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ZAM-08-019
ZAM-3037

CONTRACT

between

THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS (MFA)

and

ZAMBIA NATIONAL FARMERS' UNION (ZNFU)

regarding

**Reversing Food Insecurity and Environmental Degradation in
Zambia through Conservation Agriculture**

WHEREAS the Norwegian Ministry of Foreign Affairs (MFA) has supported the Conservation Farming Unit (CFU) of the Zambia National Farmers' Union (ZNFU) through a contract on "Norwegian Assistance to Agricultural Sector Development in Zambia" (through silent partnership with the Netherlands Embassy) contract dated 21st April 2004, "Partial Funding of Conservation Farming Unit" contract of August 1996, "Partial Funding of Conservation Farming Unit" contract dated 11th April 1997, "Support to Conservation Farming Unit 1998 – 2000", through a contract dated 11th February 1998, and "Support to Conservation Farming Unit Phase II 2001 – 2003", through a contract dated 11th September 2001.

WHEREAS other agreements currently supported by the Embassy, which relate to this Project include the Agricultural Support Programme (through a silent partnership with Sweden), contract dated 29th June 2006 and) Community Markets for Conservation (COMACO) with Programme Against Malnutrition (PAM) and Wildlife Conservation Society (WCS), contract dated 9th December 2005.

WHEREAS the Conservation Farming Unit of the Zambia National Farmers' Union has in a letter dated August 2006 requested MFA for financial support to "Reversing Food Insecurity and Environmental Degradation in Zambia through Conservation Agriculture" (the Project).

As described in Clause 4.13, MoUs will be entered into with Golden Valley Agricultural Research Trust, (GART) Zambia, Noragric at the University of Life Sciences in Norway, and the Ministry of Agriculture and Cooperatives, Zambia (MACO).

WHEREAS MFA has decided to comply with the request, and the two parties agree as follows:

1. Scope and objectives

- 1.1. *This Contract sets forth the terms and procedures for MFA's assistance to the Project as outlined in the Agreed Project Summary in Annex I and further described in the Project Document "Reversing Food Insecurity and Environmental Degradation in Zambia through Conservation Agriculture", dated October 2006.*
- 1.2. The Goal of the Project is to increase food security and profitability, enable appropriate responses to emerging economic opportunities, and encourage environmental regeneration and reforestation.

The Purpose of the Project is to increase the number of smallholder farmers in 12 districts of Southern, Central, Eastern and Western Provinces of Zambia that practise Conservation Farming and Conservation Agriculture.

2. Representation – Cooperation

- 2.1 The Norwegian Embassy in Lusaka (the Embassy) is as part of MFA, competent to act on behalf of MFA. All communication to MFA in regard to this Contract shall be directed to the Embassy.

ZNFU shall on all matters related to the implementation of the project covered by this contract be represented by the Conservation Farming Unit (CFU) of ZNFU, unless otherwise stated in the Contract.

- 2.2 The Parties shall communicate and cooperate fully with the aim to ensure that the Goal and Purpose are successfully achieved.

3. Contributions of MFA

- 3.1. MFA shall, subject to Parliamentary appropriations, make available a financial grant not exceeding NOK 146 mill (Norwegian Kroner *One hundred and forty six million* (the Grant) to be used exclusively to finance the Project during the planned project period from 1st December 2006 to 31st December 2011.
- 3.2. Upon completion of the Project, any unutilised funds, including accrued interests, shall be returned to the Embassy, unless the Parties have agreed in writing upon the utilisation of such funds.

4. Obligations of the Conservation Farming Unit of the ZNFU

The CFU of the ZNFU shall:

- 4.1. Carry out the Project on the basis of Annex I, the budget, the time schedule and the Project Document. Any revisions have to be agreed upon in advance in writing.
- 4.2. Ensure that studies are carried out, in order to determine:
 - a) sustainability,
 - b) social and economic impact of the Project on beneficiaries,
 - c) environmental impact of the Project,
 - d) cost-efficiency of the Project,
 - e) performance of the Project in impacting the livelihoods of the target beneficiaries.
- 4.3. Ensure the establishment of a monitoring system,
- 4.4. Procurement of inputs and major capital equipment will be done by open public tender where invitations are made to the public to participate in the tender. An open and transparent system of awards to suppliers will be conducted to identify the suitable supplier for needed goods and services. Procurements for the project will be undertaken in the same manner, however, with other less valuable items, the internal procurement system of the organisation, on the basis of qualitative and cost effective quotations, will be used,
- 4.5. Meet all additional expenses that may be necessary for the completion of the Project, where these are appropriate,
- 4.6. Ensure that Project funds are properly accounted for and keep available for immediate inspection all accounting records, systems and all relevant documentation,
- 4.7. Keep MFA informed as to the name of the auditor of the Project and keep MFA informed about plans for major organisational changes,
- 4.8. Provide copies to MFA of reports submitted to relevant authorities pertaining to the Project,
- 4.9. Promptly inform MFA in writing of any condition which interferes or threatens to interfere with the successful implementation of the Project,
- 4.10. Be responsible for entering into sub-contracts with partner organisations for the successful implementation of the Project,
- 4.11. Organise activities in such a way as to combat corruption and irregularities, refuse any form of gift, offer, payment or benefits that entail illegal or corrupt practice,

4.12. Guarantee that funds made available in accordance with this Contract are not used in violation of relevant UN conventions and resolutions of the UN Security Council,

4.13. Enter into the following contracts/MoUs with:

- Golden Valley Agricultural Research Trust (GART), Chisamba, Zambia, as a main collaborating partner in the implementation of the project's research and development activities, in accordance with Article 4.1.
- Noragric, at the University of Life Sciences in Norway, with a particular focus on the design, establishment and implementation of a comprehensive monitoring and evaluation system for the Project, in accordance with Article 4.1.
- Ministry of Agriculture and Cooperatives (MACO), Lusaka, Zambia, for the provision of training services, in accordance with Article 4.1.

A copy of the draft contracts shall be submitted to Norway for approval before they are signed.

5. Disbursements

5.1. Disbursements from the Grant shall take place upon semi-annual written requests from the CFU of the ZNFU based on the financial needs of the Project and, with exception of the first request, on approved work plans and budgets. Disbursements from the Grant shall be made within one month of approval of the required documents provided semi-annually and annually by the CFU of the ZNFU.

Further, along with the requests, except the first request, the CFU of the ZNFU shall state the cash balance of the Project and submit a statement of bank balances for the Project from the bank.

When determining the amount to request, the CFU of the ZNFU shall take into account unspent disbursed amounts and income from all sources as well as any accrued interests.

5.2. Funds will be transferred upon the Embassy's approval of the request to a separate bank account of the CFU of the ZNFU, in accordance with Clause 5.1, and will be available for the Project immediately.

The CFU of the ZNFU shall immediately, in writing, acknowledge receipt of the funds. The date of receipt shall be stated as well as the exchange rate applied.

6. Reporting

6.1. The CFU of the ZNFU shall submit the following reports / documentation to the Embassy;

- An annual progress report within February each year,
- Audited financial statements for the Project showing receipts/income and expenditures as well as the cash/bank/financial position of the Project within February each year,
- The audited annual financial statements of the CFU of the ZNFU, as a whole, within February each year,
- A budget and work plan for the coming year within November each year with an updated revolving plan for the entire Project period,
- A brief semi-annual progress report and statement of accounts, covering the first half of the year, within July each year,
- A final report for the whole Project period, as well as audited financial statements from end of the previous audit until completion of the Project within January 2012.

6.2. The annual progress report shall include the following information:

- A description of actual outputs compared to planned outputs (normally defined in annual work plans),
- A brief summary of the use of funds compared to budget,
- An assessment of the efficiency of the Project (a measure of how efficiently resources/inputs are converted into outputs),
- An explanation of major deviations from the plan,
- An assessment of problems and risks (internal or external to the Project) that may affect the success of the Project,
- An assessment of the need for adjustments to activity plans and/or inputs and outputs, including actions for risk mitigation.
- When feasible, a brief assessment of achievements in relation to purpose.

The semi-annual progress reports shall be brief and shall focus on major deviations from plans.

6.3. The final report shall include the following information:

- The topics listed in Clause 5.2 above,
- An assessment of the effectiveness of the Project, i.e. the extent to which the purpose has been achieved,
- An assessment of impact (if possible), i.e. the changes and effects positive or negative, planned and unforeseen of the Project seen in relation to target groups and others who are affected,
- An assessment of the sustainability of the Project, i.e. an assessment of the extent to which the positive effects of the Project will still continue after the external assistance has been concluded.
- A summary of main "lessons learned".

- 6.4. The Embassy shall respond in writing within four weeks after the receipt of the reports and documentation. The Embassy shall approve the work plans and budgets in writing, within four weeks of their submission.

7. Audit

- 7.1. The annual financial statements of the Project shall be audited by an independent professional accountant (auditor) or a recognised auditing firm acceptable to MFA. The audit shall at least cover the issues mentioned in the Terms of Reference in Annex II to the Contract. The CFU of the ZNFU shall submit to the Embassy the audit report and any other report from the auditor significant to the implementation of the Project within February each year. The CFU of the ZNFU shall comment upon the auditor's findings. The Embassy shall respond within four weeks upon receipt of the report.
- 7.2. The Embassy may appoint an independent auditor to undertake the audit if deemed necessary. Audits may also be carried out by the Norwegian Auditor General as and when deemed necessary.

8. Meetings and reviews

- 8.1. Formal semi-annual meetings shall be held in February and October each year unless otherwise agreed in writing. The meetings shall be called and chaired by the ZNFU. The purpose of these meetings is to discuss the progress of the Project, including results and fulfilment of agreed obligations, to discuss and, if feasible, approve documentation submitted according to Clause 6 above, as well as to discuss issues of special concern for the implementation of the Project, e.g. risk management. Central elements of the discussion and all decisions from the consultations shall be recorded in agreed minutes.
- 8.2. A mid-term review focussing on progress to date and the effectiveness of the Project, i.e. the extent to which the Purpose is being/has been achieved, shall be completed and a report submitted by August 2009.

A final evaluation shall be carried out during the last year of the project. An assessment of the Project's impact may also be included in the reviews.

The cost of the mid-term review shall be covered by the Grant, and the cost of the final evaluation shall be covered by the Embassy over and above the Grant.

- 8.3. The Embassy reserves the right to carry out independent reviews or evaluations of the Project as and when the Embassy deems it necessary. The cost for such reviews will be covered by funds over and above the Grant.

9. Corruption

- 9.1. The Parties commit themselves not to accept, either directly or indirectly, as an inducement or reward in relation to the execution of the Contract, any kind of offer, gift, payments or benefits, which would or could be construed as illegal or corrupt practice.

- 9.2. The Parties further agree to cooperate on preventing corruption within and through the Project, and undertake to take rapid legal action to stop, investigate and prosecute in accordance with applicable law any person suspected of misuse of resources or corruption.
- 9.3. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to the Project.

10. Breach of Contract

- 10.1. If the CFU of the ZNFU fails to fulfil its obligations under this Contract, or if any major organisational changes are found to be contradictory to the objectives of the Project, MFA may, upon consultations with the CFU of the ZNFU cancel this Contract and claim repayment or withdraw the total or a portion of the funds provided to the Project.
- 10.2. MFA will cancel this Contract or portion of this Contract and have the right to demand the cancellation of any contract financed under this Contract with immediate effect if it determines that corrupt or fraudulent practices were engaged in by representatives of the CFU of the ZNFU or of a beneficiary of the aid funds during procurement or during the execution of the contract without the CFU of the ZNFU having taken timely and appropriate action satisfactory to the Embassy to remedy the situation.

11. Entry into force – Termination - Disputes

- 11.1. This Contract shall enter into force on the date of its signature, and shall remain in force until both Parties have fulfilled all obligations arising from it, but not further than 31st December 2011
- 11.2. Notwithstanding the previous clause, each Party may terminate the Contract upon three months' written notice.
- 11.3. In any case of termination of the Contract, the CFU of the ZNFU shall exert its best efforts to bring the Project to an end in a rapid, orderly and economical manner as regard to the use of the funds from MFA, the CFU of the ZNFU shall not commit the Project economically as regard to the use of funds from the date of the receipt of the notice of termination. Any unspent funds not committed for by the date of the receipt of the notice of termination, shall be returned to MFA without delay.
- 11.4. If any dispute arises relating to the implementation or interpretation of this Contract, the Parties shall consult with a view to reaching a solution.

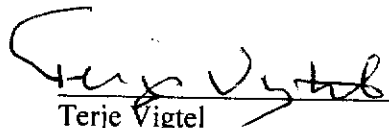
Any disputes that cannot be solved amicably shall be referred to the competent Zambian court and settled in accordance with Zambian law. The court venue shall be Lusaka.

This Contract is drawn in duplicate with one copy for ZNFU and one copy for MFA.

Place: Lusaka Date: 5/12/06 Place: Lusaka Date: 5/12/06

For the Norwegian Ministry of
Foreign Affairs:

For Zambia National Farmers' Union



Terje Vigtel
Ambassador



Songowayo Zyambo
Executive Director

Annexes:

- Agreed Project Summary
- Terms of Reference for Audit

ANNEX I

AGREED PROJECT SUMMARY

1. Identification of the Project

- Project Title/Name: **Reversing Food Insecurity and Environmental Degradation in Zambia Through Conservation Agriculture**
- Implementing institution: Conservation Farming Unit of the Zambia National Farmers' Union
- Subcontractors:
 - Noragric at the University of Life Sciences, Norway
 - Golden Valley Agricultural Research Trust (GART), Zambia

2. Description of the Project

2.1. Goal

To increase food security and profitability, enable appropriate responses to emerging economic opportunities, and encourage environmental regeneration and reforestation.

2.2. Purpose

To increase the number of smallholder farmers in 12 districts of Southern, Central, Eastern and Western Provinces of Zambia that practise Conservation Farming and Conservation Agriculture

2.3. Outputs

The Project has eight main outputs:

1. Development and support of an effective farmer demonstration and training system;
2. Facilitation of an effective incentive scheme for Farmer Coordinators (FCs) and Contact Farmers (CoFs);
3. Development and provision of comprehensive Conservation Agriculture (CA) Starter Packs;
4. Improving and strengthening of the knowledge, capacity and skills of the Ministry of Agriculture and Cooperatives (MACO) extension staff to expand the promotion of Conservation Farming (CF) and CA;
5. Supplementing and strengthening the promotion of CF and CA technologies through research and development;
6. Information dissemination, networking and knowledge transfer;
7. Creating an enabling policy environment; and
8. Determination of a pathway to enable programme beneficiaries to access carbon credits through the Kyoto Protocol Clean Development Mechanism.

2.4. Inputs

- CFU and MACO field extension staff;
- 400 Farmer Coordinators, 4,000 Contact Farmers, 60,000 Associated Farmers;
- Training materials and timetable;
- CoFs' and FCs' incentives;
- Chaka hoes;
- Magoye Rippers;
- Bicycles;
- Cassava cuttings;

- *Jatropha* seed;
- *Faidherbia* seed and sleeves;
- Fruit tree seeds;
- Sweet potato vines;
- MACO nutritionist staff;
- Inputs for trials;
- CF equipment training protocols and manufacturing guidelines;
- Equipment for processing of guar (and supply of beans for processing);
- Technical assistance for the development of a comprehensive monitoring and evaluation system; and
- Technical assistance specialising in carbon credits and satellite imagery

2.5. Main indicators

The indicators listed in this section are provisional conditional on the outcome of the review to be carried out by the monitoring team, one of the objectives of which being to ensure that the LFA is an appropriate basis for evaluation of the project. Based on the outcome of this component of the review, the indicators listed in this section may require modification.

2.5.1. Indicators of Achievement of Project's Goal

- Within five seasons, 20% of farming families in programme areas have sufficient farm-produced food available, of adequate nutritive quality, to satisfy the household's needs between 1st October and 30th April;
- 20% of the 330,000 farming families in programme areas receive a 40% increase in income through the sale of crops after five seasons, whilst still satisfying the household's food needs;
- 7.5% of the 330,000 farming families farmers in programme areas hire labour to assist with land preparation, weeding and/or harvesting, after five seasons;
- After five seasons 20% of the 330,000 farming families in the programme areas have 10% more organic matter in their soils;
- After 10 years, 20% of the 330,000 farming families in programme areas are receiving income from the sale of *Jatropha* seed; and
- After five seasons, abandonment of exhausted land in favour of new land, by farming families in programme areas, is reduced by 20%.

2.5.2. Indicators of Achievement of Project's Purpose

- 60,000 smallholder farmers, of whom 30% are females, in programme areas practising CF on at least 50% of their annually cropped land within five years of the initiation of the programme;
- 60,000 farmers in programme areas have each established 200 *Faidherbia* trees in their fields after five seasons;
- 60,000 farmers in programme areas have each grown 500m of hedges / wind breaks after five seasons;
- After five seasons, 60,000 farmers, of whom 30% are females, in programme areas have increased their whole-farm production by 40%;
- After five seasons, 60,000 farmers, of whom 30% are females, in programme areas are producing 25% more cereals, legumes and cotton for sale, whilst still satisfying the household's food needs;

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- Within five seasons, 60,000 farmers in programme areas have adopted a crop rotation system comprising at least three crops, including one legume, on their farms;
- Within five seasons, 18,000 female farmers in programme areas have their own food security garden;
- After five years, 70% of the major organisations promoting Conservation Agriculture in Zambia are members of the Conservation Agriculture Association;
- After five years, Conservation Agriculture Association members have increased budgetary allocations for Conservation Agriculture activities by 25%; and
- After five years, Conservation Agriculture technical guidelines between all Conservation Agriculture Association members established.

2.5.3. Indicators of Achievement of Project's Outputs

Output 1: Farmer Demonstration and Training

- 1.1 64,400 Lead Farmers trained;
- 1.2 At least four different training sessions held for Lead Farmers p.a.;
- 1.3 30% field day attendees are female; and
- 1.4 400 demonstration plots established.

Output 2: Incentive Scheme for FCs and CFs

- 2.1 400 FCs received specified incentives; and
- 2.2 4,000 CFs accessed seasonal incentives.

Output 3: CA Starter Packs

- 3.1 19,500 farmers received elite cassava cuttings;
- 3.2 19,500 farmers received Jatropha seed;
- 3.3 120,000 farmers received *Faidherbia albida* seeds and sleeves;
- 3.4 500 cassava winter nurseries established;
- 3.5 500 sweet potato winter nurseries established; and
- 3.6 13 small-scale tree seedling nurseries established.

Output 4: Strengthening of MACO extension services

- 4.1 1,000 MACO extension staff trained; and
- 4.2 400 FCs attended training by MACO nutritionists.

Output 5: Research and Development

- 5.1 51 on-farm and on-station cropping trials established; and
- 5.2 Establishment of guar processing site.

Output 6: Information Dissemination, Networking and Knowledge Transfer

- 6.1 CA Association established;
- 6.2 Accreditation and training programme established;
- 6.3 Development of a database of organisations promoting CF/CA;
- 6.4 130,000 CF/CA technical handbooks;
- 6.5 64,400 of each of three distinct leaflets;
- 6.6 2,500 GART yearbooks produced per annum;
- 6.7 50,000 technical factsheets/"how-to" brochures per annum;
- 6.8 8 on-station and on-farm field days held per annum; and
- 6.9 Annual field day at Chisamba, Magoye and Batoka facilitated.

Output 7: Creating an Enabling Policy Environment

- 7.1 ZNFU reports on programme activities in 25% of the issues of the “*Zambian Farmer*” published over the duration of the programme;
- 7.2 Programme features prominently at each ZNFU annual congress;
- 7.3 Three television documentaries produced and broadcast nationally; and
- 7.4 Four formal presentations on the programme facilitated.

Output 8: Access to Carbon Credits

- 8.1 Technical assistance contracted; and
- 8.2 Report detailing carbon credit opportunities for farmers produced, and updated annually

2.6. Major risk factors (internal and external)

The major risk factors are:

- Market for *Jatropha* seed continues to develop in Zambia;
- Processing plants and efficient markets for biodiesel are established;
- Markets for cash crops cultivated by smallholders remain viable;
- Adequate rainfall patterns prevail;
- Price relations between input and output prices remain within acceptable range;
- No social, commercial or political disruption to agricultural activity;
- Cotton buyers/processors continue to operate with smallholders in Zambia;
- Conservation Agriculture Association members able to raise profile of Conservation Agriculture amongst donor agencies
- Identified farmers are willing and able to participate in the programme;
- Sufficient funds are repaid into the Dunavant/CIRFS revolving funds each year (to ensure continuation of incentive scheme for Contact Farmers);
- SCCI certified seeds and cuttings required for CA starter packs are available, and are available in good time;
- MACO extension staff and nutritionists are willing and able to participate in the programme;
- Adequate market opportunities available for small-scale farmers for cultivation of new crops e.g. guar;
- Organisations involved in promoting CF will respond favourably to CA Association;
- Organisations involved in promoting CF will be receptive to new and existing CF/CA recommendations; and
- Enabling environment exists for programme beneficiaries to access carbon credits.

2.7 Five year summary budget

BUDGET SUMMARY	des.06	07	08	09	10	11	TOTAL
	ZMK	ZMK	ZMK	ZMK	ZMK	ZMK	000's ZMK
Investment Costs							
Capital Equipment	238 400	2 714 340	698 250	223 440	223 440	0	4 097 870
CA Starter Inputs (incl.transpt.)	638 123	4 067 492	3 300 554	919 375	0	0	8 925 544
Sub Total	876 523	6 781 832	3 998 804	1 142 815	223 440	0	13 023 414
Regional Recurrent Costs							
Field Staff - Implementation	196 091	2 948 267	3 854 267	3 854 267	3 854 267	3 491 215	18 198 373
Farmer Training and Demo Activities	350 700	1 338 400	1 292 400	1 292 400	1 292 400	391 700	5 958 000
Incentive Scheme	562 298	1 250 475	602 043	569 790	569 790	0	3 554 395
Training and Support to MAGO	0	531 823	648 323	0	0	0	1 180 145
Research and Development	159 000	2 400 000	2 040 000	2 040 000	1 920 000	1 757 333	10 316 333
Information Dissemination and Knowledge Transfer	16 000	1 156 809	468 000	468 000	468 000	452 000	3 028 809
Creating an Enabling Environment	0	171 318	212 093	212 093	171 318	93 500	860 320
Sub Total	1 284 088	9 797 090	9 117 124	8 436 549	8 275 774	6 185 749	43 096 374
DFU Head Office Costs	282 931	3 691 442	4 014 802	4 032 678	4 050 553	3 631 763	19 704 169
MART Head Office Costs	59 147	829 764	709 764	709 764	709 764	650 617	3 668 820
External Consultancies and M&E, including mid-term review ¹	0	1 044 756	1 164 156	1 543 506	1 362 606	855 000	5 970 025
Total Programme Cost	2 502 689	22 144 885	19 004 651	15 865 312	14 622 137	11 323 129	85 462 802
Contingency 5% (plus satellite imagery)²	125 134	1 632 244	950 233	793 266	731 107	1 091 156	5 323 140
OVERALL TOTAL (ZMK 000's)	2 627 824	2 377 129	1 996 4883	1 6658 578	15 353 244	12 414 286	90 785942
OVERALL TOTAL (NOK @ 625)	4 204 518	38 043 406	31 927 813	26 653 724	24 565 190	19 862 856	145 257 507
OVERALL TOTAL ROUNDED (NOK)	4 000 000	38 000 000	32 000 000	27 000 000	25 000 000	20 000 000	146 000 000

¹ The total budget for the monitoring and evaluation component of the programme is NOK5,941,720. This includes the cost of the mid-term review.

² Satellite imagery will be used, if possible, in order to determine a pre-intervention vegetation baseline for the verification of carbon sinks, and the establishment of *Faidherbia* and *Jatropha*.

ANNEX II TERMS OF REFERENCE FOR AUDIT

The financial statements of the Programme shall be audited by the Auditor General or an internationally recognised auditor appointed by the Auditor General (in the case of Government-to-Government support) and any other recognised auditing firm acceptable to both parties (in the case of other support).

The audit shall be carried out in accordance with international auditing standards and the auditor shall state in the report which auditing standards have been applied.

The objective of the audit is to audit 1) the annual financial statements of the Project as defined in Annex 1 to this Contract as well as 2) compliance with certain contractual obligations. The auditor shall be given a copy of the present Contract.

The audit report(s) shall state the auditor's opinion/findings as to:

- whether the financial statements present fairly, in all material respects, the Programme's income and expenditures as well as the cash/bank/financial position,
- whether the funds have been deposited in a separate bank account in the name of the organisation and that accrued interest are reflected in the statement from the bank,
- whether the audit has uncovered material weaknesses in financial systems, financial control or accounting,
- whether the audit has uncovered any illegal or corrupt practices,
- whether funds have been used exclusively to cover Programme expenditures,
- whether receipts and use of funds are properly accounted for,
- whether counterpart funds have been made available as per approved budget and;
- whether appropriate internal controls to counteract illegal and corrupt practices have been established and complied with.

The above list does not preclude the organisation or the auditor from addressing further issues.

The auditor shall submit the audit report, the management letter and any other report significant to the implementation or follow-up of the Programme to the organisation upon completion of the audit.