

Bilateral Grant Agreement between the Norwegian Ministry of Foreign Affairs and the Government of the Republic of Malawi regarding development cooperation concerning health Services Joint Fund (MWI-14/0025)

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 9th June, 2008 regarding Development Cooperation.

WHEREAS Malawi and the Department for International Development (DFID) and the Norwegian Ministry of Foreign Affairs (MFA) (together the Development Partners) have entered into Joint Declarations of Intent (JDI) with Malawi regarding and Common Fiduciary Oversight and the Health Services Joint Fund (the programme),

WHEREAS Malawi during the Malawi Health Sector Review on 28th October 2014 has requested support from Norway and DFID (the Donors) to the Programme,

WHEREAS MFA has decided to comply with the request,

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

Article I Scope and objectives

1. This Agreement sets forth terms and procedures for MFA's financial assistance to the Programme. Moreover, the provisions of the JDI, including any amendments to the JDIs adopted by Malawi and the Development Partners, shall be complied with. In case of inconsistency between this Agreement and the JDI (as amended), this Agreement shall prevail.
2. The expected impact of the Programme is that Malawi attains Millennium Development and Sustainable Development health goals.
3. The overarching outcome of the Programme is that Malawi implements its Health Sector Strategic Plan for 2011-2016 and 2016-2020.

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 Programme, 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 Programme.
2. In matters pertaining to the implementation of the Programme the Norwegian Embassy in Lilongwe (the Embassy) and the Malawian Ministry of Finance (the Ministry) shall be competent to represent MFA and Malawi respectively. All communication to MFA in connection with the Agreement shall be directed to the Embassy.
3. Representatives of Norway may at all times carry out independent reviews, field visits, evaluations and other control measures to verify that the Grant has been used in accordance with the Agreement.

4. Malawi shall facilitate such control measures by providing all information and documents necessary to carry out the relevant initiative, as well as ensuring the unrestricted access of such representatives to any premises, records, goods and documents requested.
5. Malawi shall ensure that the representatives have access to the auditor of the Programme, as well as to the auditor's assessments of all relevant information pertaining to the Programme. Malawi shall release the auditor from any confidentiality obligations in order to facilitate such access.

The rights and obligations of this Article shall remain in force for five years following the end of the Support Period or after termination of the Agreement.

Article III Contribution and disbursements

1. MFA shall, subject to Norwegian Parliamentary appropriations and the terms and procedures of this Agreement and the JDI, make available to Malawi a financial grant not exceeding NOK one hundred million (100 000 000) (the Grant) to be used exclusively to finance the Programme in the planned period December 2015 to November 2016.
2. Any accrued interests on the Grant may be used for the benefit of the Programme.
3. The Grant will be disbursed upon semi-annual written requests from Malawi based on the financial needs of the Programme and, except the first request, on receipt of semi-annual reports on Health Sector Strategic Plan implementation as well as approved report, work plans and budgets for the programme. The first disbursement, amounting to NOK fifty five million, will be made upon signing of this Agreement and approval by MFA of a disbursement request from Malawi.
4. Funds will be transferred upon MFA's approval of the requests to a separate commercial bank account with the Ministry of Finance and shall be made available to the Programme immediately.
5. Malawi shall immediately in writing acknowledge the receipt of the funds. The date of reception shall be stated as well as the exchange rate.

Article IV Financial irregularities

1. The Parties shall practise zero tolerance towards any financial irregularities within and related to the Programme. The zero tolerance policy applies to all staff members, consultants and other non-staff personnel, contractor, implementing partners and beneficiaries of the Grant.
2. Financial irregularities refers to all kinds of:
 - a) corruption, including bribery, nepotism and illegal gratuities;
 - b) misappropriation of cash, inventory and all other kinds of assets;
 - c) financial and non-financial fraudulent statements;
 - d) all other use of Project funds not in accordance with the Agreement and the latest agreed Application, implementation plan and budget.
3. The Parties are firmly committed to prevent, detect and manage financial irregularities and shall therefore:
 - a) organise their operations and internal control systems in a way that financial irregularities are prevented and detected;
 - b) cooperate fully to prevent, stop and handle financial irregularities within and related to the Project;
 - c) require that all staff involved in, and any consultants, suppliers and contractors financed under the Project refrain from financial irregularities.

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4. The Parties shall immediately inform each other of any indication of financial irregularities and of the measures initiated to handle the situation.
5. The Parties shall cooperate fully in the investigations of such events, whether the investigation is led by MFA or Malawi.
6. The Parties shall consider prosecution and/or other reasonable sanctions towards any person and/or legal entity suspected of financial irregularities within or in relation to the Programme.

Article V Reservations

1. MFA reserves the right to withhold and/or reclaim all or parts of the Grant and cancel this Agreement if Programme funds are found not to have been used in accordance with the terms and conditions of this Agreement and the JDI or are found not to be satisfactorily accounted for.
2. 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 V Disputes – Entry into force - Termination

1. The Agreement shall enter into force on the date of its last signature, and shall remain in force as long as the JDI remains in force or until all obligations arising from this Agreement have been fulfilled, whichever comes first. Whether the obligations shall be considered fulfilled, will be determined through consultations between the Parties and confirmed by MFA in a completion letter.
2. This Agreement may be amended. Any such amendment must be agreed upon in writing between the Parties and shall become an integral part of this Agreement.
3. Each Party may terminate this Agreement upon three months written notice.
4. Return of MFA's pro rata share of any unused funds, interest and financial gain accrued on the Grant as referred to in the JDI shall be clearly marked "Unused funds". The name of the Partner shall be stated, along with MFA's agreement number and agreement title.

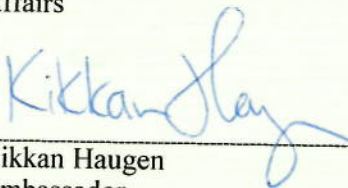
Name of the account: Health Services Joint Fund MOH FCDA/Holding account
 Account no.: 0004514000275
 Name/ address of the bank: First Merchant Bank, Capital City Branch, P.O Box 30890, Lilongwe 3
 Swift/BIC code: FMERMWMW

5. Any dispute concerning this Agreement, shall be settled by consultations between the Parties.

IN WITNESS WHEREOF the undersigned, acting on behalf of their respective Party, have signed the Agreement in two -2- originals in the English language, whereof the Parties keep one each. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.

Done in Lilongwe the 1st day of December 2015.

For the Norwegian Ministry of Foreign Affairs



Kikkan Haugen
 Ambassador
 Royal Norwegian Embassy in Lilongwe

For the Government of the Republic of Malawi



Dr Ronald Mangani
 Secretary to the Treasury,
 Ministry of Finance, Economic Planning and Development

