

**Agreement between the Norwegian Ministry of Foreign Affairs
and the Government of the Republic of Malawi regarding
development cooperation concerning NSO Statistics 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 NSO Statistics for the Malawi Growth and Development Strategy – Phase 3 (the Programme) as outlined in the Agreed Programme Summary in Annex I and further described in the Programme Document Statistics for the Malawi Growth and development Strategy – Phase 3, dated 9 November 2011.
2. The overall goal of the Programme is to contribute towards reduction of poverty and increasing the welfare of the population in Malawi by efficient fact-based policy planning.

The specific goals of the Programme is to contribute to the overall goal by strengthening the national statistical system and by strengthening economic and social policy planning in a manner reflecting user needs.

The purpose of the Programme is to strengthen and further build the capacity of NSO for production of statistics for mid- and long-term monitoring of the Millennium Development Goals (MDG) and the Malawi Growth and Development Strategy II (MGDS II)

3. The Parties may agree on extending existing or including new Programme elements within the Programme, as well as on re-allocating funds within the Programme. 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 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 Malawi Ministry of Finance and Development Planning (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 15 700 000 (Norwegian kroner fifteen million seven hundred thousand) (the Grant) to be used exclusively to finance the Programme in the planned period July 2011 to June 2014.
2. Any accrued interest on the Grant may be used for the benefit of the Programme 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 Programme.

Article IV Contributions and obligations of Malawi

Malawi shall through the National Statistical Office as implementing agency be responsible for implementing the Programme, and shall hereunder:

1. Have the overall responsibility for the planning, implementation, reporting and monitoring of the Programme,
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,
4. ensure that Programme 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 Programme,
6. undertake the obligations set out in Annex 2 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 Programme,
8. ensure that all permits, import licences 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 regarding implementation of the statistical 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 Programme and, except the first request, on approved work plans and budgets. The first disbursement, amounting to NOK 3,000,000 will be made upon signing of this Agreement and approval by MFA of a disbursement request from Malawi, of which NOK 1 250 000 shall be disbursed to NSO and NOK 1 750 000 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 Programme according to Article III, Clause 2.

Along with the requests, except the first request, Malawi shall state the cash balance of the Programme and submit a statement of bank balances for the Programme 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 NSO and shall be made available to the Programme 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 NSO 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 NSO.

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 Programme, 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 Programme, such as the major risk factors set out in the Agreed Programme 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 assessment of the efficiency of the Programme (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 Programme) that may affect the success of the Programme,
 - 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 1 to this Agreement shall form the basis for the work plan. A revised work plan for the next Programme 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 quarterly financial statements shall be submitted during the financial year, no later than 1 month after the quarter in question:
 - 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 Programme 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 Programme.

- b. Budget for the Programme 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 Programme.

5. A final report shall be submitted within six months after the completion of the present phase of the Programme. If the Programme is not completed by 31 December 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 Programme, 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 Programme seen in relation to target groups and others who are affected,
- an assessment of sustainability of the Programme, 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

1. Malawi undertakes to effect all procurements of goods and services necessary for the implementation of the Programme.
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 Programme 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 Programme'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 Programme 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 Programme, i.e. the extent to which the Purpose is being achieved, shall be carried out by September 2013. An assessment of the Programme'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 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

1. MFA reserves the right to withhold disbursements at any time in case e.g.:
 - The Programme 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 Programme 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 Programme 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 representatives of Malawi or by a beneficiary of Programme 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 Programme or otherwise in need of information on its content.

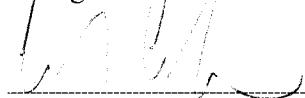
Article XIII Entry into force – Termination – Disputes

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.

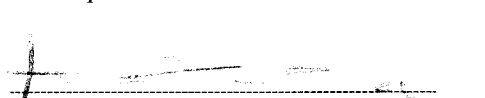
Done in Lilongwe the 8 day of December of 2011.

For the Norwegian Ministry of
Foreign Affairs



Asbjørn Eidhammer
Ambassador

For the Government of
the Republic of Malawi



Dr Ken Lipenga
Minister of Finance and
Development Planning

Annexes:

1. Agreed Programme Summary
2. Rights of personnel

Annex I Agreed Programme Summary

Identification of the Programme

- Programme Title/Name: NSO Statistics for the Malawi Growth and Development Strategy – Phase 3
- Implementing institution: National Statistical Office
- Norwegian and/or other Partner institution: Statistics Norway

Description of the Programme

| | |
|---------------------|---|
| OVERALL GOAL | To contribute towards reduction of poverty and increasing the welfare of the population in Malawi by efficient fact-based policy planning. |
| SECIFIC GOAL | To contribute to the overall objective by strengthening the national statistical system and by strengthening economic and social policy planning in a manner reflecting user needs. |
| PURPOSE | To strengthen and further build the capacity of NSO for production of statistics for mid- and long-term monitoring of the MGDs and MGDs II. |

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| Results Chain | Performance Indicators | | | Risk/ Mitigation Measures | |
|--|---|--|---|--|---------------------|
| | Indicator | Baseline | Target | | |
| 1 An improved system and capacity for basic statistics in NSO | Annual Economic Survey | Large improvements in quality during phase 2, but need more timeliness | AES successfully completed on time using new production system, while drawing on minimal SN support | Observation 7, 19 and 31 month | See output matrixes |
| 2 An improved system and capacity for national accounts in NSO | SUT 2008, 2009, 2010, 2011 and 2012 | SUT & IOT and Inst. Sector accounts in current and previous' years prices for 2006 and 2007. Main revision of SUT about to start | Revised SUT 2007 and 2008, including institutional sector accounts | SUT reports Feb 2012 | |
| 3 Improved system and capacity for a household survey program comprising IHS and WMS for planning for the MGDS in MDPC and the line ministries | WMS surveys with poverty estimates | NSO currently produces timely quality WMS data annually, including poverty estimates with minimal SN support | NSO upholds capacity to conduct annual WMS including poverty estimates, and secures funding for a household survey program covering key MDG and MDGS indicators | Annual WMS reports Household survey program established Maintain the established program | |
| 4 An improved and extended capacity for electronic and paper based dissemination within NSO | Access to NSO data | New NSO webpage but still rooms for improvements with regard to data access | All major NSO household surveys prepared for use of PC-Axis with PX-Map | Test of access On going | |
| 5 A server based and security enabled IT system in NSO | IT system installed. IT staff designated | New IT system in Zomba functions well, but need for improved human capacity | New IT system installed also in the LLW regional office, and more NSO staff trained in IT infrastructure support | Observation Oct 2011 | |
| 6 Increased institutional human resource capacity and training program, responding to users' needs | Courses held at NSO Statistical School with user feedback | NSO Statistical School has not reached its full potential with regard to number of courses and outreach to NSS | Number of Stat.School courses double of 2010 level and reaches NSS institutions. Users are satisfied with courses | Observation and evaluation forms On going | |

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| Results Chain | Performance Indicators | | | Verification | Milestones | Risk/ Mitigation Measures |
|---|--|---|--|--------------|--|--|
| | Indicator | Baseline | Target | | | |
| 1.1 High quality and timely AES | Annual AES reports | Still delays and SN TA required | Timely AES delivery drawing on NSO capacity only | Observation | | Risks: a) Loss of experienced staff and lacking ability of staff to independently upgrade their technical skills b) Bottlenecks in AES production line c) Cooperation with other economic institutions |
| 1.2 New PPI | PPI report | Framework for PPI developed with TA from IMF East Africac | PPI based on 100 enterprises from AES 2008 with adequate response rates | Document | Publish 1 st PPI 12 months after data collection starts | Mitigation measures: a) Introduction program for new staff - IT courses at NSO Stat. school - Improved documentation of new AES production system since 2007 b) Develop detailed time schedule for AES, including identification of "critical lines." - Close follow-up of AES progress by NSO management |
| 1.3 IIP with updated weights | IIP report | IIP currently using 1984 weights | IIP using weights from AES 2007 | Document | Jan 2012 | |
| 1.4 QEE disseminated | QEE report | QEE stopped in 1994. Since then similar data only from IHS every five years | Quarterly series of QEE reports as basis for quarterly NA | Document | Dec 2012 | |
| 1.5 CPI with updated weights | CPI report | CPI currently using 2000 as a base | CPI using weights from IHS3 2011 | Document | Jan 2012 | |
| 2.1 IHS3 data analyzed for NA | IHS3 dataset | IHS3 data expected in July 2011 | Analyze IHS3 data that are relevant for NA (Household based production and consumption | Draft report | Dec 2011 | Risks: a) Lack of Staff/ loss of experienced team members/ NA team members become too involved in out-of office work b) Lacking ability of NA team members to independently upgrade their technical skills c) Delayed input data d) IT problems (network and SNA-NT) |
| 2.2 SNA 2008 implemented | SUT 2007 & 2008 | Currently using SNA 1993. List of methodological changes ready | SNA 2008 fully implemented, with documentation | SUT reports | End of year 3 | Mitigation measures: a) Two new NA staff recruited by July 1, 2011 - Improved introduction routines for NA staff - Increased links to academic institutions to improve NA training b) LTA to train 1-2 NA team members to train others/ Development of Stat.School NA courses - SUT documentation package - LTA provides TA through e-mail/ phone/ short term mission after end of assignment c) See Outcome 1 d) New IT system in LLW office October 2011. SNA-NT remote support, (also see outcome 5) |
| 2.3 Change from ISIC rev.3 to rev.4, and CPC Ver. 2 | SUT 2007 & 2008 | Currently using ISIC rev.3 and CPC | New standards implemented with documentation | SUT reports | Dec 2011 | |
| 2.4 Revised SUT tables for 2007, 2008, 2009, 2010, 2011 and 2012 | Annual SUT | Main revision of SUT about to start | SUT 2007 and 2008 revised, including institutional sector accounts | SUT reports | Feb 2012 | |
| 2.5 Backwards estimation of time series for NA for the years 2006, 2005, 2004, 2003, 2002 | Revised SUT for 2006, 2005, 2004, 2003, 2002 | Existing SUT for 2006, 2005, 2004, 2003, 2002 based on pre-revision standards | Fully revised and documented SUT for the period 2002-2012 | SUT reports | Dec 2012 | |

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| Results Chain | Performance Indicators | | | Verification | Milestones | Risk/ Mitigation Measures |
|---|--|--|---|---------------------------------------|---|---|
| | Indicator | Baseline | Target | | | |
| 3.1 High quality and timely WMS reports | Annual WMS reports | NSO produces timely, high quality report, including poverty estimates | NSO capacity upheld | Observation | Annual reports 6 months after data collection | <p>Risks:</p> <ul style="list-style-type: none"> a) Loss of experienced staff and lacking ability of staff to independently upgrade their technical skills b) Lack of trust in poverty model c) Donors reluctant to fund survey d) Donors not coordinated/new bi-annual IHS <p>Mitigation measures:</p> <ul style="list-style-type: none"> a) Introduction program for new staff - Data processing courses at NSO Stat. school - Improved documentation of revised WMS b) Proper documentation and dissemination of poverty model test results to all stakeholders c) Use SWAp project to support the development of a household survey program, possibly containing a core WMS with rotating topical modules to cover all survey based MDG and MDGS indicators periodically - Improve NSO financial reporting d) SWAp project to coordinate donor support |
| 3.2 Test of performance of IHS2 based poverty model | Test report | IHS2 based poverty model not yet tested, although similar models have been tested on Uganda data | Performance of IHS2 based poverty model tested, and possible deviations explained as basis for re-calibration | Document | Jan 2012 | |
| 3.3 Re-calibration of poverty model on IHS3 data | Model instruments | Start when IHS3 data ready (expected in July 2011) | Model instruments developed and documented for future NSO independent use | Documents Program files | Mar 2012 | |
| 3.4 Revise WMS and secure funding | Updated questionnaire and signed agreements | Two donor meetings held in WMS TWG to discuss WMS content and funding | Updated WMS questionnaire from WMS 2012. Funding for at least WMS 2011 and 2012 secured | Documents | April 2012 | |
| 3.5 WMS part of household survey program | Household survey program | WMS needs to be revised to better cover MDG and MDGS indicators. Still some gaps in indicators. | Optimal coverage of MDG and MDGS indicators in a household survey program containing annual WMS | Document | Annual Survey | |
| 4.1 Improved capacity for electronic data dissemination | Refined outside access to statistical database | NSO website nicely designed, updated and operated, but need fir improved access to data | Use PC-Axis with PX-Map, and build the capacity of NSO to maintain and further develop the database | Observation | Dec 2011 | |
| 4.2 NSO delivers policy-relevant information | Policy makers' perception | NSO has a good reputation for reliable data provision, but with some delays | NSO delivers timely quality data in particular in the fields of national accounts and poverty indicators | Observation | On going | |
| 5.1 New IT system in Lilongwe | New LLW IT system operational | New IT system in Zomba, but IT system in LLW regional office not adequate | New IT system installed also in the LLW regional office | Observation | Oct 2011 | |
| 6.1 More active NSO Stat.School also serving NSS | SS course catalogue with scheduled dates | The NSO Stat.School has started some courses but not reached its full potential | - Minimum 6 courses in IT - Minimum 15 intro courses - Documentation for all courses stored at NSO | Courses listed in catalogue conducted | On going | |

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Overall budget

| Item | Norwegian kroner (1000) - NOK | | | |
|---|-------------------------------|--------------|--------------|---------------|
| | 2011-2012 | 2012-2013 | 2013-2014 | 2011-1214 |
| | Total cost | Total cost | Total cost | Total cost |
| Component Stat-1 Basic economic statistics | 1 747 | 1 181 | 836 | 3 765 |
| Local costs | 1 183 | 617 | 450 | 2 251 |
| Local costs in forex | 219 | 178 | 0 | 397 |
| Tech coop w/SN | 386 | 386 | 386 | 1 158 |
| Component Stat-2 National accounts | 2 739 | 1 074 | 896 | 4 708 |
| Local costs | 247 | 422 | 422 | 1 091 |
| Local costs in forex | 219 | 178 | 0 | 397 |
| Tech coop w/SN | 2 273 | 474 | 474 | 3 221 |
| Component Stat-3 Social and Poverty statistics – Welfare Monitoring Survey | 1 365 | 1 172 | 801 | 3 339 |
| Local costs | 801 | 801 | 801 | 2 404 |
| Local costs in forex | 178 | 178 | 0 | 356 |
| Tech coop w/SN | 386 | 193 | 0 | 579 |
| Component Stat-4 Institutional development of NSO | 1 210 | 1 210 | 1 017 | 3 436 |
| Local costs | 423 | 423 | 423 | 1 268 |
| Local costs in forex | 242 | 242 | 242 | 726 |
| Tech coop w/SN | 545 | 545 | 352 | 1 442 |
| 5 % contingency on local costs | 174 | 152 | 117 | 442 |
| Total grant | 7 235 | 4 789 | 3 667 | 15 690 |

Annex 2 – 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 Malawi 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 willful 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 part 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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