contrôle Démocratique des Forces Armées
Account no.:	876841-22-10
IBAN no.:	CH63 0483 5087 6841 2201 0
Name and address of the bank:	CREDIT SUISSE SA, CH 1211 Genève 70
Swift/BIC code:	CRESCHZZ80A
Currency of the account:	NOK

- 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 MFA:

- a) A **progress report** covering the period from January to June shall be submitted to MFA by **15th July** each year. The progress report shall include the content specified in article 2 of the General Conditions. MFA's standard reporting format shall be used. The first report shall include the month of December 2018.
- b) A **financial report** covering the period from January to June shall be submitted to MFA by **15th July** 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 6.1 f) of the Specific Conditions.
- c) An updated **implementation plan and budget** covering the period from January to December shall be submitted to MFA by **31st March** each year, together with the Annual Report and Audit report in reference in point e). The implementation plan and budget shall include the content listed in article 1 of the General Conditions.
- d) The **annual report and audit report** of the Grant Recipient shall be submitted to MFA by **31st March** each year, except in 2019, due to the start of the project (1 December 2018). If the auditor in addition submits a management letter (matters for governance attention) this shall be attached to the audit report. 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.
- e) A **final report** for the Support Period shall be submitted to MFA no later than **4 months** after the end of the Support Period. The final report shall include the content listed in article 4 of the General Conditions. MFA's standard reporting format shall be used.

- 6.2 If the Grant Recipient is unable to meet the deadlines set out above, MFA shall be informed immediately.

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

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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 MFA 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 between 15 June -15 July 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.
- 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 meeting. The Grant Recipient shall submit the minutes to MFA no later than two weeks after the meeting for comments. The agreed minutes shall be signed by both Parties.
- 8.4 The Parties shall hold formal meetings if/when requested by MFA. Details regarding agenda and procedures will be agreed upon by the Parties.

9 PROCUREMENT

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

10 REPAYMENT OF INTEREST AND UNUSED FUNDS

- 10.1 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 MFA 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.
- 10.2 Repayments shall be made to the following bank account:

Name of the account:	Norwegian Ministry of Foreign Affairs
Account no.:	7694 05 12 618
IBAN no.:	NO83 7694 0512 618

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Name and address of the bank: DnB ASA, 0021 Oslo, Norway
Swift/BIC code: DNBANOKK

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

11 NOTICES

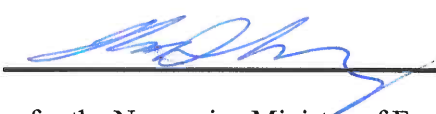
- 11.1 All communication to MFA concerning the Agreement shall be directed to the Section for South East Europe at the following e-mail address: sorosteuropeisk.seksjon@mfa.no
- 11.2 All communication to the Grant Recipient concerning the Agreement shall be directed to Mr. Paulo Costa at the following e-mail address: p.costa@dcaf.ch
- 11.3 MFA's agreement number and agreement title shall be stated in all correspondence regarding this Agreement, including disbursement requests and repayment of unused funds.

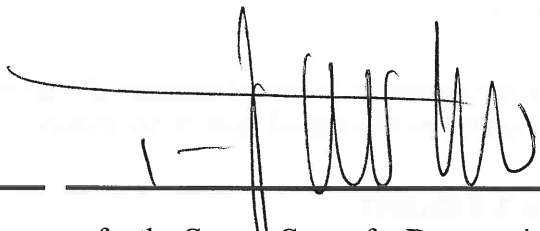
12 SIGNATURES

- 12.1 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.
- 12.2 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

Date: 6 November 2018


for the Norwegian Ministry of Foreign Affairs,


for the Geneva Center for Democratic Control of Armed Forces (DCAF),

Haakon Blankenborg
Director
Section for South East Europe

Thomas Guerber
Ambassador, Director

Attachments:

Annex A: Approved budget for the Project
Annex B: Results framework