



**ROYAL NORWEGIAN EMBASSY**

Norwegian Church Aid  
Green Heritage House  
P.O. Box 30793  
Lilongwe 3

Att.: Oddbjørn Flem, Country Director

Your ref.:

Our ref.: MWI-14/0028

Date: 08 December 2014

Dear Mr. Flem

**GRANT LETTER FOR**

**MWI-14/0028 Operating Theatre Block Integrated Infrastructure Development at Kamuzu Central Hospital: Renovation, expansion and re-equipping of the Operating Theatre Block**

Reference is made to the application from Norwegian Church Aid (the Grant Recipient) to the Norwegian Ministry of Foreign Affairs (the Ministry) dated 27.10.2014 regarding financial support to the above project.

The Ministry has decided to award a grant of up to NOK 22,906,000.00 million (twenty two million nine hundred and six thousand) (the Grant) to the Grant Recipient for the implementation of the project as it is described in the application including any attachments (the Project).

Disbursement after the current budget year is subject to Norwegian parliamentary appropriations.

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.

Postal address:  
Private Bag B323  
Lilongwe 3  
Malawi

Office address:  
Arwa House  
City Centre  
Plot No. 13/14  
Lilongwe

Telephone  
+265 1 774211/771212  
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+265 1 772845

Enquiries to:  
emb.lilongwe@mfa.no  
www.norway.mw

## **1. PURPOSE AND IMPLEMENTATION OF THE PROJECT**

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

The planned effects for the target group of the Project are "quality and capacity of operating theatre services at KCH improved".

The planned products and/or services of the Project is "renovation, expansion and re-equipping of KCH's operating theatre".

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.

## **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 2014-2015 (the Support Period).-

The Grant includes an amount to cover overheads/indirect costs incurred by the Grant Recipient. This amount shall not exceed 5 % 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 two instalments.

The first disbursement of the Grant NOK 17.300.000 (seventeen million three hundred thousand shall) be made when the Ministry has received the Grant Recipient's written acceptance of the Agreement including banking details. The disbursement shall also cover approved Project expenses incurred from start-up to the first disbursement.

The second disbursement shall take place tentatively in June 2015 and be based on the financial needs of the Project. The Grant Recipient shall submit written disbursement requests documenting the need for the requested amount through a transcript of the balance sheet from updated Project accounts and the implementation plan of the Project including status update. The Grant Recipient shall also provide confirmation that the Project is being implemented in accordance with the Application, the approved implementation plan and budget.

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** on implementation of the Project for the period up to end April 2015 shall be submitted to the Ministry by 20 May 2015. 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,
- the implementation plan, including current status, i.e. actual (start-up and) completion date(s) for products and/or services delivered and, if relevant, completed activities, and the planned new start-up and completion dates if there are any deviations from the original implementation plan,

The **financial report** for the project implementation period up to end April 2015 shall be submitted to the Ministry. 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,
- the approved budget for the period in question,
- 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,
- a detailed budget for the next period,

The **auditor's report** on the Project account shall be submitted to the Ministry five months after end of implementation. The audit shall be carried out in accordance with ISA 800 or 805 by a chartered/certified or state-authorised public accountant acceptable to the Ministry. The costs of the audit shall be covered by the Grant. If the auditor submits a management letter (matters for governance attention), this shall be attached to the auditor's report.

The **final report** for the Support Period shall be submitted to the Ministry no later than three months after implementation is completed. 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](mailto:postmottak@norad.no).

## 5. OTHER FOLLOW-UP MEASURES

A final review of the Project shall take place within three months after end of implementation. The Ministry/Grant Recipient shall draft the terms of reference for the review, which shall be approved by the other Party.

The costs of the review shall be covered by the Project's budget.

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 MWI-14/0028 from Norwegian Church Aid*", 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-14/0028, Integrated*"



*Infrastructure Development at Kamuzu Central Hospital: Renovation, expansion and re-equipping of the Operating Theatre Block”*

Repayments shall be made to the following bank account:

Name of the account: The Royal Norwegian Embassy in Lilongwe

Account no.: 7694 05 13 657

IBAN no.: NO9176940513657

Name and address of the bank: DnB ASA, 0021 Oslo, Norway

Swift/BIC code: DNBANOKK

**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,

