



the sustainable
trade Initiative



Belgique

partenaire du développement

BELGIAN SUSTAINABLE CHOCOLATE PROGRAM

PHASE III

FINANCIAL AGREEMENT

The Belgian State, represented by the Minister of Development Cooperation and Major Cities Policy, Ms. Meryame Kitir, Rue des Petits Carmes 15, 1000 Brussels, Belgium;

and

IDH Sustainable Trade Initiative, a foundation under the laws of the Netherlands, registered with the Dutch Chamber of Commerce under number 53521129, having its registered office and its place of business at Arthur van Schendelstraat 500 (3511 MH) Utrecht, the Netherlands, in this matter duly represented by Mr. Daan Wensing, executive director, hereinafter referred to as “**IDH**”;

hereinafter together referred to as the “**Parties**” or individually as “**Party**”;

Decide, considering that:

- the overall purpose of IDH is to accelerate sustainability within value chains of various sectors under the IDH strategy 2021-2025: ‘Catalyzing Private Sector Solutions for the Sustainable Development Goals (SDGs)’ through driving public-private coalitions and viable sustainable business- and finance models to have impact on the SDGs. For this purpose, IDH works with companies, NGOs, governments, trade unions, financial institutions, and universities. The purpose of IDH in the framework of Beyond Chocolate is to fulfill the coordination, monitoring and communication role of the Belgian Partnership for Sustainable Chocolate and share its international networks, experience, and knowledge on driving sustainability in international cocoa supply chains; building on the momentum gained during the first two phases of the Beyond Chocolate Program;
- the 2013 Law on Development Cooperation makes sustainable human development the general aim of Belgian development cooperation and to this end foresees action in favor of sustainable economic growth, and improvement of the living conditions of the population of developing countries, their socio-economic and socio-cultural development in order to eradicate poverty, exclusion and inequalities and contributes to the objective of respect of human rights in all their dimensions and promotes inclusive, equitable and sustainable economic growth giving priority to the ILO decent work agenda;

- consistent with the Sustainable Development goal 17 Belgian development policy seeks to reinforce the complementarity and synergy between different actors and finance and enter into partnerships with new actors in order to achieve the most important development impact in the framework of the Agenda 2030;
- combatting poverty, promoting decent work, sustainable value chains, inclusive economic growth, guaranteed access to education of children, climate neutrality, forest and biodiversity preservation all underpinned by a human-rights based approach to development and the establishment of partnerships in development cooperation and implication of private sources of financing in a sustainable regulatory framework are priorities in the political orientation of the Minister of Development Cooperation and Major Cities Policy, Ms. Meryame Kitir;
- the purpose of the Belgian State engaging in this Agreement is to support the “Beyond Chocolate” partnership through a sector-wide approach and program in order to sustainably improve the living conditions of the cocoa producers (m/f) and their families in production regions that are important for the Belgian chocolate sector. The activities of “Beyond Chocolate” in these regions support partners to contribute to reaching the initiative’s joint ambitions:
 1. By 2030, all farmers supplying to the Belgian market will earn a living income;
 2. By 2030, deforestation related to cocoa production for the Belgian market will have ended;

to conclude this Grant Agreement, hereinafter the “**Agreement**”, to document their collaboration regarding the implementation of the third phase of the Belgian sustainable chocolate program, hereinafter “the Program”:

1. Scope of the Agreement

- 1.1 The Grant is awarded to IDH for the execution of the Program. The submitted and accepted Program Proposal is attached to this Agreement as Annex 1.
- 1.2 On a policy level, the Belgian project manager to IDH will actively cooperate in consultation with the competent directorates within the Belgian Federal Public Service Foreign Affairs, Foreign Trade and Development Cooperation to cover and advocate all policy areas at EU level. IDH will continue to actively represent Beyond Chocolate in the ICCO consultative board, in monthly Government to Government meetings and in the EU Cocoa talks. IDH will also continue its collaboration with the World Cocoa Foundation (WCF).

- 1.3 As part of the Program, a co-financing fund of EUR 1.5M will be allocated to a number of living income pilot projects, hereinafter the “**Pilot Project(s)**”. Through the Pilot Projects, Beyond Chocolate partners test innovative approaches for delivering on their Beyond Chocolate commitments, with a special focus on closing the living income gap. The goal is to improve, innovate, scale, or accelerate the effectiveness and efficiency of sustainability initiatives in the Belgian chocolate sector, and therefore contribute to the achievement of the Beyond Chocolate ambitions.
- 1.4 Any work undertaken by IDH under the scope of this Agreement shall be executed in conformity with the highest professional standards.
- 1.5 The role of the Belgian State is to actively work together with IDH in order to achieve its engagements in the framework of ‘Beyond Chocolate’ (Annex 2).

2. Finance

- 2.1 The Belgian State provides IDH a grant for the execution of the Program in the amount of EUR 2,500,000 (two million five hundred thousand) as foreseen in the Royal Decree (Annex 3).
- 2.2 The funding will be disbursed in four instalment as follows:
 - 250,000 first instalment
 - 900,000 second instalment
 - 900,000 third instalment
 - 450,000 fourth and final instalment.
- 2.3 The grant and the yearly disbursed installments can be modified due to decisions the Belgian State has to make on a budgetary level. If these modifications have an impact on the realization of the objectives of the program, IDH will modify the program after consultation with the Belgian State.
- 2.4 The first installment of 250,000 EUR will be paid once the original request for payment has been received by the Belgian State. The second and third installments of 900,000 EUR will be paid after the reception of an intermediary report (narrative and financial reports) demonstrating that the spent balance of the previous instalment is higher than 70%. In case a resurgence of a pandemic or other situation of national or international emergency impedes the timely execution of the program, the Belgian State agrees to enter into consultation with IDH to reach agreement on lowering this percentage upon receipt of a well-substantiated explanation by IDH how the pandemic or emergency delays execution and affects levels of spending.
The fourth and last installment of 450,000 EUR will be paid after the reception of:
 - a request for payment by the beneficiary;

- the final report (narrative and financial reports covering the total budget spent including expenditure of final installment and the results obtained within the framework of the program);
- a list of the costs incurred;
- an electronic or non-electronic copy of the accounting documents.

2.5 An original request for payment must be filed by IDH on a paper with the official letterhead and be duly dated and signed. The request for payment must also refer to this Agreement, indicating the bank details mentioned in article 2.6. and can be formulated as follows:

“STATEMENT OF MONEY OWED:

The undersigned, Daan Wensing, who represents IDH the sustainable trade initiative, declares that the Belgian State owes the aforementioned association the amount of xxx EUR, as the grant for the implementation of the Second phase of the Belgian sustainable Chocolate Program ‘Beyond Chocolate’. This amount can be paid into account nr. NL24RABO0162372094.”

2.6 All installments provided by the Belgian State will be transferred to and disbursed to IDH at the following bank account:

Bank Name	Rabobank
Account Name:	IDH Sustainable Trade Initiative
Account Number:	0162372094
IBAN:	NL24RABO0162372094
Routing/ABA Number:	N.A
SWIFT Code:	RABONL2U

3. Audit and Reporting

- 3.1 The financial statements relating to this grant must be audited annually by a firm of certified public accountants and follow the standards of ISA/ISSAI. The annual audit shall include a financial, compliance and performance audit.
- 3.2 Annual audited reports are to be submitted to the Belgian State not later than the 30th of June of the year that follows the audited year.
- 3.3 The financial report consists of a certified financial statement regarding the (un)spent balances, and a list of the costs and expenses already taken place. The narrative report consists of an impact and progress evaluation. The donor is entitled to ask for any additional information.

4. Duration

- 4.1 The Program will start on the 1st of July 2022 or thereafter if notification of the grant occurs later and end on the 31st of December 2025.

4.2 A no cost extension can be allowed by the Belgian State, provided that a reasonable motivation is given and that the overall objective is maintained.

5. Intellectual property

5.1 Nothing in this Agreement shall grant either Party or any third party any ownership, license, or authorization to use any other Party's trademarks or other intellectual property.

5.2 No Party will make use of another Party's marks, including the name, logo or certification mark of that Party, without that Party's prior written consent.

6. Confidentiality

6.1 In the course of the preparation and the execution of the program, the Parties may receive and become aware of information (such as but not limited to projects, practices, and customer or potential customer information and personal data on household income, family size and composition) that is sensitive, personal and confidential in nature. Any information and knowledge shared, obtained before, during or after the Agreement, with the exception of the existence of the Agreement and the purpose thereof, shall be treated confidentially and may not be stored or shared with any other organization without the prior written consent of the other Party and in accordance with all other applicable legislation on competition law and on the processing and protection of personal data such as but not limited to Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) .

7. Communication

7.1 Subject to the terms and conditions regarding confidentiality in this Agreement, the Parties may communicate the existence of the Agreement on their website and may inform third parties of its purpose but shall refrain from mentioning anything relating to the content of the Agreement. The Parties agree that these communications shall be driven and focused on the Agreement's objectives. The Parties will take all necessary precautions to ensure that sensitive information will not be shared with any third parties.

8. No Detrimental Activity

8.1 Each Party under this Agreement represents and warrants to the other Party that it knows of no activities or other matters not yet a matter of public information that should preclude a

cooperation under this Agreement or prove detrimental to the other Party's interests. In addition, if in the future, any Party becomes aware of any activity or matter that may become detrimental to the interests of the other Party, then that Party shall promptly notify the affected party of the relevant facts and circumstances.

9. Exclusivity

- 9.1 This Agreement doesn't prevent the parties to conclude other programs or programs covering activities similar to the subject of this Agreement anywhere in the world.
- 9.2 Double funding of the purposes for which the grant of the Belgian State is given, is nevertheless forbidden. IDH is committed to inform the Belgian State of all other funding of the purposes for which the grant is given.
- 9.3 Nothing in this Agreement shall be construed as constituting the Parties as partners or as creating between such parties the relationships of employer and employee.

10. Use of the grant and eligible expenses

- 10.1 Taking into account the law of 22nd May 2003, and in particular articles 121 to 124 thereof, the mentioned grant must be used for the purposes for which it is granted.
- 10.2 IDH is obliged to immediately reimburse the grant to the Belgian State and the Belgian State reserves the right to stop transfers of any funds if:
- the conditions of the Grant, as specified in the Royal Decree and this Agreement, including its Annexes, are not respected;
 - the Grant is not used for the purposes for which it is granted;
 - in the course of execution of the Pilot Projects, the Pilot Projects' organizations are executing activities which do not serve the key impact objectives of Beyond Chocolate;
 - IDH prevents the controls and verifications of the Belgian State as mentioned in 10.8;
- 10.3 The Belgian State carries no responsibility or liability to any third party for the Program or Pilot Projects implemented by IDH.
- 10.4 IDH is obliged to reimburse the part of the grant that has not been justified.
- 10.5 If an organization that is a contracting partner to a Pilot Project reimburses IDH or IDH does not disburse financing foreseen towards the Pilot Projects, IDH is entitled to re-affect the money to other Pilot Projects after a new call for proposals under the Program subject to the same conditions as the previous call for proposals unless this is no longer possible given the circumstances of the case. In that case, IDH reimburses this sum to the Belgian State. Re-affectation towards the operational expenses of IDH requires the prior approval of the DGD.

10.6 IDH must respect the list of non-subsidiary expenses mentioned in Annex 4 of this Agreement.

10.7 The accounts and original receipts and invoices will be kept available during at least five years after the end of this program. The certified copies have to be delivered to the donor on digital supports such as CD-ROM or USB sticks for control purposes.

10.8 During the period of this Agreement, IDH will allow representatives of the donor to verify and assess the implementation of the program including the accounts, original receipts and invoices at IDH's office, provided that reasonable prior notice is given.

10.9 IDH insures that all contracting partners engaged in the Program and the Pilot Projects respect the obligations in article 10. More in particular, IDH must mention the following in the framework that it concludes with organizations of which the Pilot Projects are selected and funded under the terms of this Agreement:

- The organization is obliged to immediately reimburse the grant to IDH if:
 - the conditions of the grant, as foreseen in the framework concluded between IDH and the organization, are not respected;
 - the grant is not used for the purposes for which it is granted
 - in the course of execution of the Pilot Projects, the Pilot Projects' organizations are executing activities which do not serve the key impact objectives of Beyond Chocolate; or fail to respect other human rights norms; - the organization prevents the controls and the verifications mentioned in the framework.
- The organization is obliged to reimburse the part of the grant that had not been justified to IDH.
- The organization must respect the list of non-subsidiary expenses that is joined to the framework.

- The accounts and original receipts and invoices of the organization for the Pilot Project will be kept available during at least five years after the end of the Pilot Project.
- During the term of the Pilot Project, the organization will allow representatives of the Belgian State to verify and assess the implementation of the Pilot Project in situ and the utilization of the grant, including the accounts, original receipts and invoices, provided that reasonable prior notice is given;
- The Belgian State can at any time, at its own initiative, decide to assess the Pilot Project through an in situ external evaluation and/or an external audit.
- The list of non-subsidiary expenses that is joined to the framework concluded with the organizations is identical to the list of non- subsidiary expenses mentioned in Annex 4 of this Agreement.

11. Fraud and Corruption

11.1 IDH has a Code of Conduct in place (which can be found here, or via the 'Our policies' tab on the 'About' webpage: <https://www.idhsustainabletrade.com/policies>). The IDH Code of Conduct provides the ethical framework in which IDH and any party contracted by IDH must operate. It provides an overview of the values, commitments, responsibilities and integrity that IDH stands for. IDH expects its business partners to apply similar standards of conduct when working for IDH.

11.2 IDH and its contracting parties will not offer to third parties or seek or accept from third parties, for themselves or for any other party, any gift, remuneration, compensation or benefit of any kind whatsoever, which would be deemed corrupt or illegal.

11.3 IDH and its contracting parties will refrain from providing any form of support to activities that have the goal of undermining the political independence of a state, or unlawfully overthrowing a lawful government. The 'lawfulness' (or unlawfulness) referred to in this clause is not solely defined by the opinions or views of the government in question, but is also defined by international standards and/or international law.

11.4 IDH and partners and persons associated with IDH Pilot Projects who become aware or suspect the existence of fraud, corruption or bribery shall bring it to the attention of IDH and the Belgian State.

12. Safeguarding

12.1 IDH has a Safeguarding Policy in place (which can be found here, or via the 'Our Policies' tab on the 'About' webpage: <https://www.idhsustainabletrade.com/policies>).

12.2 The Parties have a zero-tolerance approach towards any form of sexual exploitation, abuse and harassment. Parties that IDH and its contracting parties will comply with IDH's Safeguarding Policy and shall take all reasonable steps to prevent the sexual exploitation, abuse and harassment of any person linked to the execution of the Pilot Project by both its employees and any third party subcontracted in relation to the execution of activities under the Pilot Projects.

12.3 The contracting party shall immediately report to IDH and the Belgian State any breach of the Safeguarding Policy and credible suspicions of, or actual incidents of sexual exploitation, abuse or harassment related to the entire agreement. The contracting party will assess credibility based on the source of the allegation, the content, and the level of detail or evidence provided. The contracting party can use the reporting mechanisms described in articles 13.1 and 13.2 below.

12.4 The contracting party shall also report any credible suspicions of, or actual incidents that are not directly related to the entire agreement but could be of significant impact to IDH's reputation or partnerships with its donors. The contracting party can use the reporting mechanisms described in articles 13.1 and 13.2 below.

12.5 IDH and its contracting parties will fully co-operate with investigations into such incidents.

12.6 If a contracting party fails to comply with the IDH Safeguarding Policy or commits a breach of any of the terms included in articles 11 - 13, IDH has the right to immediately terminate the agreement without the risk of incurring liability for damages or compensation.

13. SPEAKUP

13.1 IDH is committed to conducting its work with honesty, dignity, fairness and with respect for each other and the law. Parties IDH enters into agreements with, are encouraged to report to IDH any (suspected) violation by the contracting party's staff, IDH's staff or third parties of IDH's values and principles included in IDH's Code of Conduct, other IDH policies or laws or regulations that has occurred or may occur in relation to this agreement. Parties can report this directly to its contact person at IDH, to IDH's Executive Board or by using IDH's SpeakUp line.

13.2 IDH's SpeakUp line can be accessed online or by phone. For more information, please refer to the SpeakUp policy (which can be found [here](#), or via the 'Our Policies' tab on the 'About' webpage: <https://www.idhsustainabletrade.com/policies/>.)

13.3 IDH will report allegations of such risks occurring to the Belgian State and notify the Belgian State promptly if the allegations would have a significant impact on the partnership between IDH and the Belgian State and to provide detailed information and to provide further information that the Belgian State requests.

13.4 The Belgian State can undertake, or ask IDH to undertake, an external evaluation and/or an external audit to assess the Program. IDH will adhere to public procurement laws, applicable to IDH. The Terms of Reference (Bestek) of the external evaluation must be approved by the DGD. Representatives of the Belgian State as deemed necessary by the aforementioned will be allowed as members of the selection and steering committee of the external evaluation. If a negotiated procedure without general publication is used, the IDH agrees to invite the potential tenderers identified by the Belgian State.

13.5 The Belgian State can, at its own expense, undertake additional independent external evaluations and/or external audits to assess the Program during and after the implementation of the Program. Article 13.4 applies mutatis mutandis to external evaluations and/or external audits including where those take place after the implementation period.

14. Interpretation of the Agreement, applicable law and jurisdiction

14.1 In the case of a dispute arising from or in connection this Agreement Parties will enter into discussions to resolve this amicably.

14.2 In case of doubt about the interpretation of this Agreement, IDH and the Belgian State will enter into consultations. Each decision will be subjected to an exchange of letters between the Parties.

14.2 Belgian law is applicable to this Agreement.

14.3 Legal conflicts regarding this Agreement are subject to the jurisdiction of the Belgian courts.

15. Miscellaneous

15.1 This Agreement, together with the Annexes and other documents referred to in this Agreement or incorporated by reference to them in the program document from the previous phase of the program, constitutes the entire agreement between the Parties.

- 15.2 Any modification of the present agreement and proposal, shall be officially requested to the Belgian State and must receive its written approval.
- 15.3 If, any time, a Party determines that the purpose of this Agreement can no longer be effectively or appropriately carried out due to a fundamental change in circumstance, such as a coup d'état, war, sanctions or a serious and manifest failure of contracting partner to the Pilot Projects to respect human rights norms and corporate sustainability due diligence obligations in all their other operations in the sense of Articles 11 - 13 such as to damage the reputation of the Belgian State, the present agreement and/or one or more of the Pilot Projects may be terminated at the initiative of either Party, giving thirty (30) days written notice and following the failure of consultations between the Parties to reach consensus on an adjustment of the Program and/or of the Pilot Project(s).
- 15.4 The present agreement will remain into force until the final reports, list of costs and accounting documents as referred to in 2.4 of this agreement have been accepted by DGD, and any potential refund of unspent balances has been received by DGD. This provision is without prejudice to the continued application of Article 10 in case the Belgian State decides to undertake an external evaluation or audit after the agreement has ceased to be in force.

IN WITNESS WHEREOF, the undersigned Parties have confirmed their agreement:

For The Belgian State



Name: Meryame Kitir
Position: Minister of Development Cooperation
and Major Cities Policy

For IDH

Name: Daan Wensing
Position: Executive Board Member

Date: **30 JULI 2022**

Date:

Attached to this Agreement are:

- Annex 1: Belgian Sustainable Chocolate Program – Program Proposal for Phase III
- Annex 2: Beyond Chocolate Program Document
- Annex 3: Royal Decree
- Annex 4: List of non-subsidiary expenses
- Annex 5: Selection criteria for calls for pilot projects referred to in Program Document