

BILATERAL GRANT AGREEMENT
BETWEEN
THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS
AND
THE GOVERNMENT OF MALAWI
REGARDING
MWI-16/0015
SUPPORT TO HEALTH SECTOR STRATEGIC PLAN 2017-2020
THROUGH THE HEALTH SERVICES JOINT FUND

THIS BILATERAL GRANT AGREEMENT (the Agreement) is entered into between the NORWEGIAN MINISTRY OF FOREIGN AFFAIRS (MFA) and THE GOVERNMENT OF THE REPUBLIC OF MALAWI (Malawi) (jointly referred to as the Parties).

WHEREAS MFA has provided financial support to the implementation of the Health Sector Strategic Plan I through the Health Services Joint Fund (HSJF) through an agreement dated December 1st, 2015 and amended November 22nd, 2016.

WHEREAS Malawi in letter dated November 10th, 2017 has requested MFA for continued support to the implementation of the Health Sector Strategic Plan II (HSSP II) through HSJF.

WHEREAS MFA have decided to comply with the request; and;

WHEREAS MFA, the Department of International Development (DFID) the German Development Bank (KfW) (together the Development Partners) have entered into Joint Declarations of Intents dated December 1st 2015 regarding a Common Fiduciary Oversight Arrangement of the Malawi Health Sector (JDI CFOA) and the HSJF (JDI HSJF) (together the JDIs), and;

WHEREAS the Development Partners have entered into a Common Understanding on Development Partner Cooperation (the Common Understanding) dated February 12th 2016, and;

WHEREAS the JDIs and the Common Understanding specify common procedures for i.a. consultation and decision-making, disbursements, monitoring and reporting, review and evaluation, audit, financial management and the exchange of information and cooperation between Malawi and the Development Partners;

WHEREAS financial contributions by the Development Partners will be agreed upon in bilateral grant agreements between Malawi and each of the Development Partners;

NOW THEREFORE the Parties have agreed as follows:

1 SCOPE AND OBJECTIVES

- 1.1 This Agreement, together with the JDIs and the Common Understanding, as amended, set forth the terms and procedures for MFA's financial support to the implementation of the HSSP II in line with the objectives for the operation of HJSF as specified in the JDIs (the Programme).
- 1.2 The expected impact of the Programme is that Malawi attains the Sustainable Development Goal on health, aiming at health and well being for all by 2030.
- 1.3 The overarching outcome of the Programme is that Malawi implements the HSSP II in the period 2017-2022.
- 1.4 In case of inconsistencies or divergence of interpretations between the JDIs, as amended, and this Agreement, the latter shall prevail.

2 REPRESENTATION AND COMMUNICATION

- 2.1 The Royal Norwegian Embassy Lilongwe (the Embassy) is competent to act on behalf of MFA. All communication to MFA regarding this Agreement shall be directed to:

Royal Norwegian Embassy
Private Bag B 323
Lilongwe 3
Malawi

- 2.2 Malawi shall be represented by the Secretary for Health and Population. All communication to Malawi regarding this Agreement shall be directed to:

The Secretary for Health and Population
PO Box 30377
Lilongwe 3

- 2.3 The Parties may give notice of other contact information to replace the above.
- 2.4 MFA's agreement number and agreement title shall be stated in all correspondence regarding this Agreement, including disbursement requests and repayment of unused funds.

3 THE GRANT AND DISBURSEMENTS

- 3.1 MFA shall, subject to Norwegian parliamentary appropriations, provide a financial grant not exceeding NOK 238 900 000 (Norwegian Kroner two hundred and thirty eight million nine hundred thousand) (the Grant).
- 3.2 The Grant shall be used exclusively to finance the actual costs of the implementation of the Programme during the period from December 2017 to June 2020 (the Support Period).
- 3.3 The Grant shall be disbursed in advance instalments based on the financial need of HSJF for the upcoming period, which shall not exceed six months. The disbursements shall be made upon MFA's receipt of written disbursement requests from Malawi describing the financial need for the period in question. The first disbursement shall include approved Project expenses incurred prior to the signing of this Agreement.
- 3.4 Financial need refers to the budgeted expenditures for the upcoming period, less any funds available in the HSJF from all other sources during the same period.
- 3.5 The financial need shall be documented through an updated financial statement for the HSJF and a reference to the latest approved budget.
- 3.6 The disbursement requests shall be signed by the Secretary for Health in the Ministry of Health and Population. A confirmation that the HSSP II is being implemented in accordance with the Agreement shall be included in the disbursement requests.
- 3.7 All disbursements will be made in NOK to the following separate bank account with the

Name of the account:	Health Services Joint Fund MOH FCDA/Holding Account
Account no.:	0004514000275

Name and address of the bank: First Merchant Bank, Capital City Branch, P.O. Box 30890, Lilongwe 3
Swift/BIC code: FMERMWMW
Currency of the account: GB pounds Stirling

Malawi shall immediately acknowledge receipt of the funds in writing. The amount received shall be stated as well as the date of receipt and the exchange rate applied Malawi shall make the funds available to the HSJF without delay.

4 FINANCIAL IRREGULARITIES

- 4.1 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.
- 4.2 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 Programme funds not in accordance with the Agreement and the latest agreed implementation plan and budget.
- 4.3 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 Programme;
 - c) require that all staff involved in, and any consultants, suppliers and contractors financed under the Programme refrain from financial irregularities.
- 4.4 The Parties shall immediately inform each other of any indication of financial irregularities and of the measures initiated to handle the situation.
- 4.5 The Parties shall cooperate fully in the investigations of such events, whether the investigation is led by MFA or Malawi.
- 4.6 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.
- 4.7 MFA may apply any measure as referred to in Article 5 clauses 1 and 2, with immediate effect and irrespective of Article 5 clause 3, if MFA determines that any financial irregularities have occurred. Any repayment claim may also include interest, investment income or any other financial gain obtained as a result of the financial irregularity.

5 RESERVATIONS

- 5.1 MFA reserves the right to withhold disbursements at any time in case Malawi fails to fulfil its obligations under this Agreement and the JDIs, and/or if there is suspicion of financial irregularities.
- 5.2 MFA reserves the right to terminate this Agreement with immediate effect and/or claim repayment of all or parts of the Grant in the event of material breach of this Agreement by Malawi. Material breach of the Agreement shall include, without limitation, the following:
- a) all or part of the Grant has not been used in accordance with the Agreement and/or approved implementation plans and budget,
 - b) the use of the Grant has not been satisfactorily accounted for,
 - c) Malawi has, after having been granted an extended deadline, failed to provide the agreed reports,
 - d) financial irregularities, grave professional misconduct or illegal activity of any form have taken place within the Project,
 - e) Malawi has failed to inform MFA of indication of financial irregularities within the Project in accordance with Article 4 above.
- 5.3 Before withholding disbursements, claiming repayment or terminating this Agreement, the Parties shall consult with a view to reaching a solution on the matter.

6 FINAL PROVISIONS

- 6.1 This Agreement shall enter into force on the date of the last signature, and remain in force for as long as the JDIs are 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.
- 6.2 The 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.
- 6.3 Each Party may terminate this Agreement upon three months written notice.
- 6.4 Return of MFA's share of any unused funds, interest and financial gain accrued on the Grant as referred to in the Procedural Arrangement shall be clearly marked: "Unused funds". The name of Malawi shall be stated, along with MFA's agreement number and agreement title.

Name of the account:	Royal Norwegian Embassy in Lilongwe
Account no.:	7694 05 13657
Electronic IBAN no.:	NO6376940513657
Manual IBAN no.:	NO6376940513657
Name and address of the bank:	DnB ASA, 0021 Oslo, Norway
Swift/BIC code:	DNBANOK

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

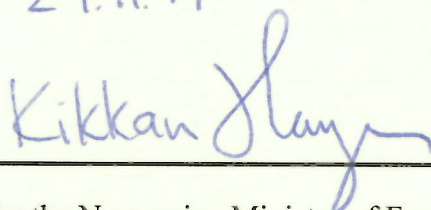
IN WITNESS WHEREOF the undersigned, acting on behalf of their respective Party, have signed the Agreement in two -2- originals in the English language, whereof the Parties keep one each. In the event of any discrepancies between this English language version and any later translations, the English language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

Place: Lilongwe

Date: 29.11.17

Lilongwe.

30.11.2017.



for the Norwegian Ministry of Foreign
Affairs,

for The Government of Malawi,

Kikkan Haugen

Goodall E. Gondwe

Ambassador

Minister of Finance

Royal Norwegian Embassy in Lilongwe

Republic of Malawi