

**Agreement between the Norwegian Ministry of Foreign Affairs and the Government of the Republic of Malawi regarding development cooperation concerning Malawi College of Medicine, Research Project**

WHEREAS the Government of the Kingdom of Norway (Norway) and the Government of the Republic of Malawi (Malawi) have entered into a Memorandum of Understanding dated 9<sup>th</sup> June, 2008 regarding Development Cooperation,

WHEREAS Norway has supported the Malawi College of Medicine (COM) through Agreements dated 19<sup>th</sup> July 2001, 28<sup>th</sup> November 2003, 15<sup>th</sup> May 2007 and 5<sup>th</sup> November, 2010,

WHEREAS KfW and the Norwegian Ministry of Foreign Affairs (the "MFA") acting for Norway (together the "Parties") have supported Malawi through Agreement dated 19<sup>th</sup> April 2011 "German-Norwegian Initiative to reduce Maternal Mortality in Malawi,"

WHEREAS the Malawi College of Medicine has submitted a project proposal dated 28<sup>th</sup> April, 2012, with subsequent amendments, and has requested Norway for support to the Project: "Assessing the Impact of Using Performance-Based Financing to Improve the Quality of Obstetric and Newborn Care in Malawi,"

WHEREAS the Norwegian Ministry of Foreign Affairs (MFA) has decided to comply with the request,

NOW THEREFORE MFA and Malawi (the Parties) have reached the following understanding which shall constitute an Agreement between the Parties:

**Article I Scope and objectives**

1. This Agreement sets forth the terms and procedures for MFA's support to the project: "Assessing the Impact of Using Performance-Based Financing to Improve the Quality of Obstetric and Newborn Care in Malawi." (the Project) as outlined in the Agreed Programme Summary in Annex I and further described in the Programme Document "Assessing the Impact of Using Performance-Based Financing to Improve the Quality of Obstetric and Newborn Care in Malawi" dated 28<sup>th</sup> April, 2012.
2. The aim of the research project is to assess and evaluate the quality impact on the interventions directly targeted by PBF intervention (i.e. delivery services) and other relevant maternal and child care services (antenatal, postnatal, & newborn care) and the impact of the RBF intervention on equitable access to care for the entire range of maternal services. In addition the project will build and enhance the research capacity of College of Medicine (CoM).
3. The Parties may agree on extending existing or including new Project elements within the Project, as well as on re-allocating funds within the Project. Any such agreement shall be in writing, e.g. recorded in the Agreed Minutes from the consultations mentioned in Article VI.

#### **Article II Cooperation – Representation**

4. In matters pertaining the implementation of this Agreement the Ministry of Foreign Affairs (MFA) shall be competent to represent Norway, while the Ministry of Finance and shall be competent to represent Malawi, and shall here under be authorized to decide on components/activities to be included in the project in accordance with clause IV below.

#### **Article III Contribution of MFA**

5. MFA shall, subject to Parliamentary appropriations, make available to Malawi a financial grant not exceeding NOK 3,000,000 (Norwegian kroner Three million) (the Grant) to be used exclusively to finance the Project in the planned period 2012-2015. As mutually agreed by College of Medicine and Norwegian Embassy, NOK 1,450,000 (Norwegian kroner one million four hundred and fifty thousand) will be reallocated from MWI 09/004 "Support to Malawi College of Medicine Phase IV." See Annex II letters of Exchange between CoM and RNE. This agreement covers the governance of the total research budget of NOK 4 450 000.
6. Any accrued interests on the Grant may be used for the benefit of the Project if agreed on by the Parties in writing.
7. Any unspent disbursed funds and accrued interests shall be returned to MFA upon completion of the Project.

#### **Article IV Contributions and obligations of Malawi**

Malawi shall, through Malawi College of Medicine as implementing institution be responsible for implementing the Project, and shall hereunder:

8. Have the overall responsibility for the planning, implementation, reporting and monitoring of the Project,
9. provide the financial and other resources required in addition to the Grant,
10. ensure that the Grant is used according to approved work plans and budgets,
11. ensure that Programme funds, which shall include any accrued interests, are properly accounted for, and that the Grant is reflected in the plans, budgets and accounting of Malawi,
12. promptly inform MFA of any circumstances that interfere or threaten to interfere with the successful implementation of the Project,
13. defray any customs duties, sales taxes and other taxes, fees and levies on all equipment, materials and supplies financed by the Grant and imported into Malawi for the benefit of the Project,
14. ensure that all permits, import licenses and foreign exchange permissions that may be required are granted,
15. ensure that representatives of Norway are permitted to visit any part of Malawi for purposes related to the Agreement and examine any relevant records, goods and documents,
16. ensure that College of Medicine enters into institutional cooperation contracts with University of Heidelberg and Harvard University.

#### **Article V Disbursements**

17. The Grant will be disbursed upon semi-annual written requests from College of Medicine based on the financial needs of the Project and, except the first request, on approved work plans and budgets. The first disbursement, amounting to NOK 500,000 will be made upon signing of this Agreement and the approval by MFA of a revised disbursement request from College of Medicine.
18. When determining the amount to request, College of Medicine shall take into account unspent disbursed amounts and income from all sources as well as any accrued interests which the Parties have agreed on using for the benefit of the Project according to Article III, Clause 2.

Along with the requests, except the first request, the College of Medicine shall submit statements of cash and bank balances from the Project's accounting records.

19. Funds will be transferred upon MFA's approval of the requests to a separate bank FCDA account no. 291738-National Bank of Malawi (Chichiri), with the College of Medicine, and shall be made available to the Project immediately.

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

20. All disbursements to suppliers of goods or services shall be made by the College of Medicine.

#### **Article VI Annual Meeting**

21. Representatives of the Parties shall have an Annual Meeting within November each year in order to:

- Discuss the progress of the Project, including results and fulfillment of agreed obligations,
- discuss and, if feasible, approve annual work plans and budgets for the following year
- discuss issues of special concern for the implementation of the Project, such as the major issues set out in the Agreed Project Summary in Annex 1, and how to manage such issues.

Representatives from the Ministry of Finance, the Ministry of Health and the College of Medicine shall be invited to participate in the Annual Meeting. Each of the Parties may include others to participate as observers or as advisors to their delegations. These annual meetings shall be held together with the Annual Meetings between MFA and COM regarding MWI 2002 MWI 09/004 Support to Malawi College of Medicine Phase IV. See annex III.

Other formal meetings can be called for by either party as the need arise.

22. The documentation specified in Articles VII and IX shall form the basis for the consultations.
23. The Annual Meeting shall be called by the College of Medicine and chaired by the Ministry of Health.
24. Main issues discussed and points of view expressed as well as any decisions shall be recorded in Agreed Minutes. The Agreed Minutes shall be drafted by the College of Medicine and be submitted to MFA for comments no later than two weeks after the Annual Meeting.

## Article VII Reports

Malawi, through the College of Medicine, shall submit to MFA the reports and documentation specified below. MFA shall respond within six weeks upon reception of the reports and documentation.

25. A progress report shall be submitted annually within three weeks before the Annual Meeting.

The progress report shall include the following information:

- A description of actual outputs compared to planned outputs (as defined in the work plans),
- a brief summary of the use of funds compared to budget,
- an assessment of the efficiency of the Project (how efficiently resources/ inputs are converted into outputs),
- an explanation of major deviations from plans,
- 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.
- a brief assessment of achievements in relation to objectives.

26. A work plan shall be submitted annually within three weeks before the Annual Meeting. The work plan shall specify planned outputs and time schedules for the next calendar year.

27. The following annual financial statements and budget shall be submitted within three weeks before the Annual Meeting each year:

- a. Financial statements for the Programme consisting of:
  - i) A statement showing cash receipts/income and expenditures for the previous period structured as and compared to approved budgets for such previous period. The statement shall capture all sources of funding, with sufficient segregation of data to permit identification of individual sources of funds and disbursements on major Project activities or types of expenditure,
  - ii) a statement of cash and bank balances,
  - iii) relevant notes to the above mentioned statements including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Project.
- b. Budget for the Project for the coming calendar year, showing estimated income from all sources and planned expenditures.

The financial statements and budget(s) shall give complete and detailed Information on the financing of the Programme.

28. A final report shall be submitted within six months after the completion of the Project. If the Project is not completed by 30<sup>th</sup> June 2015, a status report shall be submitted to MFA by the said date. The final report shall include:

- The topics listed in Clause 2 above for the whole Agreement period,
- 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 sustainability of the Project i.e. an assessment of the extent to which the positive effects of the Programme will still continue after the external assistance has been concluded,
- a summary of main "lessons learned."

**Article VIII Procurement**

29. Malawi undertakes to effect all procurements of goods and services necessary for the implementation of the Project.
30. The procurements shall be performed in accordance with generally accepted procurement principles, good procurement practices and the procurement regulations of Malawi. Norwegian suppliers shall be given the same opportunities as other suppliers to compete for deliveries.

Malawi shall observe the highest ethic standards during the procurement and execution of contracts, and shall ensure in its national legislation adequate and effective means to punish and prevent illegal or corrupt practices.

No offer, gift, payment or benefit of any kind, which would or could, either directly or indirectly, be construed as an illegal or corrupt practice, e.g. as an inducement or reward for the award or execution of procurement contracts, shall be accepted. Invitations to make offers as well as the procurement contracts shall, respectively, include a clause stating that the offer will be rejected and/or the contract cancelled in case any illegal or corrupt practices have taken place in connection with the award or the execution of the contract.

31. Contracts entered into shall be submitted to MFA for information.

Along with the documentation mentioned above Malawi shall confirm in writing that the procurement regulations agreed on in Clause 31 above, have been adhered to.

32. Malawi shall furnish MFA with all relevant information on its procurement practices and actions taken, and provide access to all related records and documents. MFA may require access to information given during the stage in the procurement procedure when it is restricted to the officers performing the procurement. Restrictions on such information shall be respected until the information can be made public without any risk of detriment to the result of the procurement.

**Article IX Audit**

33. The annual audit shall be performed by an independent professional accountant/accountancy firm in public practice (external auditor/ audit firm) acceptable to MFA in accordance with principles for governmental sector auditing. The audit shall be done together with the annual audit of MWI 2002- MWI 09/004 "Support to College of Medicine Phase IV, and be covered under the same Grant.
34. The audit shall be carried out in accordance with international auditing standards. The auditor shall state in the report which auditing standards that have been applied.
35. The audit report shall state the auditor's opinion/findings as to:
- Whether the financial statements present fairly, in all material respects, the Project's cash receipts/income and expenditures as well as the cash/bank/financial position in accordance with an acceptable financial reporting framework,
  - whether the audit has uncovered any material weaknesses in relevant internal control(s),
  - whether the audit has uncovered any illegal or corrupt practices,

- whether funds have been used exclusively to cover Project expenditures,
  - whether cash receipts/income and expenditures are properly accounted for.
  - whether appropriate internal controls to counteract illegal or corrupt practices have been established and are complied with.
36. Malawi, through the College of Medicine, shall submit to MFA the audit report and any other report from the auditor significant to the implementation of the Project within March each year. The final audits for the whole project shall be submitted six months after completion of the project.

**Article X Reviews – Evaluation**

37. An end review focusing on progress to date and the effectiveness of the Project, i.e. the extent to which the objective is being/has been achieved, shall be carried out by 30<sup>th</sup> June 2015. An assessment of the Project's impact may also be included in the review. Any delays in the Project leading to an extension of the project period shall be agreed in writing. If such extension occurs, the end review should be postponed accordingly.
38. The cost of the review shall be covered over and above the Grant by MFA.
39. MFA reserves the right to carry out independent reviews or evaluations of the Programme as and when MFA deems it necessary. The cost for such reviews will be covered by funds over and above the Grant.

**Article XI Reservations**

40. MFA reserves the right to withhold disbursements at any time in case e.g.:
- The Project develops unfavorably in relation to the Goal and Purpose,
  - substantial deviations from agreed plans or budgets occur,
  - resources to be allocated by Malawi are not provided as agreed,
  - the documentation specified in Articles VII and IX has not been submitted as agreed,
  - the financial management of the Project has not been satisfactory,
41. MFA reserves the right to reclaim all or parts of the Grant and cancel the Agreement if Project funds are found not to have been used in accordance with the Agreement or are found not to be satisfactorily accounted for.
42. MFA has the right to cancel the Agreement or portion of the Agreement, and has the right to demand the cancellation of any contract financed under the Agreement, with immediate effect if it determines that corrupt or fraudulent practices were engaged in by representatives of Malawi or by a beneficiary of Project funds during procurement or execution of the contract without Malawi having taken timely and appropriate action satisfactory to Norway to remedy the situation.
43. Before MFA withholds disbursements, reclaims funds or cancels the Agreement, the Parties shall consult with a view to reaching a solution in the matter.

**Article XII Distribution of the Agreement**

44. The Parties shall distribute copies of the Agreement to the respective ministries, authorities and other institutions involved in the Project or otherwise in need of information on its content.

**Article XIV Entry into force – Termination – Disputes**

45. The Agreement shall enter into force on the date of its signature, and shall remain in force until the Parties have fulfilled all obligations arising from it. Whether the obligations are fulfilled, shall be determined in consultations by the Parties.
46. Notwithstanding the previous clause each Party may terminate the Agreement upon three months written notice.

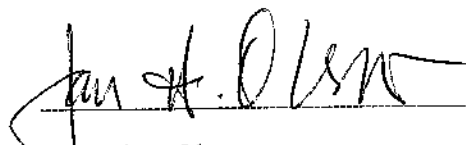
47. If any dispute arises relating to the implementation or interpretation of the Agreement, the Parties shall consult with a view to reaching a solution.

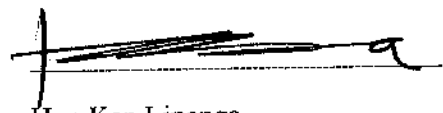
IN WITNESS WHEREOF the undersigned, acting on behalf of their respective Governments, have signed the Agreement in two originals in the English language.

Done in Lilongwe the *14* day of *Nov* 2012

For the Norwegian Ministry  
of Foreign Affairs

For the Government of  
the Republic of Malawi

  
Jan Håkon Olsson  
Chargé d'affaires a.i.

  
Hon Ken Lipenga  
Minister of Finance

Annexes:

- I. Agreed Programme Summary
- II. Letter of exchange regarding Phase IV funds
- III. Letter from RNE to CoM

# Annex I Agreed Programme Summary

## *Identification of the Programme*

- **Programme Title/Name:** MWI 12/0010 Effect Evaluation of Performance Based Financing in the Health Sector
- **Implementing institution:** Malawi College of Medicine
- **Norwegian and/or other Partner institutions:** University of Bergen, University of Heidelberg-Germany and Harvard University-United States
- **Description of the Programme**

## Goal

The aim of the research project is to assess and evaluate the quality impact on the interventions directly targeted by PBF intervention (i.e. delivery services) and other relevant maternal and child care services (antenatal, postnatal, & newborn care) and the impact of the RBF intervention on equitable access to care for the entire range of maternal services. In addition the project will build and enhance the research capacity of College of Medicine (CoM).

## *The target groups*

- Existing and/or potential members of faculty of the college. The targeting of females for capacity building directly addresses a gender imbalance at the College of Medicine.
- Students of COM.

## Objectives

- Establish anticipated and unanticipated effects of the mentioned PBF interventions on quality of Obstetric Care.
- Identify unanticipated effects of the mentioned PBF interventions on quality of a broader spectrum of maternal of maternal and neonatal services, including ANC, postnatal care (PNC), and neonatal care.
- Assess adequacy of the quality assessment tools used by the program, in relation to the international quality standards.
- To enhance the capacity of the College of Medicine to conduct health systems and health financing research.

## Outputs

- Impact evaluation research on Using Performance-Based Financing to Improve the Quality of Obstetric and Newborn Care in Malawi conducted among a research consortium involving the Malawi College of Medicine, Universities of Heidelberg and Harvard;
- Three Malawian doctoral students enrolled and graduated, two from the University of Heidelberg and one from University of Bergen;
- Collaborative academic/research links established between the Malawi College of Medicine and Universities of Heidelberg (Germany) University of Bergen (Norway);

## Inputs

1. Three graduate research assistants and non-graduate research assistants;



2. Faculty at the Malawi College of Medicine and collaborating institutions (Bergen, Heidelberg and Harvard) who will supervise three graduate research assistants;
3. Program coordinator;
4. Four laptop computers;
5. Travel costs

Main indicators

Indicator Matrix

Indicator	Expected Time to Completion	Means of Verification
Memorandum of Understanding between the Malawi College of Medicine and Institute of Public Health (University of Heidelberg)	September 2012	MoU document available
Report of completed research project on the Impact of Using Performance-Based Financing to Improve the Quality of Obstetric and Newborn Care in Malawi	December 2015	End of Programme Report
Report on cost-effectiveness of Using Performance-Based Financing to Improve the Quality of Obstetric and Newborn Care in Malawi	December 2015	End of programme report document
At least three refereed journal articles on the impact of Using Performance-Based Financing to Improve the Quality of Obstetric and Newborn Care in Malawi	January 2016	Peer reviewed journal article published/submitted
Three Malawian PhD in Health systems research graduated having used the data from the current research project	December 2015	Institutional report on completion of studies
At least two presentations at symposia on findings/lessons learnt on the research project	December 2015	Symposium abstract/report available
At least two policy brief directed at the Ministry of Health officials on performance-based financing in health	December 2015	Policy Brief Documents available
At least one policy dialogue directed at Ministry of Health Officials in performance based financing in health	December 2015	Policy Dialogue Report
At least one project grant proposal submitted collaboratively between the Malawi College of Medicine, the University of Heidelberg and the	December 2015	Grant Proposal Document Available

### Major risk factors (internal and external)

For the effective and efficient implementation of the research and capacity building project, the following risks and assumptions have been made:

- Timely roll out of the PBF initiative by Options and the Ministry of Health; This is beyond the College's influence
- That the macro-political environment of the country continues to improve; this is beyond the College's influence.
- That inflation will not rise significantly more than what is currently the case; this is beyond the College's influence.
- Project staff is retained throughout the project life; The College has initiatives towards faculty retention, such as salary supplementation, and ensuring a conducive research environment for faculty.
- Continued Government of Norway support to Malawi; this is beyond the College's influence.
- Research Assistants/Graduate students' commitment and academic progress; the prospect of full time employment once completion of studies may be an incentive to motivate and retain the graduate students.
- Peaceful Presidential and Parliamentary General Elections in 2014; this is beyond the College's influence.
- Continued Norwegian Government support to Malawi; this is beyond the College influence.

### Duration of the Project

The research project is estimated to be implemented over a period of 32 months. Within this period three (3) research assistants (RAs) are also expected to enrol at collaborating higher education institutions, two (2) at HD and one (1) at the University of Bergen. The period for the students to complete PhD is up to four years. A research project launch is planned for October 2012.

### Research Conduct

The proposed research project has the following two interrelated research parts which are inseparable, and hence this also applies to the budget as well as outputs:

**COMPONENT A:** In this part of the research project, the College of Medicine will directly partner with HD University (and Harvard) with the following focus

- 1: Evaluation of the impact of the intervention package on equitable access to services and on structural, process, and output quality outcomes at the facility level;
- 2: Evaluation of the impact of the intervention package on knowledge on maternal and child care services, PBF intervention, and experiential dimension of quality among providers;
- 3: Evaluation of the impact of the intervention package on knowledge on maternal and child care services, PBF intervention, and experiential dimension of quality among clients.

**COMPONENT B:** In this part of the research, the College of Medicine will largely partner with the University of Bergen to implement a cost-effectiveness analysis of the PBF initiative. While component A emphasises impact evaluation, Component B emphasizes cost-effectiveness assessment.

*Overall budget*

### Total Budget Request

The total budget requested over three years by the Malawi College of Medicine is up to NOK (Norwegian Kroner) 4,450,000 (Four Million, Four hundred and Fifty Thousand). This comprises NOK 3,000,000 'new' funding request and NOK 1,450,000 to be reallocated from the existing Phase IV Agreement between the Malawi Ministry of Finance (MoF) and the Norwegian Ministry of Foreign Affairs (MFA). Technical support to be provided by Universities of Heidelberg and Harvard will be funded separately through TRACtion from USAID.

**The tentative budget for this appropriation (NOK)**

2012	2013	2014	2015	Total
500 000	1 000 000	1 000 000	500 000	3 000 000