Paragraph 14: Signatories

Name: Felix Nkulukusa  
Title: Permanent Secretary – Economic Management and Finance  
For the Ministry of Finance  
Date: 30th November 2012

Name: Chishimba Nkosha  
Title: Permanent Secretary  
For the Ministry of Education, Science, Vocational Training and Early Education  
Date: 30th November 2012

Name: Patrick McManus  
Title: Chargé d’Affaires  
For the Government of Ireland  
Date: 30th November 2012

Name: Atsushi Kuwabara  
Title: Minister-Counsellor and Deputy Chief of Mission  
For the Government of Japan  
Date: 30th November 2012

Name: Malcolm Geere  
Title: Deputy Head of Office  
For the Department for International Development  
Date: 30th November 2012
Joint Financing Arrangement (JFA)  
between the Ministry of Education, Science, Vocational Training and Early Education,  
the Ministry of Finance  
and the Cooperating Partners

The Signatories,

Whereas the Government of the Republic of Zambia (hereinafter referred to as ‘GRZ’) acting through the Ministry of Finance (hereinafter referred to as ‘MoF’) and the Ministry of Education, Science, Vocational Training and Early Education (hereinafter referred to as ‘MESVTEE’) has requested the support of the Cooperating Partners (the African Development Bank (AfDB), the Government of Ireland, the Government of Japan, the Department for International Development (DfID) of the Government of the United Kingdom, the United States Agency for International Development (USAID), the United Nations Agencies and any other party that may subsequently start to provide external support to MESVTEE, (hereinafter referred to as ‘the CPs’) to contribute towards the funding of the National Implementation Framework, 2011-2015 (hereinafter referred to as the ‘NIF III’);

Whereas MoF, MESVTEE, the Government of Ireland, the Government of Japan, the Department for International Development (DfID) of the Government of the United Kingdom together are hereafter referred to as ‘the Signatories’ to this JFA;

Whereas MoF and MESVTEE have committed themselves to provide an approved amount of funding to the NIF III; the CPs have committed themselves to support the NIF III by providing financial and technical assistance;

Whereas the financial contributions by the CPs will be decided upon within the bilateral agreements between GRZ and the CPs; the CPs will not bear any responsibility and/or liability to any third party with regard to the implementation of the NIF III;

Whereas the CPs have committed themselves to the principles of alignment and harmonisation as reflected in this Joint Financing Arrangement (hereafter referred to as ‘JFA’), the CPs will endeavour to align with the budgetary and accountability system and legislation of MESVTEE so as to enhance effective implementation, to reduce the administrative burden on MESVTEE and to minimise transaction costs;

Whereas MoF, MESVTEE and the CPs have reached shared recognition on common procedures for consultation and decision-making, disbursement mechanism, monitoring and reporting, review and evaluation, audit, financial management and the exchange of information through the joint coordination mechanism;

Whereas the Signatories undertake to uphold the respect for human rights, democratic principles, the rule of law and good governance, including the fight against corruption, which govern the domestic and international policies of the Signatories, as the fundamental principles on which the cooperation between the Signatories rests and which constitute essential elements of this JFA;
Have decided as follows:

Paragraph 1 Goals of the Programme and Scope of the JFA

1. The overall goal/objectives of the NIF III are as stated in the Sixth National Development Plan, 2011-2015 (SNDP) document, dated January, 2011. The SNPD document is the policy framework document that describes the national strategy and action plan for poverty reduction, including the Joint Assistance Strategy for Zambia II (JASZ II, 2011) goals.

2. The NIF III document will be brought up to date as required, taking into account the results of performance reviews and the decisions taken by GRZ on the basis of the consultations with the CPs and national/international development stakeholders.

3. This JFA sets forth the jointly decided terms and procedures for (budget/financial) support to the NIF III and serves as a coordinating framework for consultation with MESVTEE, for Joint Annual Reviews (JAR) of performance, for common procedures on disbursement, for reporting and for audits.

4. The CPs will establish bilateral agreements that are compatible with the spirit and provisions of this JFA and will refrain, as far as possible, from setting conditions in the bilateral agreements which contradict or diverge from the spirit or the provisions of this JFA. If there is any inconsistency or contradiction between the provisions of this JFA and any of the bilateral agreements, the provisions of the bilateral agreements will prevail. In so far as specific provisions of a bilateral agreement deviate from the JFA, the CP concerned will inform the other CPs thereof, by supplying a copy of the bilateral agreement to other CPs, specifying the provision(s) concerned.

5. The CPs will base their actual support on the progress attained in the implementation of the NIF III. Progress will be measured through the commonly decided performance indicators.

Paragraph 2 Responsibilities and Representation

6. MESVTEE will be fully responsible for the implementation of the NIF III and for the management of the CPs' financial contributions. MESVTEE will present financial statements in accordance with an identified and applicable financial reporting framework – International Public Sector Accounting Standards (IPSAS) or other mutually acceptable standards (national or international). The financial statements will show all sources of funding, with sufficient breakdowns of data to permit identification of individual sources of funds and disbursements on major activities or types of expenditure. MESVTEE affirms that the contributions from the CPs will be used only to cover expenditures included in the MESVTEE budget on expenditure on the NIF III.

7. Programme Management and Implementation is the responsibility of MESVTEE imbedded in the regular management and administration structures.
8. A prerequisite for the CPs’ annual support of the NIF III is that the MESVTEE will have:

   i. An approved Annual Work Plan and Budget (AWPB), incorporating agreed priorities through the JAR and endorsed by the CPs;
   ii. Satisfactory performance report on the previous year’s AWPB.

9. The CPs are committed to full subscription and participation in the Joint Assistance Strategy for Zambia II and recognise and reaffirm the principles of alignment and harmonisation as signatories of the Paris Declaration on Aid Effectiveness (2005), Accra Agenda for Action (2008) and Busan Partnership Framework for Effective Development Co-operation (2011).

10. The CPs will, as far as possible, ensure the predictability of their (budgetary) support by informing MESVTEE of their funding commitment through joint coordination and dialogue structures.

11. The Signatories will, through joint coordination and dialogue structures, cooperate and communicate with each other fully and in a timely manner on all matters relevant to the implementation of the NIF III and this JFA. The Signatories will share information on aid flows, technical reports and any other documentation/initiative related to the implementation of the NIF III which is relevant to the support.

12. MESVTEE will, through the coordination structures, immediately inform all CPs of any circumstance which may interfere or threaten to interfere with the successful implementation of the NIF III and this JFA. The Signatories will call for a meeting to consult with the CPs on remedial action to be taken.

13. In matters pertaining to the implementation of this JFA, MESVTEE will be represented by the Permanent Secretary/ and or the Director responsible for policy and planning. The representatives of each CP will be represented by the co-leadership structure as specified in the JASZ II Division of Labour.

Paragraph 3 Contributions

14. CPs will, to the extent possible, inform MoF and MESVTEE of their annual commitment no later than 6 months from the commencement of the budgeting cycle.

15. The contributions will be deposited, within one month of receipt of the funding request from GRZ, along with a liquidity forecast, in a single interest/non-interest bearing foreign exchange account indicated by GRZ and held in the Bank of Zambia. The Bank of Zambia will promptly credit the equivalent value in Kwacha to the Central Treasury Account of MoF. The Kwacha equivalent will be calculated on the basis of the exchange rate on the date of transfer of the funds by the CP.

16. MoF and MESVTEE will immediately acknowledge receipt of the Kwacha equivalent in the Central Treasury Account, in writing, to the CP(s) in question after confirmation of receipt of funds from the Bank of Zambia.
Paragraph 4  Joint Coordination Mechanism and Decision Making Processes

17. A joint management and coordination mechanism is considered critical by the MESVTEE and the CPs for continued engagement and effective implementation of the NIF III. The mechanism is specified in the management and coordination guidelines.

18. MESVTEE and the CPs will meet as specified in the joint management and coordination structures to discuss the implementation of the NIF III. The meetings will be called and chaired by MESVTEE.

19. The results of the meetings will be recorded in approved Minutes. The approved Minutes will be drafted by MESVTEE and a draft will be sent to all CPs, for their acceptance/comments, within two weeks after the meeting. The CPs will inform MESVTEE of their acceptance/comments within 10 working days of receipt of the draft.

Additional consultation meetings may be requested by MoF, MESVTEE or CPs on any subject relevant to the implementation of the NIF III.

20. Review and updating of the Terms of Reference of the working groups as specified in the management and coordination guidelines will be jointly carried out by the CPs and MESVTEE.

21. The working group(s) will convene as indicated in the management and coordination guidelines and as required. The main responsibilities of the working group(s) are to discuss the implementation of the NIF III and to review the operational plan priorities for the next fiscal year and budget execution.

22. The working group(s) will comprise representatives of the CPs, Civil Society, MESVTEE and other sectoral line ministries. Each working group will be chaired by MESVTEE. MESVTEE will be responsible for the agenda. The CPs may make proposals for the agenda. MESVTEE or CPs may call for an ad hoc meeting.

Paragraph 5  Financial Management and Disbursements

23. MoF and MESVTEE will perform financial management functions in accordance with the GRZ financial management framework including internal control mechanisms of generally acceptable standards.

24. A common disbursement mechanism will be decided upon by MoF, MESVTEE and the CPs before the start of MESVTEE’s fiscal year. It will take into account sector budget and cash flow needs for the implementation of the NIF III. The CPs will coordinate the timing and amount of their respective disbursements in such a way that GRZ’s cash flow needs are satisfied and the common disbursement schedule is respected.
25. In their bilateral agreements, the CPs will specify their respective disbursement schedules, which will be based on the approved common disbursement mechanism. The first instalment will, as far as possible, be released at the start of MESVTEE’s fiscal year.

26. Subsequent instalments will be disbursed by the CPs in accordance with the payment schedules specified in the respective bilateral agreements and will take into account the results of the sector Performance Assessment Framework (PAF), the liquidity needs forecast for the next year and the AWPBs of MESVTEE.

27. Each CP may establish its exact and final financial contribution to the NIF III programme upon receipt and approval of the semi-annual technical report, the semi-annual financial report and AWPB. Funds which have been placed at GRZ’s disposal and which remain after completion of the NIF III, where applicable, will be returned to the CPs in proportion to their respective contributions subject to the Auditor-General’s Report for the Sector.

28. The disbursement of funds from the CPs to MESVTEE will be based on the following documents:
   a) Technical and financial reports as indicated in 8.4 of the Mutual Accountability Framework;
   b) Cash flow statement and the liquidity needs forecast;
   c) Consolidated national AWPB;
   d) Performance against jointly decided indicators.

The release of funds will take into account the liquidity needs forecast to guarantee a minimum liquidity position to cover at least six months of expenditure and will take into account un-utilized funds from the previous disbursement.

Paragraph 6 Procurement

29. MESVTEE will perform all procurement in accordance with GRZ procurement rules, guidelines and procedures.

30. If procurement is carried out directly by a CP or an agent on GRZ’s behalf the CP or agent will perform all procurement in accordance with applicable procedures and regulations but must involve MESVTEE during the entire procurement process.

Paragraph 7 Reporting

31. MESVTEE will provide the CPs with information relevant to the implementation of the NIF III. Reporting will be based on the performance indicators described in the PAF and will be the same for all CPs. In particular MESVTEE will provide the following reports:
   (a) Semi-annual progress report;
   (b) Annual Report;
   (c) Reports on budget execution.

1 "Instalment" means partial disbursement/payment in any fiscal year.
32. The reports listed above should be submitted to all CPs within 3 months after the reporting period.

33. The financial statements should compare the actual costs of activities for the current reporting period with the budgeted costs for the same period, and in the same currency. The financial statements should be prepared in a form and at a level of detail that enables comparison of the budget with actual progress.

**Paragraph 8 Review and Evaluation**

34. The review of the performance of the NIF III will be common for all CPs and will be aligned with MESVTEE’s approved periodic review mechanism. MESVTEE and the CPs will maintain a close dialogue regarding the support and the implementation of the NIF III. Performance will be measured on the basis of the indicators described in the PAF.

35. Joint Annual Reviews will be carried out by MESVTEE and other education stakeholders including the CPs and Civil Society. Terms of reference for these review missions will be decided upon jointly by the MESVTEE, CPs and Civil Society. Review missions will be scheduled in such a way that the outcome will inform the drafting of the AWPB.

36. MESVTEE will share through the lead CPs all relevant review/evaluation reports.

37. The Joint Annual Review will be conducted by 30th June of a given year. Copies of the review reports will be promptly shared with the Signatories.

38. Joint mid-term and end of programme evaluations will be conducted. Copies of the evaluation reports will be promptly shared with the Signatories. The costs of these evaluations will be included in the AWPB.

39. The CPs will refrain from conducting unilateral reviews and evaluations of the NIF III. However, when a CP is required to conduct a unilateral review or evaluation, this CP will immediately consult the other CPs and MESVTEE in order to reach a common position on its terms of reference and scheduling. The CP will immediately share the results of the review/evaluation with MESVTEE who in turn will share with the lead CPs. The costs of CPs’ review missions will be borne by the CPs, unless otherwise decided by the CPs and MESVTEE.

**Paragraph 9 Audit**

40. Internal Audit will be responsible for the review of internal control systems and risk management processes such as procurement processes in relation to MESVTEE budgetary controls as well as transaction audits. MESVTEE accounts will be subjected to external audits by the Office of the Auditor-General (OAG). The external audit will be responsible for audit of the financial statements, budget execution, and value for money audits. The audit reports will be shared with the CPs according to the schedule of the OAG.
41. MESVTEE will prepare the financial statements in readiness for audit, annually.

42. MESVTEE will furnish the lead CPs with copies of the audit report no later than 14 days before the planned date of the next policy dialogue meeting. The audit reports will be discussed in the common consultation meetings, as scheduled.

Paragraph 10 Non-compliance

43. In the case of serious non-compliance with the provisions of this JFA and/or violation of the fundamental principles set out in this JFA, CPs may suspend further disbursements to the NIF III.

44. If a CP intends to suspend disbursements or terminate its support, the CP will call for a meeting with the other Signatories and discuss a possible joint position on the measures, remedial or otherwise, as required. If a joint position cannot be reached, the CP may inform the other Signatories of its intentions regarding the continuation or discontinuation of its support.

45. In the event of force majeure beyond the control of MESVTEE which hinders effective implementation of the NIF III, CPs, in consultation with MESVTEE, may reduce, suspend disbursements, or request for a refund of the uncommitted amount remaining in the account. The suspension will be lifted as soon as these circumstances have ceased to exist.

Paragraph 11 Corruption

46. The Signatories will cooperate on preventing corruption within and throughout the NIF III programmes, and will require that MESVTEE’s/CPs’ staff and consultants under projects or programmes refrain from offering third parties, or seeking, accepting or being promised by third parties, for themselves or for any other party, any gift, remuneration, compensation or benefit of any kind whatsoever, which could be interpreted as an illegal or corrupt practice. The Signatories will take swift legal action to stop, investigate and prosecute in accordance with applicable law any person suspected of misuse of resources or corruption.

47. The Signatories will promptly inform each other of any instances of corruption as referred to in this paragraph and of the measures taken as referred to in the previous sub-paragraph in accordance with applicable law.

Paragraph 12 Modification, CP Accession and Withdrawal

48. The Signatories will annually review/discuss the implementation, application and effectiveness of the procedures outlined in this JFA as needed.

49. Any modification or amendment of the provisions of this JFA will only be approved if accepted in writing by all Signatories.

50. The Signatories welcome the participation in this JFA by other CPs who wish to support the NIF III.
51. Upon a new CP’s written request and written acceptance of the provisions of this JFA, MESVTEE may, as an annex to this JFA, give a CP written authorisation to become a Signatory. MESVTEE will consult with the other CPs in advance and furnish them with a copy of the letter of acceptance.

52. Each CP may withdraw/terminate its support for the NIF III by giving the other Signatories 6 months written notice. If a CP intends to withdraw/terminate its support, that CP will call for a meeting to inform the other Signatories of its decision and to consult with them about the consequences for the NIF III.

Paragraph 13 Dispute Settlement

53. If any dispute arises between the Signatories as to the interpretation, application or implementation of this JFA, they will consult each other in order to reach an amicable solution. In case of failure to reach a joint decision, 3rd party mediation will be considered as an additional measure to settle the dispute.