

GRANT AGREEMENT

between

The Norwegian Agency for Development Cooperation

and

Norwegian Church Aid/Kirkens Nødhjelp

regarding

TAN-19/0002 Haydom Lutheran Hospital 2019-2022

Part I: Specific Conditions

Part II: General Conditions

Part III: Procurement Provisions

Annex A: Budget

Annex B: Results Framework

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PART I: SPECIFIC CONDITIONS

This grant agreement (the Agreement) has been entered into between:

- (1) The Norwegian Agency for Development Cooperation (Norad), represented by the Civil Society Department, and
 - (2) Kirkens Nødhjelp/Norwegian Church Aid (NCA), an organisation duly established in Norway under registration number 951 434 353 (the Grant Recipient),
- jointly referred to as the Parties.

1 SCOPE AND BACKGROUND

- 1.1 The Grant Recipient has submitted an application to Norad dated 2.11.2018 (the Application) regarding financial support to the programme titled TAN-19/0002, Haydom Lutheran Hospital (HLH) 2019-2022 (the Project). The estimated costs of the Project are indicated in the budget attached as Annex A.
- 1.2 Norad has decided to award a grant to be used exclusively for the implementation of the Project (the Grant). The Parties expect the Project to be implemented during the period from 1.5.2019 to 31.12.2022 (the Support Period).
- 1.3 The Parties have agreed to enter into an Agreement, consisting of this part I; Specific Conditions, part II; General Conditions, and part III; Procurement Provisions, all of which form an integral part of this Agreement. In the event of discrepancies between the Specific Conditions and the General Conditions or Procurement Provisions, the Specific Conditions shall prevail.

2 OBJECTIVES OF THE PROJECT

- 2.1 The expected results of the Project are as follows:

Overall Objective: The HLH mission within the framework of the four-year 2019-2022 project is to sustain the quality, accessibility and affordability of health care services to the communities served by HLH (with a focus on mother and child health services) whilst transitioning toward sustainability.

Target group: Catchment area of roughly 1 million people. Mostly rural agriculturalists and pastoralists. Wider reference area (secondary catchment area) of roughly 3 million people. Within the target group special focus will be on pregnant mothers, children under 5, elderly and poor patients.

To achieve the above overall objective and having the requested impact, the project focuses on four outcomes (Baseline numbers 2017 in brackets):

Outcome 1: Sustained and further improved quality, accessibility and affordability of health service delivery to HLH's clients, by

- a. Hospital Increased Safe Care level to level 5 (4),
- b. Laboratory Reached Star rating to 4 stars (2),
- c. Improved custom satisfaction to 95% (N/A).

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d. Maintained number of patients served at 2017 level (In-patients; ~12,000, Out-patients; ~100,000).

Outcome 2: Demonstrated prudent financial stewardship and improved funding diversity, including increased income from (percentages of total annual revenue).

- e. Medical Services to 40% (32%),
- f. GoT support to 23% (19%),
- g. Projects to 9% (5%)
- h. Resource mobilisation to 4% (2%).

Outcome 3: Further improved institutionalized operational efficiency;

Outcome 4: Made HLH innovation and success replicable.

2.2 The Grant Recipient shall submit a revised results framework for approval within 1.11.2019.

3 IMPLEMENTATION OF THE PROJECT

3.1 The Project shall be implemented in accordance with:

- a) the Agreement, including all annexes,
- b) the approved Application
- c) the implementation plan and budget.

as well as any later any amendments to the above documents which are approved by Norad.

3.2 During the implementation of the Project, the Grant Recipient shall exercise the necessary diligence, efficiency and transparency in line with sound financial management and best practise principles.

3.3 The Grant Recipient shall identify, assess and mitigate any relevant risks associated with the implementation of the Project, including the risk of corruption and other financial irregularities, and any potential negative effects that the Project may have on the environment and climate, gender equality and human rights. The Grant Recipient shall submit an updated risk assessment for approval within 1.11.2019.

3.4 The Grant Recipient shall interact with the Norwegian Embassy on regular basis, with a special focus on increasing the contribution of public support from the Tanzanian Authorities.

4 THE GRANT

4.1 The Grant shall amount to maximum **NOK 53 000 000** (Norwegian Kroner fifty-three million).

4.2 Disbursement after the current calendar year is subject to Norwegian Parliamentary appropriations. Significant reductions in the annual allocation to the relevant budget line may lead to a reduction in annual allocations and/or in the total Grant amount.

4.3 The tentative, annual distribution of the Grant will be as follows:

2019: NOK 10 mill
2020: NOK 15 mill
2021: NOK 14 mill
2022: NOK 14 mill

The annual allocations must be confirmed by Norad following the Parliament's approval of the state budget for the relevant budget year. Disbursements will be based on the actual financial need of the Project in accordance with article 5 of the Agreement.

- 4.4 The Grant shall be used exclusively to finance the actual costs of the implementation of the Project during the Support Period.
- 4.5 The Grant may be used to cover overheads/indirect costs up to a maximum of 7 % Norad's pro rata share of the actual, direct costs of the Project.
- 4.6 The Grant Recipient is responsible for obtaining any additional resources which may be required to duly implement the Project.
- 4.7 The Grant Recipient may apply for additional funding to the Project during the Support Period only upon written invitation from Norad.

5 DISBURSEMENT

- 5.1 The Grant shall be disbursed in advance instalments based on the financial need of the Project for the upcoming period, which shall not exceed six months. The disbursements shall be made upon Norad's receipt of written disbursement requests from the Grant Recipient, 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. The second disbursement shall be subject to Norad's receipt and approval of an updated results framework, as per article 2.2 and 3.3.
- 5.2 Financial need refers to the budgeted expenditure for the upcoming period, less any funds available to the Project from all other sources during the same period.
- 5.3 The financial need shall be documented through an updated financial statement for the Project and a reference to the latest approved implementation plan and budget.
- 5.4 The disbursement requests shall be signed by an authorised representative of the Grant Recipient. A confirmation that the Project is being implemented in accordance with the Agreement shall be included in the disbursement request.
- 5.5 All disbursements are conditional upon the Grant Recipient's continued compliance with the requirements of the Agreement, including the timely fulfilment of reporting obligations. Norad may withhold disbursements in accordance with article 17 of the General Conditions if it finds that the requirements of the Agreement have not been met. Except for the Project's first year, the first disbursement each year is subject to the Norad's receipt and approval of the updated implementation plan and budget, while the second disbursement each year is subject to Norad's receipt and approval of the latest progress report and financial report.

5.6 The Grant Recipient shall have a separate bank account exclusively for grants from Norad. All disbursements will be made to the following bank account:

Name of the account:	Kirkens Nødhjelp/Norwegian Church Aid
Account no.:	1594 22 85873
IBAN no.:	NO69 1594 22 85873
Name and address of the bank:	DNB, postboks 1600 Sentrum, 0021 Oslo
Swift/BIC code:	DNBANOKK
Currency of the account:	NOK

6 REPORTING AND OTHER DOCUMENTATION

6.1 The following shall be submitted by the Grant Recipient to Norad:

- a) A **progress report** covering the period from January to December shall be submitted to Norad by 1 July each year. The progress report shall include the content specified in article 2 of the General Conditions. The Civil Society Department's standard reporting format shall be used (see Norad's website).
- b) A **financial report** covering the period from January to December shall be submitted to Norad by 1 July each year. The financial report shall include the content specified in article 3 of the General Conditions. The final financial report shall cover the entire Support Period and shall be submitted along with the final report referred to in article 6.1 e) of the Specific Conditions.
- c) An **audit report** covering the annual financial statements of the Project shall be submitted to Norad by 1 July each year. The audit report shall comply with the requirements set out in article 7 of the Specific Conditions and article 5 of the General Conditions. The management letter (matters for governance attention) shall be attached to the audit report.
- d) An updated **implementation plan and budget** covering the period from January to December shall be submitted to Norad by 1 November each year. The implementation plan and budget shall include the content listed in article 1 of the General Conditions. The Civil Society Department's standard formats shall be used (see Norad's website).
- e) A **final report** for the Support Period shall be submitted to Norad no later than 6 months after the end of the Support Period. The final report shall include the content listed in article 4 of the General Conditions. The Civil Society Department's standard reporting format shall be used (see Norad's website).

6.2 If the Grant Recipient is unable to meet the deadlines set out above, Norad shall be informed in writing immediately.

6.3 All implementation plans, budgets and reports shall be approved in writing by Norad unless otherwise agreed by the Parties.

6.4 In addition to submitting the reports listed above to Norad, 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

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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 Norad by e-mail to postmottak@norad.no.

7 AUDIT

- 7.1 The annual financial statements of the Project shall be audited in accordance with International Standards of Auditing (ISA) 800 (“Special considerations audits of financial statements prepared in accordance with special purpose frameworks”) or ISA 805 (“Special considerations audits of single financial statements and specific elements, accounts or items of a financial statement”). Additional requirements applicable to the auditor and the audit report are included in article 5 of the General Conditions.
- 7.2 The Grant Recipient is responsible for submitting the audit report to Norad within the deadline indicated in article 6 of the Specific Conditions.

8 FORMAL MEETINGS

- 8.1 Unless otherwise agreed, formal meetings shall be held once per year, tentatively in September/October, in order to discuss i.a. the results achieved by the Project during the Support Period. The meetings shall be called and chaired by the Norad.
- 8.2 Unless otherwise agreed, the Parties shall discuss the latest progress report and financial report, as well as the implementation plan and budget for the upcoming period. In the event that the progress and financial reports have not been received at least two weeks before the meeting, the Parties shall agree upon a new date to hold the meeting.
- 8.3 The Grant Recipient shall record main issues discussed, points of view expressed and decisions made, in minutes from the meeting. The Grant Recipient shall submit the minutes to Norad no later than two weeks after the meeting for comments and approval.

9 REVIEWS AND OTHER FOLLOW-UP MEASURES

- 9.1 A mid-term review focusing on progress to date, with a special focus on the hospital’s sustainability, shall be carried out by 1 July 2021. The Grant Recipient shall draft the terms of reference for the review and submit them to the Norad for approval. The costs of the review shall be included in the Project budget.
- 9.2 If the Grant Recipient or another interested party initiates a review or evaluation of activities that are wholly or partly funded by the Grant, Norad shall be informed. The Grant Recipient shall forward a copy of the report of any such review or evaluation to Norad without undue delay.

10 PROCUREMENT

- 10.1 All procurement under the Project shall be completed in accordance with the Procurement Provisions in Part III of this Agreement.

11 REPAYMENT OF INTEREST AND UNUSED FUNDS

- 11.1 Interest accrued on the Grant during the course of a year shall be repaid to Norad by 31 January the following year. If the Grant Recipient receives several grants from Norad, the interest on these grants should be repaid in one instalment. The instalment shall be documented by a copy of the annual bank statement for the account.
- 11.2 Upon the end of the Support Period or upon termination of this Agreement, any unused funds that total more than NOK 500 shall be repaid to Norad as soon as possible and at the latest within 6 months. The repayment shall include any interest and other financial gain accrued on the Grant and not previously repaid.
- 11.3 Repayments shall be made to the following bank account:

Name of the account:	Norad
Account no.:	7694.05.14815
IBAN no.:	NO31 7694 0514 815
Name and address of the bank:	DNB Bank Asa, 0021 Oslo
Swift/BIC code:	DNBANOKKXXX

- 11.4 All transactions shall be clearly marked: "Unused funds" or "Interest". The name of the Grant Recipient shall be stated, along with Norad's agreement number and agreement title.

12 SPECIAL PROVISIONS

Deviations from the General Conditions:

- a) General Conditions article 12 clause 2 c) shall be amended as follows: "changes to the implementation plan which implies a delay that may influence the achievement of expected results as presented in the results framework attached as an annex to this Agreement".

13 NOTICES

- 13.1 All communication to Norad concerning the Agreement shall be directed to the Civil Society Department at the following address/e-mail address: postmottak@norad.no
- 13.2 All communication to the Grant Recipient concerning the Agreement shall be directed to [specify] at the following address/e-mail address: nca-oslo@nca.no and Kristina.rodahl@nca.no.
- 13.3 Norad's agreement number and agreement title shall be stated in all correspondence regarding this Agreement, including disbursement requests and repayment of unused funds.

14 SIGNATURES

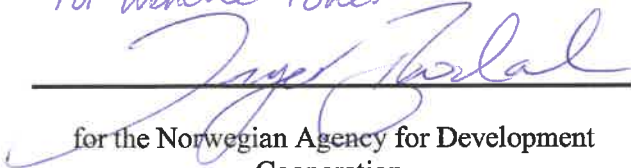
- 14.1 By signing part I of the Agreement, the Parties confirm receipt and approval of part II; General Conditions, and part III; Procurement Provisions, which all form an integral part of the Agreement.

14.2 This Agreement has been signed in two -2- original copies in the English language. In the event of any discrepancies between this English language version and any later translations, the English language version shall prevail.

Place: Oslo, 13.6.2019

Date: 15 June 2019

For Wenche Fone:



for the Norwegian Agency for Development
Cooperation,

Wenche Fone
Director
Civil Society Department



for Norwegian Church Aid,

Arne Næss-Holm
Director of International Programmes

Attachments:

Annex A: Approved budget for the Project

Annex B: Preliminary Results Framework

PROJECT TITLE: Maydom Lutheran Hospital- HLH NAME OF ORGANIZATION: Norwegian Church Aid BUDGET CURRENCY: TZS	2019		2020		2021		2022		TOTAL		Share	
	Amt TZS	%	Amt TZS	%	Amt TZS	%	Amt TZS	%	Amt TZS	%	Amt TZS	%
DIRECT PROJECT COSTS (based on cost categories)	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Salaries (Lønnskostnader)												
Travels (Reisekostnader)												
Consultants and other external services (Kostnader til konsulenter og andre eksterne (tjenester)												
Procurement (Kostnader til innkjøp)												
Other direct activity costs (Andre kostnader knyttet til implementering av prosjekter)												
Audits, monitoring, and evaluations (Kostnader til revisjon, monitoring, evaluering)												
DIRECT PROJECT COSTS (Regional/Global)	112 625 000	1%	168 275 000	1%	168 275 000	1%	168 275 000	1%	617 450 000	1%	617 450 000	1%
Salaries (Lønnskostnader)	24 777 500	0%	37 020 500	0%	37 020 500	0%	37 020 500	0%	135 839 000	0%	135 839 000	0%
Travels (Reisekostnader)	65 322 500	0%	97 399 500	0%	97 399 500	0%	97 399 500	0%	358 121 000	0%	358 121 000	0%
Operating costs (Driftskostnader)												
Consultants and other external services (Kostnader til konsulenter og andre eksterne (tjenester)												
Procurement (Kostnader til innkjøp)												
Other direct activity costs (Andre kostnader knyttet til implementering av prosjekter)												
Audits, monitoring, and evaluations (Kostnader til revisjon, monitoring, evaluering)												
DIRECT PROJECT COSTS (Local)	22 525 000	0%	33 655 000	0%	33 655 000	0%	33 655 000	0%	123 490 000	0%	123 490 000	0%
Salaries (Lønnskostnader)	7 580 000 000	61%	8 052 000 000	61%	8 052 000 000	61%	8 052 000 000	61%	32 919 000 000	61%	32 919 000 000	61%
Travels (Reisekostnader)	80 000 000	1%	90 000 000	1%	90 000 000	1%	90 000 000	1%	350 000 000	1%	350 000 000	1%
Operating costs (Driftskostnader)	1 527 553 504	12%	1 654 008 366	12%	1 729 158 366	12%	1 729 158 366	12%	6 652 332 151	12%	6 652 332 151	12%
Consultants and other external services (Kostnader til konsulenter og andre eksterne (tjenester)	495 000 000	4%	495 500 000	4%	473 000 000	4%	533 535 000	4%	1 997 035 000	4%	1 997 035 000	4%
Procurement (Kostnader til innkjøp)	2 288 000 000	18%	2 398 000 000	18%	2 547 000 000	18%	2 695 500 000	18%	9 928 000 000	18%	9 928 000 000	18%
Other direct activity costs (Andre kostnader knyttet til implementering av prosjekter)	243 500 000	2%	258 500 000	2%	238 500 000	2%	258 500 000	2%	1 139 000 000	2%	1 139 000 000	2%
Audits, monitoring, and evaluations (Kostnader til revisjon, monitoring, evaluering)	61 500 000	0%	64 500 000	0%	66 500 000	0%	66 500 000	0%	259 000 000	0%	259 000 000	0%
TOTAL DIRECT PROJECT COSTS	12 388 178 504		13 293 366 915		13 682 283 366		14 507 968 366		53 871 817 151		53 871 817 151	

INCOME/FINANCING PLAN DIRECT PROJECT COSTS	2019		2020		2021		2022		TOTAL		Share	
	Amt TZS	%	Amt TZS	%	Amt TZS	%	Amt TZS	%	Amt TZS	%	Amt TZS	%
Grant funding, Norad	2 476 635 514	24%	3 714 953 271	24%	3 467 289 720	24%	3 467 289 720	24%	13 126 168 224	24%	13 126 168 224	24%
Grant funding, donor - Bridge Fund	1 060 000 000	2%							1 050 000 000	2%	1 050 000 000	2%
Grant funding, donor - Mubshaw farm, Research Overhead contribution and others	677 367 950	5%	731 008 644	5%	741 008 646	5%	751 008 646	5%	2 800 393 926	5%	2 800 393 926	5%
Grant funding, donor - GOV	2 510 000 000	21%	2 724 475 000	21%	2 842 135 000	21%	3 218 020 000	21%	11 794 580 000	21%	11 794 580 000	21%
Own-contribution	5 644 175 000	47%	6 423 000 000	47%	5 631 850 000	47%	7 071 650 000	47%	25 490 675 000	47%	25 490 675 000	47%
In-kind contribution		0%		0%		0%		0%		0%		0%
TOTAL INCOME/FINANCING PLAN DIRECT PROJECT COSTS	12 388 178 504		13 293 366 915		13 682 283 366		14 507 968 366		53 871 817 151		53 871 817 151	

GRANT APPLICATION/AGREED AMOUNT	2019		2020		2021		2022		TOTAL		Rate
	Amt NOK	%	Amt NOK	%	Amt NOK	%	Amt NOK	%	Amt NOK	%	
Norad contribution direct project cost	9 345 794	0.00374	14 018 692	0.00374	13 084 112	0.00374	13 084 112	0.00374	49 532 710	0.00374	0.00374
Norad indirect costs contribution	654 206	7%	581 308	7%	915 888	7%	915 888	7%	3 467 290	7%	7%
TOTAL NORAD GRANT AMOUNT	10 000 000		15 000 000		14 000 000		14 000 000		53 000 000		

DIRECT PROJECT COST BY THEMATIC AREA/SECTOR (required information for multi-sector alignments)	2019		2020		2021		2022		TOTAL		Share	
	Amt TZS	%	Amt TZS	%	Amt TZS	%	Amt TZS	%	Amt TZS	%	Amt TZS	%
Sector 1 (Health)	12 948 178 504	100%	13 293 366 915	100%	13 682 283 366	100%	14 507 968 366	100%	53 871 817 151	100%	53 871 817 151	100%
Sector 2 (Specific)		0%		0%		0%		0%		0%		0%
Sector 3 (Specific)		0%		0%		0%		0%		0%		0%
Sector 4 (Specific)		0%		0%		0%		0%		0%		0%
Sector 5 (Specific)		0%		0%		0%		0%		0%		0%
TOTAL DIRECT PROJECT COSTS	12 948 178 504		13 293 366 915		13 682 283 366		14 507 968 366		53 871 817 151		53 871 817 151	

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Preliminary Results Framework

Overall Objective: The HLH mission within the framework of the four-year 2019-2022 project is to sustain the quality, accessibility and affordability of health care services to the communities served by HLH (with a focus on mother and child health services) whilst transitioning toward sustainability.

Target group: Catchment area of roughly 1 million people. Mostly rural agriculturalists and pastoralists. Wider reference area (secondary catchment area) of roughly 3 million people. Within the target group special focus will be on pregnant mothers, children under 5, elderly and poor patients.

To achieve the above overall objective and having the requested impact, the project focuses on four outcomes (Baseline numbers 2017 in brackets):

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- a. Hospital Increased Safe Care level to level 5 (4),
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- c. Improved custom satisfaction to 95% (N/A).
- d. Maintained number of patients served at 2017 level (In-patients; ~12,000, Out-patients; ~100,000).

Outcome 2: Demonstrated prudent financial stewardship and improved funding diversity, including increased income from (percentages of total annual revenue).

- e. Medical Services to 40% (32%),
- f. GoT support to 23% (19%),
- g. Projects to 9% (5%)
- h. Resource mobilisation to 4% (2%).

Outcome 3: Further improved institutionalized operational efficiency;

Outcome 4: Made HLH innovation and success replicable.

The Grant Recipient shall submit a revised results framework for approval within 1.11.2019.

