

ARRANGEMENT ON DELEGATED CO-OPERATION

between

**Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
GmbH**

and

**The Government of Australia
represented by the Australian Agency for International Development (AusAID)**

regarding

**Scaling-up the Essential Health Care Programme in the Philippines to
Marginalized Child Populations in the Autonomous Region in Muslim
Mindanao**

AusAID Agreement Number 58855

WHEREAS the Government of the Philippines has requested the Federal Ministry for Economic Cooperation and Development, Germany [German Abbreviation: BMZ] and the Government of Australia represented by the Australian Agency for International Development (AusAID) (the Donors) to support the Scaling-up the Essential Health Care Programme in the Philippines to Marginalized Child Populations in the Autonomous Region in Muslim Mindanao (the Program);

WHEREAS the Donors have decided to comply with the request, and wish to contribute financially to the Program;

WHEREAS the Deutsche Gesellschaft für Internationale Zusammenarbeit [GIZ] GmbH has been commissioned by BMZ as the implementing agency for the Program.

WHEREAS AusAID wishes to contribute financially to the Program through GIZ which will take on responsibility to administer the contribution of AusAID as specified in this Arrangement on delegated cooperation (the Arrangement);

WHEREAS GIZ will enter into an arrangement with Government of the Philippines (the Implementation Arrangement) regarding support to and implementation of the Program;

WHEREAS respect for human rights, democratic principles, the rule of law and good governance will form the basis of the co-operation and constitute essential elements of this Arrangement and the Implementation Arrangement;

NOW THEREFORE AusAID and GIZ have reached the following understanding:

Paragraph I: Scope and Objectives

1. This Arrangement sets forth common provisions and procedures for the delegated co-operation between AusAID and GIZ regarding their support to the Program. The objective of the Arrangement is to improve donor co-ordination and harmonisation through delegated co-operation, thereby reducing the administrative burden of the **Government of the Philippines** and enhancing the efficiency of the Donors' development co-operation activities.
2. The scope of the Program as well as the provisions for AusAID's and GIZ's support to the Program towards the Government of the Philippines will be defined in the Implementation Arrangement which GIZ will enter into with the Government of the Philippines. The Implementation Arrangement will clearly state the Donors' co-financing of the Program and GIZ's authority to represent the Donors in accordance with this Arrangement. AusAID will carry no responsibility or liability towards the Government of the Philippines for the implementation of the Implementation Arrangement.
3. The overall objective of the Program promoted by AusAID and GIZ is to contribute to improved school performance and retention and healthy behavior of children in the Autonomous Region in Muslim Mindanao (ARMM) through the improvement of schools as healthy places and the implementation of an effective school health programme.
4. Success of the Program up until April 2014 will be measured against a set of indicators.

- Successful implementation within the Department of Education (DepEd) system using the Fit for School /DepEd Monitoring and Evaluation (M&E) tool

Indicator: Quality of implementation according to M&E tool

Target: Implementation quality in 60% of Program schools is scored 'green' (successful) according to the M&E tool. (180 schools out of 300 schools)

- Formalisation of intersectoral collaboration

Indicators: MoUs signed and enacted in ARMM on a regional level as well as in all participating divisions/ provinces; School health policies and guidelines drafted and adopted at all levels

Targets: MoUs signed in at least 2 local government units (LGUs) during pilot phase, school health policies drafted and adopted during year 2

- Improvements in water and sanitation facilities

Indicator: Schools have access to water

Targets: 60% of schools without water access prior to the Program launch have water access on the school ground

Indicator: Prototype solutions of washing facilities and sustainable sanitation solutions for resource-poor settings are developed, field-tested and implemented, participating schools and classrooms have appropriate washing facilities and toilets

Targets: Prototype solution developed, tested and constructed in at least 80% of the 180 classrooms in the 30 demonstration schools during year one, 960 additional classrooms in year 2; and 660 additional classrooms in year 3 (total cumulative number 1,800 classrooms over the Program duration)

Indicator: 'zero open defecation' solutions are developed and implemented

Targets: 60% of schools (160 schools out of 300 schools) implemented 'zero open defecation' solution

- Strengthening of civil society capacity

Indicator: Parents/ Community involvement in Program implementation

Target: Community members have contributed their manpower to construct the washing facilities and low-cost sanitation solutions in at least 80% of 300 Program schools. (240 schools out of 300 schools)

- Institutionalizing a healthy school environment as part of school management

Indicator: Principals/ Teachers-in-charge who have issued a plan/ schedule for the construction and maintenance of group facilities as well as for daily group activities

Target: 60% of principals/ teachers-in-charge have issued a plan / schedule for the construction and maintenance of group facilities as well as for daily group activities

Indicator/ Target: Essential Health Care Programme (EHCP) (management) is included in the Human Resource training programs of DepED and the regular teacher in-service trainings

5. GIZ will submit copies of the Implementation Agreements to AusAID for information when the Implementation Agreements have been entered into. The same applies in respect of any amendments to the Implementation Agreements which will also be subject to consultations with AusAID.
6. GIZ will take reasonable steps to ensure that the Government of the Philippines shall abide by the local laws and by applicable international instruments, including the UN Convention on the Rights of the Child, the UN Convention on the Rights of Persons with Disabilities, and International Labour Organisation Conventions and to ensure that no one under 14 years of age or the age of the end of compulsory schooling in that area, whichever is lower, is engaged by the Government of the Philippines or anyone working or acting under the authority of the Government of the Philippines in the implementation of the Program.
7. Recognising the obligations of the Donors and the Government of the Philippines under multilateral environment agreements, and recognising that Australia has specific obligations under the Australian *Environmental Conservation and Biodiversity Act (1999)* to protect and manage nationally and internationally important flora, fauna, ecological communities and heritage places, GIZ will apply environmental due diligence to the use of Program funds.
8. No offer, payment, consideration, gift or benefit of any kind, which could be regarded as an illegal or corrupt practice, has or will be made, promised, sought or accepted, neither directly nor indirectly, as an inducement or reward in relation to activities funded under this Arrangement, including tendering, award or execution of contracts. Any such practice will be grounds for the immediate cancellation of this Arrangement and for such additional action, civil and/or criminal, as may be appropriate. This provision will be included in the Program Arrangement.
9. Recognizing the obligations to take measures to prevent the financing of terrorists, GIZ undertakes to use reasonable efforts to ensure that Program funds are used for their intended purposes and are not diverted to terrorists or their agents. GIZ must inform AusAID in a timely manner if, during the course of this Arrangement GIZ becomes aware that funds provided under this Arrangement are being used for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import is prohibited by the European Union blacklist for combating terrorism.

Paragraph II: Contributions of the Donors

1. The Donors will make total contributions not exceeding the following amounts (collectively referred to as the Contribution), exclusively to support the Program in the period 2011-2014:

Donors	20011-14
Germany, BMZ (in A\$)	584,615
AusAID (in A\$)	2,950,000
Total	3,534,615

AusAID will pay its contribution of A\$2,950,000 in one installment within 30 days of the date of this Arrangement.

Where payments are made in Australian Dollars, the exchange rate on the day of transfer will prevail.

2. Any interest arising from investment of AusAID's contribution to the Program may be used to fund additional Program activities, as agreed in writing between AusAID and GIZ.
3. GIZ may deduct from AusAID's contribution its standardized and audited rates for indirect administrative costs and the GIZ statutory reserve (fixed percentage of 1% of the direct and indirect costs) as in its operations for the BMZ.
4. Upon completion of the Program, any remaining Program funds in the bank account of GIZ mentioned in Paragraph IV, Section 1, including any unspent interest, will be refunded on a proportional basis unless otherwise agreed by AusAID and GIZ.

Paragraph III: Co-operation and Representation

1. GIZ will administer the Contribution and follow up the Program towards the Government of the Philippines in accordance with the stipulations in the Implementation Arrangement and BMZ's prevailing general principles, policies and guidelines for development assistance.
2. This Arrangement has been entered into on the basis that, AusAID is not opposed to BMZ's development policies (such as on gender, environment, child protection) and guidelines on anti-corruption, audit and fraud control, as provided by BMZ or GIZ to AusAID. In the event that these policies of BMZ change in any significant way, GIZ must immediately notify AusAID. Should AusAID not agree with any such changes, to the extent that the changed policies are applicable to this Arrangement and/or the Program, AusAID may, without affecting other actions:
 - (a) withhold/suspend any future disbursements to GIZ,
 - (b) reclaim any contribution transferred to GIZ, but not yet disbursed or irrevocably committed to the Government of the Philippines or paid or irrevocably committed to any other third party; an/or
 - (c) terminate this Arrangement in accordance with Paragraph VII, Section 3.

3. GIZ will promptly inform AusAID of any event that interferes or threatens to interfere with the successful implementation of the Program.
4. GIZ will consult with AusAID in case fundamental changes which adversely affect the Program occur and before making any decision of principle regarding the Program, e.g. before suspension or termination of, or amendments to, the Implementation Arrangement.
5. AusAID and GIZ will meet once a year in order to discuss the progress of the Program and the co-operation between AusAID and GIZ. The documentation submitted according to Paragraph V will form the basis for the discussions. The meeting will be called and chaired by GIZ. GIZ will draft minutes from the meeting, and send the draft for comments and approval to AusAID. Moreover, AusAID may at any time request a meeting with GIZ to discuss the progress and plans of the Program and the co-operation between AusAID and GIZ, and/or to participate in any joint evaluations or reviews.
6. Subject to applicable law AusAID will be given access, whenever requested, to all documentation and information in the possession of GIZ pertaining to GIZ's administration of the Contribution and implementation of the Program. Where AusAID seeks access to information it will give GIZ ten working days notice. GIZ commits to provide the information requested within ten working days of being given notice. Further, GIZ will ask the Government of the Philippines for any information or documentation relating to the Program that AusAID may reasonably request.
7. GIZ will acknowledge AusAID's assistance, contribution and any other relevant support for the Program in any publicity material, media reporting and annual reports. In doing so GIZ will make it clear that it is responsible for the implementation of the Program. Intentions by GIZ to use AusAID's name, logo design or branding will be mutually determined between AusAID and GIZ as required.
8. All formal notices under this Arrangement will be sent by mail, fax or be hand delivered, to the following addresses, or to such other address or person as one party may specify by notice in writing to the other.

For GIZ:

To:	Philipp Quitmann, Deputy Country Director GIZ
Postal Address:	GIZ Office Manila 10/F PDCP Bank Centre corner V.A. Rufino and L.P. Leviste Streets Salcedo Village, Makati City, Philippines
Street Address:	GIZ Office Manila 10/F PDCP Bank Centre

corner V.A. Rufino and L.P. Leviste Streets
Salcedo Village, Makati City
Philippines

Facsimile: +632-9641322

For AusAID:

To: **Elaine Ward, Counsellor- Manila**

Postal Address: Australian Agency for International Development
Australian Embassy
PO Box 1071 Makati Central Post Office
Makati City 1250 Philippines

Street Address: Australian Agency for International Development
Australian Embassy
Level 23 Tower 2 RCBC Plaza
6819 Ayala Avenue
Makati City 1200 Philippines

Facsimile: +632 7578265

Paragraph IV: Disbursements

1. Disbursement of the contribution from AusAID to GIZ's bank account will be made in full following the signing of this Arrangement by the parties.
2. GIZ will submit a written disbursement request to AusAID, containing the following information: the amount of disbursement, bank name, account name, account number, bank address; name of Program, AusAID agreement number, payment event number (if any).
3. AusAID will disburse its contribution to GIZ's bank account upon approval of the disbursement request from GIZ. GIZ will confirm receipt of AusAID's contribution in writing.

Paragraph V: Reporting and Audit

1. GIZ will submit to AusAID for information a copy of the following documentation:
 - (a) the quarterly briefs and annual progress reports,
 - (b) the annual financial statement showing, as per the end of the previous financial year, funds received from AusAID, funds disbursed to the Government of the Philippines or paid to any third party, GIZ contribution

- to the disbursements and the balance of the Contribution carried over to the following year. The financial statement will be in Euro.
- (c) the annual work plan, operational plan and budget for the subsequent fiscal/financial year.
2. By the same deadline GIZ will submit to AusAID for information:
- (a) GIZ's assessment of the above mentioned documentation,
 - (b) GIZ's draft mandate for the meeting with the Government of the Philippines, highlighting key issues and strategic matters which GIZ or BMZ plan to discuss with the Government of the Philippines.
3. GIZ will further submit to AusAID for information, as soon as they become available, the following key project documentation:
- (a) Multi-year operational plans,
 - (b) Monitoring and evaluation plans,
 - (c) Baseline survey results, research study results
 - (d) Implementation Agreements signed between GIZ and the Government of the Philippines,
4. If a review or evaluation of the Program is carried out, GIZ will submit the following to AusAID for information:
- (a) prior to the review/evaluation, a copy of the draft Terms of Reference,
 - (b) a copy of the review/evaluation report,
 - (c) any comments by the Government of the Philippines on the report,
 - (d) GIZ's assessment of the report,
 - (e) any suggestions for follow-up actions.
- AusAID will be provided with the opportunity to participate in Program evaluations, including through the provision of technical expertise as agreed between AusAID and GIZ, to be separately funded by AusAID.
5. The Contribution will be covered by GIZ's annual internal control check done by GIZ Office Manila. A copy of the annual internal control check and of all audit other audit reports relating to the Contribution, will be provided to AusAID within four months of the end of GIZ's financial year.
6. AusAID may audit GIZ's expenditure in relation to the Contribution and GIZ will allow AusAID, or any agent acting on behalf of AusAID, to carry out such an audit and will co-operate with any on-site audit and investigations by making available all records and accounts relating to the Contribution.
7. GIZ will preserve its financial records for the Program for the minimum period specified in GIZ's national legislation (or regulations) pertaining to the preservation of official records.

Paragraph VI: Reservations

1. AusAID and GIZ will do their utmost to reach a joint position on how to handle the matter if AusAID is of the opinion that its contribution has not been, or will not be, used and/or accounted for by the Program as described in the Implementation Arrangement, including if AusAID or GIZ are of the opinion that political changes have occurred which would negatively affect the achievement of the goal and objectives of the Program. The Donors may decide, without affecting other actions, that GIZ will:
 - (a) withhold/suspend any future disbursements to the Government of the Philippines or payments to any other third party,
 - (b) reclaim all or part of the funds already disbursed to the Government of the Philippines, and/or
 - (c) cancel the Program Arrangement and this Arrangement.

In respect of funds already disbursed or irrevocably committed to the Government of the Philippines or any other third party in accordance with this Arrangement, GIZ's repayment to AusAID will be limited to the amount repaid by the Government of the Philippines or such third party.

2. If AusAID and GIZ are unable to reach a joint position on how to handle the matter, AusAID may, without affecting other actions:
 - (a) withhold/suspend any future disbursements to GIZ,
 - (b) reclaim any contribution transferred to GIZ, but not yet disbursed or irrevocably committed to the Government of the Philippines or paid or irrevocably committed to any other third party and/or
 - (c) request, in respect of its contribution, that GIZ takes any such action as mentioned in Section 1 above towards the Government of the Philippines.
3. If GIZ does not fulfil its commitments according to this Arrangement, AusAID may, after consultations with GIZ, without affecting other actions:
 - (a) withhold/suspend any future disbursements to GIZ,
 - (b) reclaim all or part of funds already disbursed to GIZ, and/or
 - (c) terminate this Arrangement.

In respect of funds already disbursed or irrevocably committed to the Government of the Philippines or any other third party in accordance with this Arrangement, GIZ's repayment to AusAID will be limited to the amount repaid by the Government of the Philippines or such third party.

4. GIZ will inform the Government of the Philippines immediately in writing of any action as referred to in this paragraph, and will take any necessary actions in

respect of the Program Arrangement, including (partially) cancel the Program Arrangement. In case of termination of this Arrangement by AusAID, AusAID and GIZ will consult with each other on how to bring the Arrangement to an orderly end. Any amount corresponding to the contribution by AusAID which remains unspent by GIZ will be returned to AusAID immediately and unconditionally unless otherwise agreed by GIZ and AusAID. In respect of unspent funds that are in the possession of the Government of the Philippines, GIZ will exercise its best endeavours to reclaim an amount corresponding to AusAID's contribution from the Government of the Philippines. However, GIZ will not cover/reimburse any amounts which are not repaid by the Government of the Philippines.

5. No party to this Arrangement will be responsible for any failure to perform or any delay in performing their commitment(s) under this Arrangement where the cause of such failure or delay is beyond that party's reasonable control, (*force majeure*). The party claiming suspension of its commitments for this reason will immediately give written notice to the other.

Paragraph VII: Duration - Disputes

1. The delegated co-operation under this Arrangement will start on the date this Arrangement is signed by AusAID and GIZ, and will end on 30 April 2014 unless the parties agree in writing to modify the end date.
2. This Agreement is subject to the approval of the Bundesministerium fuer wirtschaftliche Zusammenarbeit und Entwicklung (BMZ). The GIZ will inform AusAID of the decision of BMZ. As soon as the GIZ has notified AusAID of BMZ approval, this Agreement shall enter into force.
3. AusAID and GIZ may terminate this Arrangement upon four (4) months written notice to the other party. Paragraph VI, Section 4 will apply accordingly. In respect of funds already disbursed or irrevocably committed to the Government of the Philippines or any other third party in accordance with this Arrangement, GIZ's repayment to AusAID will be limited to the amount repaid by the Government of the Philippines or such third party.
4. This Arrangement may be varied at any time. No variation to this Arrangement will be effective unless it is agreed in writing by AusAID and GIZ.
5. If any dispute arises relating to the implementation or interpretation of this Arrangement, AusAID and GIZ will consult with a view to reaching a solution.
6. It is understood between AusAID and GIZ that this Arrangement is not an international treaty.

The undersigned have signed the Arrangement in two originals in the English language.

Dated the 24 day of April of 2011.

For GIZ

i.v. Philipp Quitmann
Philipp Quitmann
Deputy Country Director

For the Government of Australia
through the Australian Agency for
International Development (AusAID)

Titon Mitra
Titon Mitra
Minister Counsellor
Manila

U. S. Klamert für BL 2
Ute Klamert
Director General Asia Pacific
Latin America and Caribbean
Department