



ROYAL NORWEGIAN EMBASSY

Lilongwe

Chief Executive Officer Tove R. Wang
Save the Children Norway
PB 6902 St Olavs Plass
0130 Oslo
Norway

Your ref: 57800579

Our ref: MWI 2646, 15/0020

December 3, 2015

GRANT LETTER FOR MWI 15/0020 INGO Consortium Cash Based Response 2015/2016

Reference is made to the application from Save the Children Norway (the Grant Recipient) to the Norwegian Ministry of Foreign Affairs (the Ministry) dated 13.11 2015 regarding financial support to the above project.

The Ministry has decided to award a grant of up to NOK 18 800 000 (the Grant) to the Grant Recipient for the implementation of the project as it is described in the application including any attachments (the Project).

The Grant is provided subject to the acceptance of the conditions and procedures specified in this grant letter by the Grant Recipient. This grant letter together with the Grant Recipient's written acceptance shall constitute an agreement (the Agreement) between the Ministry and the Grant Recipient (the Parties).

The Agreement number shall be used in all further correspondence regarding the Grant, including requests for disbursement and in connection with repayment of unused funds.

The Royal Norwegian Embassy in Lilongwe (the Embassy) is, as part of the Ministry, competent to act on behalf of the Ministry. All communication to the Ministry in regard to the Agreement shall be directed to the Embassy.

1. PURPOSE AND IMPLEMENTATION OF THE PROJECT

The Grant Recipient shall implement the Project as set out in the Agreement including the budget attached as Annex 1, and in the application, including any attachments, with any agreed adjustments (the Application).

The planned project impact is to save lives, alleviate suffering and contribute towards resilience building of 82,129 households affected by food insecurity in eight districts.

The planned project outcome is improved food security and resilience among the 82 129 targeted households in eight districts.

The planned project outputs are that all targeted households from the affected areas effectively receive cash in lieu of food, and that linkages are established with long-term community resilience programmes to enhance resilience and improve food security for the targeted population.

The goal hierarchy is as set out in the Application.

Significant changes to the Application, such as changes to the budget, the sources of income, the goal hierarchy, the Grant Recipient's organisation and/or alterations to the implementation plan of more than three months, are subject to the Ministry's prior, written approval. The Ministry may stop disbursements of the Grant until such changes have been approved.

The Grant Recipient shall identify, assess and mitigate any relevant risks associated with the implementation of the Project, including the risk of financial irregularities, and any potential negative effects of the Project on the environment, climate or gender equality.

The Grant Recipient shall acknowledge the Ministry's support in any communications or publications relating to the Project.

If the Grant Recipient is to transfer all or part of the Grant to a cooperating partner, the Grant Recipient shall enter into a written agreement with the partner. In the agreement the Grant Recipient shall require the partner to have administrative procedures that ensure compliance with the obligations of this Agreement, particularly with regard to reporting, audit, procurement and measures to prevent financial irregularities. The Grant Recipient shall provide the Ministry with a template for such agreements for information purposes before entering into the agreement.

2. THE GRANT

The Grant shall be used exclusively to fund the approved costs of the Project, including indirect costs as described below, during the planned period 1 October 2015 to 31 May 2016 (the Support Period). After the end of the Support Period, the Project Period will continue, allowing for finalisation of final report, audit and end review. The Project Period is 1 October 2015 to 30 October 2016.

The Grant includes an amount to cover overheads/indirect costs incurred by the Grant Recipient. This amount shall not exceed 7 % of the actual costs of the Project.

The Grant Recipient is responsible for obtaining the financial and other resources that are required in addition to the Grant.

If the Grant is converted into another currency, the Grant Recipient shall seek to achieve the best possible exchange rate. The exchange shall be made through a national or commercial bank unless another procedure is approved by the Ministry. If exchange rate fluctuations

decrease the value of the Grant to such an extent that this will have consequences for the implementation of the Project, the Grant Recipient shall inform the Ministry as soon as possible. If exchange rate fluctuations increase the value of the Grant, the gain arising from the conversion of currencies shall be repaid in accordance with section 6 of this Agreement, unless otherwise agreed between the Parties.

Representatives of the Ministry and the Norwegian Auditor General shall at all times be allowed to undertake control measures to verify that the Grant is being used in accordance with the Agreement. The representatives shall hereunder be permitted to visit any premises and examine any records, goods and documents requested, and have access to the Grant Recipient's auditor and the auditor's assessments of all information pertaining to the Grant Recipient and the Project. Confidentiality obligations on the part of the auditor shall not hinder such access.

If the Grant Recipient is to transfer all or parts of the Grant to a cooperating partner, the Grant Recipient shall require in its agreement with the partner that the Ministry and the Norwegian Auditor General have the same access to undertake the control measures related to the partner's use of the Grant as described above.

3. DISBURSEMENT

The Grant will be disbursed in advance in one single instalment.

The disbursement shall amount to NOK 18 800 000 and shall be made when the Ministry has received the Grant Recipient's written acceptance of the Agreement including banking details as well as the disbursement request. The disbursement shall also cover approved Project expenses incurred from start-up to the first disbursement.

The Grant Recipient shall use a separate bank account common for all grants from the Ministry. The account details can be found in section 15 of this Agreement and all disbursements of the Grant shall be made to this account.

4. REPORTING

The Grant Recipient shall submit to the Ministry the reports listed below. If unable to meet a reporting deadline, the Grant Recipient shall inform the Ministry immediately.

A progress report shall be submitted to the Ministry by 15 April 2016. The report shall be signed by an authorised representative of the Grant Recipient. The progress report shall be set up in such a way that it may be compared with the information in the Application. The report shall include:

- a brief account of any deviations between the Application and the implementation of the Project, and of any consequences these deviations will have for achieving the planned results,
- a brief account of the handling of identified risks, and on the Project's impact on the environment, climate and gender equality
- the preliminary results achieved under the Project in relation to the goal hierarchy as set out in the Application: products and/or services delivered (Outputs) and, if possible, the Project's effect on the target group (Outcome),

- a record of procurements and sales carried out under the Project during the reporting period when such documents are required under sections 8 and 9 of this Agreement.

A financial report shall be submitted to the Ministry by 15 April 2016. The report shall be signed by an authorised representative of the Grant Recipient, and countersigned by the financial controller. The financial report shall consist of Project accounts with corresponding notes on the various items, using the same structure and items as in the budget, and shall include:

- the latest approved overall budget,
- total expenses charged/capitalised,
- expenses charged/capitalised in the period in question,
- income from all sources,
- any deviations between the approved budget for the period in question and the expenses charged/capitalised during the period in question in terms of amount and percentage. Deviations of more than 10 % from a budget line shall be explained.

The **auditor's report** of the Project's account shall be submitted to the Ministry by 30 October 2016. The audit shall be carried out in accordance with ISA 800 or 805 by a chartered/certified or state-authorized public accountant acceptable to the Ministry. If the auditor submits a management letter (matters for governance attention), this shall be attached to the auditor's report. The cost of the audit is covered by DFID

The **final report** for the Support Period shall be submitted to the Ministry no later than 30 October 2016. The final report shall be set up in such a way that it may be compared with the information in the Application. It shall include:

- a brief description of the cooperation with and division of roles between cooperating partners in the Project,
- a brief description of the Project and the main lessons learned from its implementation,
- a presentation and assessment of products and/or services delivered (Outputs) and the Project's effect on the target group (Outcome), compared with the goal hierarchy and the implementation plan of the Application, as well as an estimation of the Project's probable effect on society (Impact) to the extent possible,
- the implementation plan, including current status, i.e. actual (start-up and) completion date(s) for products and/or services delivered (Outputs) and, if relevant, completed activities, with comments on any deviations,
- a statement of the risks identified prior to and during implementation of the Project and how these have been handled,
- a brief assessment of the sustainability of the results, and a prognosis for a possible continuation of the Project,
- a brief account of the Project's impact on the environment, climate and gender equality,
- a record of procurements and sales carried out under the Project during the reporting period when such documents are required under sections 8 and 9 of this Agreement.

The Project accounts, auditor's reports and other reports related to the Project shall be made public unless these documents may be exempted from public access pursuant to the Act of 19 May 2006 No. 16 relating to right of access to documents held by the public authorities (Freedom of Information Act).

In addition to submitting the reports listed above to the Ministry, the Grant Recipient shall by 1 July each year make public a description of its efforts to combat financial irregularities in its operations and of any closed cases of financial irregularities that the Grant Recipient has been involved in during the previous year. The description may be publicised either by publication of a separate report or in the Grant Recipient's general annual report. The description shall also be available on the Grant Recipient's website until next year's description is made public. The information shall be made public in such a way that whistleblowers are not exposed and that individuals associated with cases of financial irregularities are ensured the necessary protection. The Grant Recipient shall, when making the description public, send the website link to the Norwegian Agency for Development Cooperation (Norad) by e-mail to postmottak@norad.no.

5. OTHER FOLLOW-UP MEASURES

Meetings shall be held if requested by either of the Parties. The Grant Recipient shall call and chair the meeting and draft minutes of the meeting. The purpose of these meetings is to review the Project's progress and preliminary results, and discuss the implementation plan, as well as the expenditures and budget for the next period. The progress report and the financial report for the previous period form the basis for these meetings, unless otherwise specified in the invitation to the meeting. The minutes shall be submitted to the Ministry within 2 days after the meeting for approval.

A **final review** of the Project shall take place by 1 October 2016, and be submitted and finalized by 30 October 2016. The Ministry shall draft the terms of reference for the review, which shall be approved by the other Party.

The costs of the final review shall be covered by the Grant.

The Ministry may, at any time, carry out independent reviews, field visits or evaluations of the Project. The costs of such reviews, etc. shall be covered by the Ministry over and above the Grant.

6. REPAYMENT OF INTEREST AND UNUSED FUNDS

Interest accrued on the Grant during the course of a year shall be repaid by 31 January the following year. If the Grant Recipient receives several grants from the Ministry, the interest on these grants should be repaid in one instalment. The instalment shall be marked: "Interest for 2015, from Save the Children Norway", and shall be documented by a copy of the annual bank statement for the account.

Once all activities of the Project have been implemented, any unused funds that total more than NOK 500 shall be repaid as soon as possible, and at the latest six months after the end of the Support Period. The transaction shall be marked: "Unused funds, MWI 15/0020, INGO consortium cash based response 2015/2016".

Repayments shall be made to the following bank account:

Name of the account: Kgl. Norsk Ambassade Lilongwe

IBAN no.: NO63 76 94 05 13 657
Name and address of the bank: DnB ASA, 0021 Oslo, Norway
Swift/BIC code: DNBANOKKXXX

7. FINANCIAL IRREGULARITIES

During the implementation of the Project, the Grant Recipient is required to practise zero tolerance for financial irregularities. In order to fulfil this requirement, the Grant Recipient shall:

- have systems for internal control, and shall organise its operations in such a manner that financial irregularities, including corruption, theft, embezzlement, fraud, misappropriation of funds, favouritism and nepotism are prevented and detected,
- not, during the implementation of the Project, whether directly or indirectly, demand, receive, accept, offer or give any kind of gift, payment or benefit that could be construed as illegal or corrupt practice,
- without delay inform the Ministry of any suspicion of financial irregularities, including any of the matters mentioned above, that the Grant Recipient becomes aware of during the implementation of the Project. The Grant Recipient shall account for all the known facts of the case and give its own assessment of how the matter should be followed up, including the extent to which criminal prosecution is appropriate. The matter will be handled in accordance with the Ministry's guidelines for handling suspicion of financial irregularities.

8. PROCUREMENT

Any procurement to be undertaken during the implementation of the Project shall be based on competition, and carried out in accordance with good business practice, ensuring transparency, verifiability, equal treatment, predictability and non-discrimination on the basis of nationality or local ties, so that the best possible conditions may be obtained.

The Grant Recipient shall:

- take into account any environmental impact when planning procurement processes,
- ensure that providers do not make use of child labour or forced labour and/or practise discrimination (as defined in the core conventions of the International Labour Organization), and that they respect the right to freedom of association and the right to organise and engage in collective bargaining, as set out in the core conventions,
- request tenderers to inform the Grant Recipient of any potential conflicts of interest related to the procurement,
- enforce a strict practice towards tenderers who can be linked to professional misconduct, i.e.:
 - only accept tenders including a declaration of good conduct confirming that the enterprise has not been convicted of participation in a criminal organisation, or corruption, fraud, money laundering, or any other form of financial crime,
 - consider rejecting tenders where the tenderer indicates that, or it is known that, the tenderer has received a final conviction for a criminal offence related to its professional conduct,

- consider rejecting tenders where the tenderer indicates that, or it is known that, the tenderer has committed a serious breach of professional or ethical standards in the branch concerned.

When the total value of a procurement exceeds NOK 100 000 excluding VAT, the Grant Recipient shall draw up a written report with documentation of all assessments and decisions during the entire procurement process from the planning stage to the signing of the contract. The report shall include assessments and decisions regarding the items listed above.

If the total value of a contract exceeds NOK 100 000, the Ministry shall approve the following during the procurement process: the call for tenders, the award criteria and their weighting. The Grant Recipient shall also submit the draft contract to the Ministry for approval.

9. PROPERTY, EQUIPMENT AND INTELLECTUAL PROPERTY RIGHTS

The right of ownership to property, equipment, consumables and intellectual property rights procured or developed by use of the Grant shall vest in the Grant Recipient or its cooperating partner, unless otherwise stated in the Application. All matters associated with such property, equipment, consumables and intellectual property rights are the exclusive responsibility of the Grant Recipient. The Ministry shall have an unlimited right to use any documents developed as part of or in connection with the Project, free of charge.

If such property and/or equipment is sold before the end of the Support Period, the sale shall be made at market price unless otherwise approved by the Ministry. In the event of such sale, the purchaser may not be an employee, or a relative of an employee, of the Grant Recipient, unless the Ministry has approved otherwise. The Grant Recipient shall, together with the purchaser(s), prepare a record of sales comprising information on all equipment sold, offers received, the final price and the name of the purchaser. The income from the sale shall accrue to the Project. The record shall be attached to the first Progress report due after the sale, and the selling price shall be included in the financial report.

If the Project does not continue beyond the Support Period or after termination of the Agreement, the Ministry may require that the Grant Recipient sells all remaining property, equipment and goods that have been purchased by use of the Grant as described above. The income from the sale shall be repaid to the Ministry's account, as referred to in section 6, unless otherwise agreed by the Parties.

10. BREACH OF AGREEMENT

If the Grant Recipient fails to fulfil its obligations under this Agreement and/or if there is suspicion of financial irregularities, the Ministry may withhold all or part of the Grant.

In the event of material breach of the Agreement, including if it is documented that all or part of the Grant has not been used in accordance with the Agreement, if the use of funds has not been satisfactorily accounted for, and/or if financial irregularities have taken place, the Ministry may, after having given the Grant Recipient an opportunity to explain and rectify the breach within a reasonable deadline, cancel the Agreement, and/or claim repayment of all or parts of the Grant.

Even if the Agreement is terminated pursuant to section 12 or 13, this section on breach of agreement shall remain in force for five years following the time of completion or termination.

11. SETTLEMENT OF DISPUTES

If any dispute arises relating to the implementation or interpretation of the Agreement, the Parties shall seek to reach an amicable solution. Any dispute that cannot be resolved amicably shall be referred to the ordinary courts of law and settled in accordance with Norwegian law. The court venue shall be Oslo District Court.

12. ENTRY INTO FORCE AND DURATION

The Agreement shall enter into force on the date of the Grant Recipient's written acceptance, as described below, and shall remain in force until both Parties have fulfilled all obligations arising from it. Whether these obligations shall be regarded as fulfilled shall be decided in consultation between the Parties.

13. TERMINATION

Each of the Parties may terminate the Agreement upon six months' written notice. The Grant Recipient may use the Grant during the first three months following the date of receipt of such notice (Termination date), but shall not use the Grant to cover financial commitments that are entered into after the Termination date. If the Project cannot be completed without the Grant, the Grant Recipient shall discontinue the Project promptly in an orderly and financially sound manner. Any part of the Grant that has not been used within three months of the Termination date shall be repaid to the Ministry immediately.

The Grant Recipient shall submit a final report to the Ministry within five months of the Termination date, covering the whole period during which the Grant Recipient has used the Grant and including all items required for a final report as set out in section 4, and a financial report for the period from the last report until the use of the Grant ceased. The Agreement shall not cease to be in force until these reports have been approved by the Ministry.

14. SIGNATURE

If the conditions set out above are acceptable to the Grant Recipient, acceptance is given by signing a copy of this grant letter and returning the signed copy to:

Royal Norwegian Embassy in Lilongwe
Privat Box 323 B
Lilongwe
MALAWI

Yours sincerely

Kikkan Haugen
Ambassador

15. ACCEPTANCE

The Grant Recipient accepts the conditions set out in the Agreement.

The Grant shall be transferred to the following bank account, which is solely used for all grants from the Ministry in accordance with the Agreement:

Name and address of bank DNB	
Name of account holder Redd Barna	
Account number/IBAN number 82004302792	Swift code
Currency of the account NOK	Other information

Place: OSLO

Date: 3/12 - 2015

Signature: 

for Save the Children Norway:

for Name: Tove R. Wang

Title: Chief Executive Officer

Unit: Save the Children Norway

Attachment:

Annex 1 – Approved budget for the Project