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8221

Agreement between the Norwegian Ministry of Foreign Affairs and the Government of the Republic of Malawi regarding development cooperation concerning MEPD Macro Model for the Malawi Growth and Development Strategy – Phase 3

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 5 April 2001 regarding development cooperation which has been prolonged by Addenda dated 15 August 2006 and 22 August 2007 (the Main Agreement).

WHEREAS Norway has supported Institutional Co-operation between the Ministry of Finance (MoF), the Ministry of Economic Planning and Development (MEPD), the National Statistics Office (NSO) and Statistics Norway (SN) through agreement dated 3 June 2003 which has been prolonged by Addendum dated 17 July 2007,

WHEREAS Norway and Malawi have entered into an agreement dated 12 October 2007 on development cooperation concerning Capacity Building for Statistics and Planning (Phase 2) which has been amended by Addendum No 1 dated 9 June 2010 and Addendum No 2 dated 9 December 2010.

WHEREAS Malawi in letter dated 21 June 2011 has requested the Norwegian Ministry of Foreign Affairs (MFA) for support to Phase 3 of Capacity Building for Statistics and Planning and

WHEREAS 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 MEDP Macro Model for the Malawi Growth and Development Strategy (MGDS) – Phase 3 (the Project) as outlined in the Agreed Project Summary in Annex I and further described in the Project Document Malawi Growth and Development Strategy II and beyond – A Project Proposal for an Institutional Technical Cooperation between the Ministry of Finance, Ministry of Economic Planning and Development, Reserve Bank of Malawi and Statistics Norway, dated 15th February 2012.

2. The overall goal of the Project is to strengthen the capacity in evidence based planning and timely production of policy analysis for policy makers.

   The purpose of the Project is to strengthen and further build the capacity of Government (GoM) in macroeconomic modeling, to have a holistic and coordinated GoM approach to economic forecasting and analysis and to enable GoM to meet with international institutions such as IMF, the World Bank and other Malawi development partners on more equal terms.

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 IV.

Article II Cooperation – Representation

1. The Parties shall communicate and cooperate fully with the aim to ensure that the Goal and Purpose are successfully achieved. 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. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to the Project.

2. In matters pertaining to the implementation of the Project the Norwegian Embassy in Lilongwe (the Embassy) and the Malawi Ministry of Economic Planning and Development (the Ministry) shall be competent to represent MFA and Malawi respectively. All communication to MFA in regard to the Agreement shall be directed to the Embassy.

Article III Contribution of MFA

1. MFA shall, subject to Parliamentary appropriations, make available to Malawi a financial grant not exceeding NOK 5 850 000 (Norwegian kroner five million eight hundred and fifty thousand) (the Grant) to be used exclusively to finance the Project in the planned period April 2012 to June 2014.

2. Any accrued interest on the Grant may be used for the benefit of the Project if agreed on by the Parties in writing.

3. Any unspent disbursed funds and accrued interest shall be returned to MFA upon completion of the Project.

Article IV Contributions and obligations of Malawi

Malawi shall through the Ministry of Economic Planning and Development as implementing agency be responsible for implementing the Project, and shall hereunder:

1. Have the overall responsibility for the planning, implementation, reporting and monitoring of the Project,

2. provide the financial and other resources required in addition to the Grant ,

3. ensure that the Grant is used according to approved work plans and budgets, and in line with development partners harmonized rates for daily subsistence allowances and transport re-imbursements for implementing partners,

4. ensure that Project funds, which shall include any accrued interests, are properly accounted for,

5. promptly inform MFA of any circumstances that interfere or threaten to interfere with the successful implementation of the Project,

6. undertake the obligations set out in Annex 3 of this Agreement with regard to technical assistance personnel and contractors provided by Norway,

7. 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,

8. ensure that all permits, import licenses and foreign exchange permissions that may be required are granted,

9. 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.

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7. 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,

8. ensure that all permits, import licenses and foreign exchange permissions that may be required are granted,

9. 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.

10. enter into a cooperation contract with Statistics Norway (SN) regarding implementation of the macro model components.

The contract and any subsequent amendments shall be submitted to MFA for information.

Article V Disbursements

1. The Grant will be disbursed upon semi-annual written requests from Malawi 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 1 200 000 will be made upon signing of this Agreement and approval by MFA of a disbursement request from Malawi. There will also be disbursements directly to SN in accordance with clause 5 below.

2. When determining the amount to request, Malawi shall take into account unspent disbursed amounts and income from all sources as well as any accrued interest 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, Malawi shall state the cash balance of the Project and submit a statement of bank balances for the Project from the bank.

3. With the exception of reimbursements directly to SN as described in clause 5 below, funds will be transferred upon MFA approval of the requests to a separate bank account with the MEDP and shall be made available to the Project immediately.

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

5. MFA shall, upon request from Malawi, carry out disbursements directly to SN for costs incurred under the Institutional Contract between MEDP and SN. Such disbursements will only be made against requests accompanied by:

   - a specified invoice from the supplier (including enclosures to such invoice) and
   - a written approval of the invoices by MEDP.

   MFA shall report payments made according to this clause to Malawi.

   All other disbursements to suppliers of goods or services shall be made by Malawi.

Article VI Annual Meeting

1. Representatives of the Parties shall have an Annual Meeting within second quarter 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 risk factors set out in the Agreed Project Summary in Annex 1, and how to manage such risks/issues.

   Each of the Parties may include others to participate as observers or as advisors to their delegations.

2. The documentation specified in Articles VII and IX shall form the basis for the consultations.

3. The Annual Meeting shall be called and chaired by Malawi.

4. 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 Malawi and be submitted to MFA for comments no later than two weeks after the Annual Meeting.

Article VII Reports

1. Malawi shall submit to MFA the reports and documentation specified below. MFA shall respond within two weeks upon reception of the reports and documentation.

2. A progress report shall be submitted annually within two weeks before the Annual Meeting.

   The progress reports shall include the following information:

   - A description of actual outputs compared to planned outputs as specified in the matrix in Annex 1 to this Agreement,
   - a brief summary of the use of funds compared to budget,
   - an explanation of major deviations from plans,
   - an assessment of the efficiency of the Project (how efficiently resources/ inputs are converted into outputs),
   - 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.

3. The matrix in Annex 2 to this Agreement shall form the basis for the work plan. A revised work plan for the next Project year shall be submitted within two weeks before the Annual Meeting.

4. The following annual financial statements and budget shall be submitted within two weeks before the Annual Meeting, and semi-annual financial statements shall be submitted during the financial year, no later than 1 month after the period in question:

a. Financial statements for the Project 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 fiscal year showing estimated income from all sources and planned expenditures.

The financial statements and budget shall give complete and detailed information on the financing of the Project.

2. The documentation specified in Articles VII and IX shall form the basis for the consultations.

3. The Annual Meeting shall be called and chaired by Malawi.

4. 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 Malawi and be submitted to MFA for comments no later than two weeks after the Annual Meeting.

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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 fiscal year showing estimated income from all sources and planned expenditures.

The financial statements and budget shall give complete and detailed information on the financing of the Project.

5. A final report shall be submitted within six months after the completion of the present phase of the Project. If the Project is not completed by 30th June 2014, 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 Project will still continue after the external assistance has been concluded,
- a summary of main "lessons learned".

Article VIII Procurement

1. Malawi undertakes to effect all procurements of goods and services necessary for the implementation of the Project.

2. 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.

3. Contracts entered into exceeding the equivalent of NOK 100 000 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 2 above, have been adhered to.

4. Malawi shall upon request 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 even 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

1. The annual financial statements of the Project shall be audited by the National Audit Office or an equivalent governmental audit body or an independent professional accountant/accountancy firm in public practice (external auditor/ audit firm) engaged by the National Audit Office.

   If carried out by an external auditor/audit firm the cost of the audit may be covered by the Grant.

2. 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.

3. 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 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.

4. Malawi shall submit to MFA the audit report and any other report from the auditor significant to the implementation of the Project within six months of each year. Malawi shall comment upon the auditor's findings. MFA shall respond within four weeks upon reception of the report.

Article X Reviews – Evaluation

1. A mid-term review focusing on progress to date and the effectiveness of the Project, i.e. the extent to which the Purpose is being achieved, shall be carried out by September 2013. An assessment of the Project's impact may also be included in the review.

2. The cost of the review shall be covered by the Grant.

3. MFA reserves the right to carry out independent reviews or evaluations of the Project 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

1. 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,
   - the documentation specified in Articles VII and IX has not been submitted as agreed,
   - the financial management of the Project has not been satisfactory,
   - the contract referred to in Article IV, Clause 10 is breached or terminated before all obligations therein are fulfilled.

2. 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.

3. 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

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3. 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 MFA to remedy the situation.

4. Before MFA withholds disbursements, reclaims funds or cancels the Agreement, the Parties shall consult with a view to reaching a solution in the matter.

Annex XII Distribution of the Agreement
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 XIII Entry into force – Termination – Disputes

1. 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.

2. Notwithstanding the previous clause each Party may terminate the Agreement upon three months written notice.

3. 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 Party, have signed the Agreement in two originals in the English language.

Done in Lilongwe the 28th day of June of 2012.

For the Norwegian Ministry of Foreign Affairs	For the Government of the Republic of Malawi
Asbjørn Eidhammer Ambassador	Dr Ken Lipenga Minister of Finance

Annexes:
1. Agreed Project Summary
2. Annual progress report format
3. Rights of personnel

Annex I Agreed Project Summary

Identification of the Project

- Project Title/Name: MEDP – Macro Model for MGDS -- Phase 3
- Implementing institution: Ministry of Economic Planning and Development
- Norwegian and/or other Partner institution: Reserve Bank of Malawi and Statistics Norway

Description of the Project

OVERALL GOAL	**Strengthen the capacity in evidence based planning and timely production of policy analysis for policy makers**

Annex I Agreed Project Summary

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Description of the Project

OVERALL GOAL	**Strengthen the capacity in evidence based planning and timely production of policy analysis for policy makers**

Results Chain		Performance Indicators			Means of Verification	Mile-stones	Risk/ Mitigation Measures
		Indicator	Baseline	Target			
OUTCOME	1. GoM capacity in macroeconomic modeling	Model used by GoM for forecasts and policy analysis on a regular basis	Model tool ready for use. Model group already held many presentations to MEDP management	Established and tested human model training skills and training package, with routines on how to introduce the model to newcomers	Test of model team's ability to independently update and use model (see details below)		See below
	2. Holistic and coordinated GoM approach to economic forecasting and analysis	Key members of the EMT and the NABOP accept the model as a key tool to fulfill Ministry's mandate for development planning	Various institutions do forecasts and analysis of the economy isolating their own field of activity	MalawiMod accepted as a tool that links the various sectors of the economy together	Minutes from EMT and NABOP meetings	Every Mar and Sep	
	3. Enable GoM to meet with international institutions such as IMF, World Bank and other Malawi development partners on more equal terms	IMF generally accepts the model and its output	IMF request for a model presen-tation in March 2011.	Model used as basis for bi-annual GoM-IMF discussions	Minutes from mission meetings and presentations	End year 3 and every Mar and Sep	

OUTPUTS	1.1 Bring along the staff of the Malawian stakeholders in all aspects of modeling	Share of work time used for modeling by host institutions	Currently many model team members are pre-occupied with other work tasks	Model team officers devote 15-25% of their work time to modeling work	Log of team members' work time on model included in report to MEDP management	Number of completed individual assignment provided by LTA	**Risks:** a) Loss of experienced team members/ model team members become too involved in non-modeling tasks b) Lacking ability of team members to independently upgrade their technical skills to use and maintain the model **Mitigation measures:** a) Routines on when and how to introduce model to new model team members. - Increased links to academic institutions through the development of the modelling university training package - Raising model's profile and demand for output makes hosting institutions prioritize model work - Specified work share to be set aside for model work (10-15%) - GoM supports part of model activities to display ownership to the model b) LTA to train 1-2 model group members to train others. - Model documentation package (see paragraph 4.4.2) - LTA provides TA through e-mail/ phone/ short term mission after end of assignment
	1.2 Full documentation of the model and its technicalities	Documents and files that constitute a model training package	Technical documentation needs updating. Draft User's Guide and documentation of the "Functions and Macros" given to MEDP model team for feedbacks	Comprehensive User's Guide Updated Technical Documentation Documentation of the "Functions and Macros" Document about the theory and mode of operation of model Well documented computer programs	Release of final document versions	1 User Guide by April 2012 and 1 Functions and Macros document produced by June 2012	
	1.3 Capacity to handle all aspects of a macro-economic model	Model team ability to update and apply the model with minimum involvement from the LTA	Model staff ably use the model for policy analysis still with much assistance	Model team able to: - Write one policy based document - Update the model incorporating a new IOT - Update the model database with annual data	Test conducted by LTA during first year of Phase 3	Model team able to provide reliable forecasts for policy guidance with a high degree of independence based on 1 chapter in national strategy and policy reports	
	1.4 Training package for macro-economic modelers (economic theory, modeling and programming	Detailed training package/tool kit	Current material not structured and not comprehensive	Training package developed, available at all model institutions and in use	Training package available	Comprehensive training tool kit developed by Mar 2012	

OUTPUTS	1.1 Bring along the staff of the Malawian stakeholders in all aspects of modeling	Share of work time used for modeling by host institutions	Currently many model team members are pre-occupied with other work tasks	Model team officers devote 15-25% of their work time to modeling work	Log of team members' work time on model included in report to MEDP management	Number of completed individual assignment provided by LTA	**Risks:** a) Loss of experienced team members/ model team members become too involved in non-modeling tasks b) Lacking ability of team members to independently upgrade their technical skills to use and maintain the model **Mitigation measures:** a) Routines on when and how to introduce model to new model team members. - Increased links to academic institutions through the development of the modelling university training package - Raising model's profile and demand for output makes hosting institutions prioritize model work - Specified work share to be set aside for model work (10-15%) - GoM supports part of model activities to display ownership to the model b) LTA to train 1-2 model group members to train others. - Model documentation package (see paragraph 4.4.2) - LTA provides TA through e-mail/ phone/ short term mission after end of assignment
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	techniques)						
OUTPUTS	2.1 MDPC leads and coordinates Planning Project	MDPC advice to other GoM institutions	MDPC not always able to fully lead and coordinate planning	MDPC provides strategic guidance advice and TA to GoM and others on economic development and planning	Project progress meeting minutes	Reports on progress meetings	**Risks:** a) Delays in the compilation of SUT (and IOT) tables b) Lack of government ownership to model **Mitigation measures:** a) Project control of the vertical "economic line". Streamline NSO's AES input data to NA. - One team member from NSO responsible for preparing the IOT, keeping the model group up to date on developments regarding NA, SUT, or the IOT, and act as the link of communication on these matters - Use SWAP project to coordinate between institutions at management level b) GoM provides own financial support to model project as proof of ownership - Assure that key GoM institutions actually use the model for analysis
	2.2 Macroeconomic Framework Chapter of MDGSII	Model used to produce macro-economic framework in MDGSII report	First draft has been produced and delivered to MEDP management	Chapter with forecasts for real sector, govt. budget, external sector and monetary accounts included in final MDGS II	MDGSII document	Acknowledge ment of use of MalawiMod by Mar 2012	
	2.3 Model delivers forecasts to (AER) on an annual basis	Model used to produce AER	AER based on business interviews up to 2010	AER based on updated model baseline from 2011 and onwards	AES report	Annual release in June	
	2.4 Model used for analyzing GoM budgets	Bi-annual meetings between model team and Model to inform about simulations	Current MoF budget calculations without second round effects	Model simulations used to inform MoF about effect of proposed policies	Background documents for GoM annual budget	Feb/ March Nov/ Dec	
	2.5 Model used for the Medium Term Expenditure Framework (MTEF)	Model plays an important role in the production of MTEF	MTEF has been resuscitated in 2011/ 12 FY	Model simulations used for MTEF	Use of model referred to in MTEF report	2012	
	2.6 Policy analysis on demand from MoF or other GoM institutions	Special reports on upcoming policy issues	Simulations on the effect of import substitution on current account deficit conducted in early 2011	4-5 similar studies during 2011 and 2012	Release of special reports MEDP: AER[1]	2012 2013 2014	
	2.7 Model used for preliminary national	Preliminary NA publication	Discussions about application of	Model used for preliminary NA and	Release of preliminary NA	Bi-Annual	

[1] AER[1] Annual Economic Report

	accounts		model for preliminary NA held with East Afritac[2] February 2011	simulation of backwards series of key economic indicators	based on use of the model to NABOP	(March-Sep)	
	2.8 MOAFS involved in the use and further development of the model	Update baseline with most recent crop estimates	MOAFS currently not involved in model work/ model use	MOAFS uses model for evaluating policy options	MOAFS policy documents		
OUTPUTS	3.1 Model central in providing evidence for the NABOP and EMT[3] as basis for dealing with IMF, World Bank and other Malawi development partners	Model used for generating preliminary national accounts	No obvious alternatives to the Model for forecasts and analyses for the whole economy	Model, together with final NA forms the primary macro economic evidence basis for the Malawi delegations dealing with IMF	Minutes from NABOP and EMT meetings	Bi-annual (March-Sep)	**Risks:** a) Stakeholders feel unsure of the results of the model **Mitigation measures:** - Assure that the model's output is consistent with results from WB macro-economic monitoring model - Present the model for the CABS group and present special analysis on demand from the development partners
	3.2 Model used as basis for donor decisions on budget support to GoM	Model output used to inform CABS meetings on macro-economic performance	Model currently not used for CABS meetings	Development partners in CABS group have confidence in the model's ability to picture the Malawi economy and effects of policy	Minutes from CABS meetings submitted to MEDP management and donors	Periodic CABS meetings	

[2] East Afritac: IMF-East African Regional Technical Assistance Centre
[3] NABOP: National Accounts and Balance of Payments
EMT: Economic Management Team

	accounts		model for preliminary NA held with East Afritac[2] February 2011	simulation of backwards series of key economic indicators	based on use of the model to NABOP	(March-Sep)	
	2.8 MOAFS involved in the use and further development of the model	Update baseline with most recent crop estimates	MOAFS currently not involved in model work/ model use	MOAFS uses model for evaluating policy options	MOAFS policy documents		
OUTPUTS	3.1 Model central in providing evidence for the NABOP and EMT[3] as basis for dealing with IMF, World Bank and other Malawi development partners	Model used for generating preliminary national accounts	No obvious alternatives to the Model for forecasts and analyses for the whole economy	Model, together with final NA forms the primary macro economic evidence basis for the Malawi delegations dealing with IMF	Minutes from NABOP and EMT meetings	Bi-annual (March-Sep)	**Risks:** a) Stakeholders feel unsure of the results of the model **Mitigation measures:** - Assure that the model's output is consistent with results from WB macro-economic monitoring model - Present the model for the CABS group and present special analysis on demand from the development partners
	3.2 Model used as basis for donor decisions on budget support to GoM	Model output used to inform CABS meetings on macro-economic performance	Model currently not used for CABS meetings	Development partners in CABS group have confidence in the model's ability to picture the Malawi economy and effects of policy	Minutes from CABS meetings submitted to MEDP management and donors	Periodic CABS meetings	

[2] East Afritac: IMF-East African Regional Technical Assistance Centre
[3] NABOP: National Accounts and Balance of Payments
EMT: Economic Management Team

Phase 3 Summary budget

Component Plan-1a Macroeconomic Modelling and analysis

Item	Norwegian kroner - NOK 2011-2012 Total cost	2012-2013 Total cost	2013-2014 Total cost	2012-2014 Total cost
Local costs	**96 704**	**253 574**	**154 519**	**504 796**
Modeling Training/workshops	74 000	171 167	98 852	344 019
Seminars/public forums (ECAMA)	15 926	63 704	31 852	111 481
Training/presentation at Chancellor College	6 778	18 704	23 815	49 296
Local costs in forex for Model Team	**170 300**	**437 163**	**233 263**	**840 726**
Study trips	-	200 000	-	200 000
Short term training	-	62 963	62 963	125 926
Software, TROLL (INTEX solutions)	162 500	162 500	162 500	487 500
Modelling Materials (text books, etc)	7 800	11 700	7 800	27 300
Tech coop w/SN	**1 309 500**	**570 700**	**193 000**	**2 073 200**
Long term resident advisor (LTA)	923 500	184 700	0	1 108 200
Short Term Assistance	386 000	386 000	193 000	965 000
Subtotal	**1 576 504**	**1 261 437**	**580 781**	**3 418 722**

Component Plan-1b Institutional Cooperation between MEDP, MOF and RBM

Item	Norwegian kroner - NOK 2011-2012 Total cost	2012-2013 Total cost	2013-2014 Total cost	2012-2014 Total cost
Local costs	**267 963**	**200 370**	**172 593**	**640 926**
Project Accounting/Auditing	9 259	9 259	9 259	27 778
Communication equipment	33 333	16 667	16 667	66 667
IT equipment	41 667	27 778	0	69 444
Member association subscription	22 222	22 222	22 222	66 667
Cars, incl. 20% maintenance	50 370	50 370	50 370	151 111
Printing & publication	111 111	74 074	74 074	259 259
In-house training				
Local costs in forex	**332 148**	**332 148**	**332 148**	**996 444**
International conferences/ courses	332 148	332 148	332 148	996 444
Tech coop w/SN	**176 000**	**352 000**	**220 000**	**748 000**
Short term # (x2w)	0	0	0	0
Home coordination	176 000	352 000	220 000	748 000
Subtotal	776 111	884 519	724 741	2 385 370

Component Plan-1b Institutional Cooperation between MEDP, MOF and RBM

Item	Norwegian kroner - NOK 2011-2012 Total cost	2012-2013 Total cost	2013-2014 Total cost	2012-2014 Total cost
Local costs	**267 963**	**200 370**	**172 593**	**640 926**
Project Accounting/Auditing	9 259	9 259	9 259	27 778
Communication equipment	33 333	16 667	16 667	66 667
IT equipment	41 667	27 778	0	69 444
Member association subscription	22 222	22 222	22 222	66 667
Cars, incl. 20% maintenance	50 370	50 370	50 370	151 111
Printing & publication	111 111	74 074	74 074	259 259
In-house training				
Local costs in forex	**332 148**	**332 148**	**332 148**	**996 444**
International conferences/ courses	332 148	332 148	332 148	996 444
Tech coop w/SN	**176 000**	**352 000**	**220 000**	**748 000**
Short term # (x2w)	0	0	0	0
Home coordination	176 000	352 000	220 000	748 000
Subtotal	**776 111**	**884 519**	**724 741**	**2 385 370**

Component A and B MEDP, MOF and RBM - Total

Item	Norwegian kroner - NOK 2011-2012 Total cost	2012-2013 Total cost	2013-2014 Total cost	2012-2014 Total cost
Local costs	364 667	453 944	327 111	1 145 722
Local costs in forex	502 448	769 311	565 411	1 837 170
Tech coop w/SN	1 485 500	922 700	413 000	2 821 200
Total Component Plan A and B	2 352 615	2 145 956	1 305 522	5 804 093

Annex 2 – Annual progress report format

1. PROJECT TITLE:

2. IMPLEMENTING INSTITUTION:

3. PROJECT DESIGN (Goal, Objective, outputs):

   - As stated in Agreed Project Summary

4. PROGRESS OF IMPLEMENTATION:

   - A description of actual outputs compared to planned outputs as specified in the matrix in Annex 1 to this Agreement,
   - a brief summary of the use of funds compared to budget,
   - an explanation of major deviations from plans,

5. ASSESSMENTS:

   - an assessment of the efficiency of the Project (how efficiently resources/ inputs are converted into outputs),
   - 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.

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5. ASSESSMENTS:

   - an assessment of the efficiency of the Project (how efficiently resources/ inputs are converted into outputs),
   - 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.

Annex 3 – Obligations with regard to personnel/consultants made available to Malawi by Norway

Permissions, taxes

Malawi shall provide or cause to be provided:

to the personnel/consultants provided (hereinafter the personnel) by Norway and their families, free of charge, necessary entry, re-entry, exit and other permits including employment permits and ID-cards for the personnel;

exemption from professional registration and licence requirements;

exemption from income taxes and any other direct taxes on emoluments paid to the personnel for services in Malawi under the Agreement;

exemption from payment of import and export duties, taxes and other fees on equipment imported to Malawi in connection with the services performed under the Agreement;

exemption from any currency or foreign exchange controls on financial resources brought into Malawi by the personnel for the purpose of the Agreement;

exemption from payment of import and export duties and taxes on used household goods and personal effects brought into Malawi from Norway by the personnel or their families within six months of their first arrival in Malawi;

the right for the personnel to import free of duty and sales tax (or purchase from bond) one television, one personal computer, one printer, one deep freezer, one refrigerator and one air conditioning unit for each member of the family, however at least two per household;

the right for the personnel to import free of duty and sales tax (or purchase from bond) of one motor car within six months of first arrival in Malawi. If the motor car is damaged beyond repair or worn out or otherwise lost without neglect on the part of the personnel or their families, the personnel shall irrespective of any time limit be entitled to import a second vehicle in replacement of the first one.

If any of the items mentioned in Clauses 2.4, 2.7 and 2.8 above are disposed of in Malwi otherwise than to a person entitled to the same exemptions, appropriate duty and tax shall be paid thereon.

Indemnity – Arrest

Malawi shall indemnify Norway and the personnel serving in Malawi under the Agreement and hold them harmless against any liability, suits, actions, demands, damages, costs or fees claimed by third parties on account of death, injuries to person or property, or any other losses resulting from or connected with words spoken or written or any act performed or omission made in the execution within the territory of Malawi of assistance under the terms of the Agreement, short of acts amounting to gross negligence or willful misconduct of such personnel. In case of gross negligence or wilful misconduct, Malawi will be liable to third parties to the same extent as it would be in respect of its own employees. In all cases Malawi shall be entitled to exercise and enforce the benefit of any defence or right of set off, counterclaim, insurance, indemnity, contribution or guarantee to which such personnel become entitled.

If claims arise in a case where gross negligence or willful intention on the party of the personnel has been established by a court of law in Malawi, Malawi may hold the person concerned liable according to applicable law.

In the event of arrest or detention, for any reason whatsoever, of any personnel, or of any member of his/her family, or criminal proceedings being instituted against them, the Embassy shall immediately be notified by Malawi .Representatives from the Embassy shall be entitled to visit the arrested or detained person.

Recall

Malawi shall have the right to request the recall of any personnel whose work or conduct is deemed unsatisfactory. Before exercising such right Malawi shall consult with Norway.

Norway shall have the right to recall any person at any time. In case of such recall, Norway shall, unless exceptional circumstances demand that the person be recalled immediately, give one month's notice to Malawi.

Norway shall make every effort to obtain a replacement for the recalled person if Malawi so requests.

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