

05 December 2008

The Director - Programmes
Nelson Mandela Children's Fund
P.O. Box 797
Highlands North
2037

Att.: Ms. Buda- Ramatlo

Dear Madam

RE: Norwegian support to Nelson Mandela Children's Fund (NMCF)

Reference is made to the Programme Document dated 18 August 2008 regarding financial support of the above Programme

It is a pleasure for me to inform you that the Norwegian Ministry of Foreign Affairs (MFA) have decided to comply with the request and propose the following terms and conditions for the support:

1. MFA shall, subject to Parliamentary appropriations, make available to Nelson Mandela Children's Fund (NMCF) a financial support not exceeding NOK6 000 000 (Norwegian kroner six million) (the Grant) to be used exclusively to finance the Programme as outlined in the Agreed Programme Summary in Annex I and further described in the Programme Document dated 18 August 2008 in the planned period 2008-2011. Any unspent disbursed funds and accrued interests shall be returned to MFA upon completion of the Programme.
2. The Grant will be disbursed upon written requests from NMCF based on the financial needs of the Programme. Along with the requests, except the first request, NMCF shall state the cash balance of the Programme and submit a statement of bank balances for the Programme from the bank, alternatively shall submit statements of cash and bank balances from the Programme's accounting records.
3. The tentative disbursement schedule will be as follows:
 - NOK 3 000 000 upon entering into this exchange of letters agreement (the Agreement),
 - NOK 3 000 000 December 2009 upon submission of the progress report and certified financial statements showing receipts/income and expenditures for 2009 Programme Year as well as the cash/bank/financial position of the Programme for 2009. The statement shall show cash receipts/income and expenditures for the Programme structured as and compared to approved budgets. 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.
4. Funds will be transferred upon MFA's approval of the requests to a convertible bank account specific for the Programme with NMCF, Bank details: Nelson Mandela Children's Fund, Standard Bank, Bedford Gardens, Branch Code 01 83 05, Account Number 022569774, and shall be made available to the Programme immediately. NMCF shall immediately, in writing, acknowledge the receipt of the funds and state the date of receipt as well as the exchange rate applied.

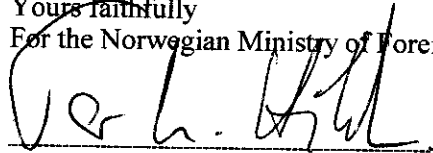
5. A budget and work plan for the year 2010 shall be submitted to MFA within February 2010.
6. A final report shall be submitted to MFA at the latest four months after the end of NMCF's financial year. The report shall give information on actual outputs compared to planned outputs, assessments of the effectiveness, impact, sustainability as well as lessons learned from the Programme. Any deviations from submitted work plans and time schedules, the use of inputs, problems encountered as well as other information related to the implementation.
7. A final audit report on the financial statement of the Programme shall be submitted to MFA within at the latest four months after the end of NMCF's financial year. The audit shall be performed by an independent professional accountant (auditor) or a recognized auditing firm acceptable to MFA. In the audit report the auditor shall state which auditing standards have been applied. 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 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 funds have been used exclusively to cover Programme expenditures,
 - whether receipts and use of funds are properly accounted for.
8. The Parties 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 corruption or misuse of resources. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to the Programme.
9. NMCF shall ensure that representatives of Norway are permitted to visit any part of NMCF for purposes related to this Agreement and examine any relevant records, goods and documents.
10. MFA reserves the right to withhold disbursements at any time in case e.g.:
 - substantial deviations from agreed plans or budgets occur,
 - reports has not been submitted as agreed,
 - the financial management of the Programme has not been satisfactory.
11. MFA reserves the right to reclaim all or parts of the support 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.
12. MFA has the right to cancel the Agreement or portion of the Agreement with immediate effect if it determines that corrupt or fraudulent practices were engaged in by representatives of NMCF or by a beneficiary of Programme funds without NMCF having taken timely and appropriate action satisfactory to MFA to remedy the situation.
13. Before MFA withholds disbursements, reclaims funds or cancels the Agreement, the Parties shall consult with a view to reaching a solution in the matter.

14. In matters pertaining to the implementation of the Programme the Norwegian Embassy in Pretoria (the Embassy) shall be competent to represent MFA. All communication to MFA in connection with the Agreement shall be directed to the Embassy.

If the foregoing is acceptable to the Nelson Mandela Children's Fund I have the honour of proposing that this letter together with your written acceptance shall constitute an agreement between Nelson Mandela Children's Fund and the Norwegian Ministry of Foreign Affairs in the matter, entering into force on the date of your confirmation.

Please, accept: Ms Moipone Buda- Ramatlo the assurances of my highest consideration.

Yours faithfully
For the Norwegian Ministry of Foreign Affairs



Tor Christian Hildan
Ambassador

Enclosure: Annex I Agreed Programme Summary

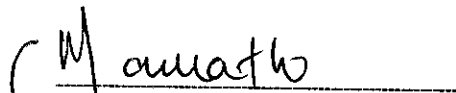
Place Pretoria

Date 8/12-2008

The above terms and conditions are accepted.

For the Nelson Mandela Children's Fund

Signature



Name in Block letters

MRS MOIPONE BUDA-RAMATLO

Title

PROGRAMMES DIRECTOR



Annex I Agreed Programme Summary

1. Identification of the Programme

- Programme Title/Name: NMCF Intervention Programme for children made vulnerable by HIV/AIDS
- Implementing institution: Nelson Mandela Children's Fund
- Norwegian and/or other Partner institution: Ministry of Foreign Affairs

2. Description of the Program

The Goal of the Project is to improve the well being of orphans and vulnerable children (OVC) through enabling families to provide for their own needs using both state and own resources as well as strengthening capacities of community structures to improve access to social sector services and facilities as support for OVC.

The Purpose of the Project is to strengthen initiatives that strive for mitigation against the effects of HIV and AIDS on vulnerable families and children.

3. Outputs

Output 1 Strengthened Household Capacity to cope with the effects of HIV and AIDS through scaled-up care and prevention, psychosocial support for OVC, educational support for OVC, child safety/protection, and poverty reduction.

Output 2 Strengthened Community Support Systems through building community capacity and structures to identify OVC problems, plan for action, take action, and monitor/evaluate actions; and through linking communities with external resources.

Output 3 Strengthened Local Government Response through influencing the integrated development planning process to ensure that children's issues are adequately addressed, to strengthen delivery of services through assisting local governments to build private-public partnerships with NGOs, businesses, and other non-government entities.

4. Time Frame

Tentative timeframe – 2008-2011

5. Tentative Financial Plan

2008	2009
NOK 3 000 000	NOK 3000 000