



Department
for International
Development



**MEMORANDUM OF UNDERSTANDING
FOR
NON-BUDGET SUPPORT FINANCIAL AID
CAPITAL INVESTMENT PROGRAMME FOR RESILIENT ECONOMIC GROWTH
(CIPREG)
(ARIES 204712)**

Between

The Government of the United Kingdom of Great Britain and Northern Ireland acting through the Department
for International Development ("DFID")

And

The Government of Montserrat (GoM)
together called "the Participants"

1. The purpose for which the subject Grant will be used are set out in this Memorandum of Understanding (MOU), its Annexes and the CIPREG Business Case (including its indicative list of capital projects which is open to adjustment upon the agreement of both the Participants), collectively referred to as "this Arrangement".
2. Following DFID Minister's approval and recent discussions between the Participants, DFID, will make available a sum not exceeding £30m as a Non-Budget Support Financial Aid Grant to support economic growth on Montserrat through the Montserrat Capital Investment Programme for Resilient Economic Growth (CIPREG).
3. The amount is to be paid as per the programme delivery schedule in arrears.
4. Subject to signing of this MoU, the Grant will start on the 01 May 2019 and is expected to end on the 31 March 2024.

Funding Requirements

5. The grant amount is subject to revision and will depend on the fulfilment of provisions of this Arrangement, any revisions to budgets, actual expenditure and need and the maintenance of the implementation requirements set out in the relevant Annexes to this MoU. It will also depend on any additional conditions agreed between the Participants.

6. In addition to the conditions of this MOU and the implementation requirements outlined in the Annexes, GoM also accepts the associated monitoring arrangements laid out in the CIPREG Business Case and as agreed by both the Participants.

7. DFID funds must be separately accounted for by GoM and therefore readily identifiable at all times. GoM will ensure that all goods and services financed from the Grant will continue to be used for the purposes set out within this Arrangement. In the event of such goods or services being used for other purposes, GoM must notify DFID in writing and DFID may seek to recover from GoM the value of the goods and services concerned.

Assurance and Audit Arrangements

8. GoM will co-operate fully with DFID and its agents during any assessment of the public financial management system, the implementation requirements and the projects within CIPREG, providing the information and evidence necessary for effective assessments to be made. Whenever required and practicable, GoM will permit DFID authorised personnel to visit the project(s) funded, directly or indirectly by this grant.

9. Within nine months of the end of each financial year, GoM will provide DFID with Annual Audited Statements from its Auditor General (or equivalent) confirming that DFID's funding has been used for the intended purposes.

Reporting and Reviews

10. Formal reviews and reporting will be conducted annually by DFID in addition to the reporting stipulated in the CIPREG Business Case to assess progress against programme objectives.

Accountability and Indemnity

11. DFID will not be responsible for the activities of any person, organisation or company engaged by GoM or its agencies as a result of this Memorandum, nor will DFID be responsible for any costs incurred by GoM or its agencies in terminating the engagement of the afore-mentioned persons, organisations or companies.

12. Although accountable to DFID for the appropriate use of funding and delivery of project objectives, for the projects delivered by GoM departments, GoM will retain ultimate responsibility for the appropriate delivery of funding and will as such be solely responsible for any adverse effects of the expenditure that have any undesired or unexpected result upon recipients.

DFID appointed Managing Agent & Contractors

13. For the components of CIPREG where DFID engages a contractor directly or utilises the services of a Managing Agent, GoM audit requirements will not apply. For the MA and the DFID engaged contractors, DFID audit requirements will prevail and will be discharged through independently commissioned audits.

Communication and branding

14. DFID's funding. Wherever appropriate, GoM will explicitly acknowledge DFID's support using DFID's UK aid logo in all communications with the public or organisations regarding this funding.

15. GoM also commits to collaborate with DFID on other awareness raising activities, where feasible and appropriate, in the UK and overseas, to profile the partnership and the results it is delivering. Consideration of safety and security will always take precedence over the need to brand.

Intellectual Property

16. Intellectual property developed in all material (including, but not limited to, reports, data and designs, if electronically stored) produced by GoM of Montserrat or its personnel, members or representatives during this project ("the Material") will be the property of GoM.

17. In signing this arrangement, the Government of Montserrat hereby grants DFID a worldwide, nonexclusive irrevocable and royalty-free licence to use all the Material, where "use" shall mean, without limitation, the reproduction, publication and sub-licence of all the Material and the intellectual property therein, including the reproduction and sale of the Material and products incorporating the same, for use by any person or for sale or other dealing anywhere in the world.

18. DFID and GoM will immediately and without undue delay inform the other participant of any event which interferes or threatens to materially interfere with the successful implementation of the programme, whether financed in full or in part by DFID, including credible suspicion of or actual fraud, corruption or any other financial irregularity or impropriety.

19. DFID have an expert fraud investigation unit, that should be contacted in the first instance at fraud@dfid.gov.uk or +44 (0)1355 84 3747. All suspicions will be treated with the upmost confidentiality.

20. DFID and GoM have a zero-tolerance approach towards fraud and fraudulent behaviour that may lead to the misuse of funds and will fully co-operate with investigation into such events, whether led by DFID or by GoM. DFID, may, at any time during the term of this arrangement and up to five years after the end of the programme, arrange for additional audits, on the spot checks and / or inspections to be carried out. These may be carried out by DFID, or any of its duly authorised representatives.

21. DFID reserve the ability to recover funds that have been subject to a proven fraud and will work with the Government to do so. Where fraudulent or unethical activity is alleged, DFID reserve the right to suspend or terminate funding with immediate effect, in preference to the standard notice period and irrespective of any contractual requirements.

Terrorism Financing

22. GoM will assure itself that UK funding, including financial assets or economic resources are not made available, either directly or indirectly to, or for the benefit of persons, groups or entities listed in accordance with European Council Regulation EC/2580/2001 (as amended) as applicable or as incorporated into the UK domestic legislation and/or the Terrorism (United Nations Measures) Orders 2009 of the United Kingdom, or contravene the provisions of those and that of any subsequent applicable terrorism legislation.

General Termination

23. If DFID becomes concerned that the provisions of this MOU, implementation requirement or specific conditions made under this arrangement have not been fulfilled by GoM or if any activities occur which in DFID's opinion will significantly impair the development value of the programme, DFID will discuss with GoM and undertake an assessment. DFID may then take any of the following actions:

- Signal a possible future response
- Change the way DFID delivers aid
- Delay or reduce all or part of a specific funding

- Stop funding for this arrangement under the termination provisions set out within this MOU

24. This Arrangement including this MOU can be terminated by three months' written notice by either participant. It is accepted nonetheless that any decision of either participants regarding termination of this Arrangement will first be subject to discussion and the additional provisions cited within this arrangement.

25. Any unspent funds remaining at the end of a programme, must be returned to DFID unless specifically decided between both participants, in writing. The template in Annex-10 should be used when returning funds.

Safeguarding for the prevention of sexual exploitation, abuse and harassment

26. The Participants have a zero-tolerance approach towards sexual exploitation, abuse and harassment. The Participants will take all reasonable steps to prevent the sexual exploitation, abuse and harassment of any person linked to the delivery of this Memorandum by both their employees and any Downstream Partners.

27. The Participants should also report any credible suspicions of, or actual incidents that are not directly related to this Memorandum but would be of significant impact to their partnership or the reputation of DFID or UK aid. For example, events that affect the governance or culture of the Partner such as those related to senior management, must be reported.

28. Both Participants will fully co-operate with investigations into such events, whether led by DFID or any of its duly authorised representatives or agents, or the Partner.

29. Both participants commit to maintaining regular dialogue on the continual improvement of safeguarding.

Additional Provisions

30. Programme assets specifically identified to be procured under the terms of this grant will be operated and controlled by GoM for the duration of the programme. GoM will be accountable to DFID for the appropriate use of these assets, in line with programme objectives. Ultimate ownership of programme assets will be decided in writing by all participants.

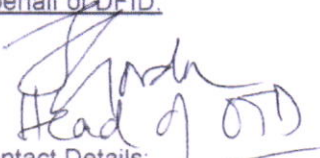
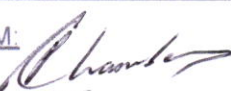
31. When requesting payment, GoM should complete Annex-5, Payment Request Form. Payment will be made to the bank account details provided in Annex-4 of this arrangement.

32. The Grant will not, unless agreed by DFID in writing, be used to meet the cost of any import, customs duties or any other taxes or similar charges, applied directly or indirectly, by the GoM or by any local public authority on the goods / services provided.

33. The Partner will work towards applying transparency standards in line with the UK aid Transparency Guarantee and the International Aid Transparency Initiative (IATI), to the funds received from DFID. In line with this guarantee and DAD's transparency commitment. GoM will make substantive efforts to publish information about DFID funded projects, in line with relevant categories of the IATI standard, on their own website. In line with DFID's Transparency commitments, GoM gives consent for this arrangement (and any subsequent amendments) and associated funding to be published on DFID's website.

34. Upon agreement of the terms of this MoU, the participants will place on record their understanding with their signature below.

36. Any amendments to the provisions contained within this Memorandum will be set out in writing and approved by the authorised personal through DFID's standard amendment letter or, where significant, a revised Memorandum of Understanding.

<u>Signed on behalf of DFID:</u> Name:  Position: <u>Head of OTD</u> Address/Contact Details: Date: <u>26/4/19</u>	<u>Signed on behalf of GoM:</u> Name: <u>PHILIP CHAMBERS</u>  Position: <u>FINANCIAL SECRETARY (AG)</u> Address/Contact Details: Date: <u>28 APR 2019</u>
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ANNEX – 1: Key Pre-requisites for Operationalising the MoU

DFID Ministers have approved a sum of £30 million to be utilised over the period 01 April 2019 to 31 March 2024 to support the delivery of the Government of Montserrat (GOM) Economic Growth Strategy and prioritised infrastructure works. The funding allocation comprises of £27 million of Capital Departmental Expenditure Limit (CDEL) and £3 million Resource Departmental Expenditure Limit (RDEL).

The programme scope has been described in detail in the CIPREG Business Case.

As part of operationalising the MoU for this funding, DFID requires the GOM to agree to the following before any funding is disbursed:

- a. Programme Governance (as agreed by the Participants)
- b. Critical Policy Reform Areas (as described in Annex-2)
- c. Programme Log frame (to be jointly developed and agreed by the Participants and updated annually)

Further,

- If required, DFID will have oversight of and/or review all procurement activities of GoM related to this Programme;
- The delivery of the Programme will also be guided by wider public-sector reform projects supported by DFID;
- Improvements are to be made to existing financial management and financial reconciliation reporting procedures, currently adopted by the GoM. This will include the use of milestone payment plans that are agreed at the contract award stage and are in accordance with project delivery plans. There will be a set of project management procedures and progress reporting standards agreed by DFID and the GoM;
- DFID funding will be channelled through the GoM Ministry of Finance and Economic Management to implementing Ministries;
- GoM is to work with the DFID appointed Managing Agent (MA) for this programme. Once appointed, the MA will oversee all project related activities from concept to completion. As part of this arrangement, GoM appoints a Project Management Officer.
- All design and building standards must; as a minimum, be in accordance with the Montserrat Building Code, or if applicable to other relevant international standards.
- GoM must carry out Operations & Maintenance (O&M) on all projects post completion. This is to be agreed at award of contract and when future funding lines are identified;
- All planned works must incorporate relevant Health, Safety, Welfare, Disability and Inclusivity requirements and where applicable environmental management standards. This may form as part of the tender assessment criteria for each element of this programme.
- After 12 months since the commencement of this programme, DFID will review its progress and development and invoke a break point if deemed necessary.

ANNEX- 2: CIPREG Critical Policy Reform Areas

The programme will be linked to delivery of a number of policy reform areas yet to be agreed between the Participants but are likely to include (but not limited to) the following:

- Procurement Systems Reform
- Project Management / Delivery Systems
- Private Sector Role in Development
- Investment
- Sectoral:
 1. Health
 2. Education
 3. WATSAN
 - Water
 - Sewerage & Sewage Treatment
 - Solid Waste Management (Recycling)Housing standards
 4. Renewable Energy

ANNEX 3: Procedures and Practices for UK Non-Budget Government Support

Introduction

1. This document sets out the procedures and practices applicable to Non-Budget Government Support and Technical Co-operation provided by the United Kingdom, including payment, procurement and audit arrangements. This guide should be read in conjunction with the other clauses of CIPREG MoU.

Disbursement of the Grant

2. In line with UK financial rules and regulations, disbursements in advance of operational need should only be made when they have been properly justified. This justification will need to be set out in writing as part of this arrangement. All payments will be made on submission of an appropriate claim from GoM, or where applicable, the Procurement Agent or DFID directly appointed Contractors.
3. All claims should be accompanied by any relevant supporting documents and should include the necessary information to allow DFID to make payments to the bank details provided in on a format stipulated in Annex 4. The Request for Payment template in Annex 5 sets out the recommended format for this information which must include the following information:
 - a. Title of Grant
 - b. Project location/official address
 - c. Amount of claim
 - d. Details of expenditure (Type of expenditure including how the amount claimed is calculated, material purchased, labour used, name of supplier/contractor, services used etc.)
 - e. Bank account details (To corroborate with the Bank details provided in Annex 3)
 - f. Details of audit discharge being applied to the project and confirmation that the relevant audit authority has been informed of the claim. (See audit discharge options below)
 - g. All claims must also include the following certification statements:

"I certify that this claim is correct and that the sum requested is properly due on the basis of the information provided, project objectives and on the work carried out or future work plans. I have the authority to sign this on behalf of the Government of..."
4. All outstanding claims should be submitted within 6 months of the project end date.
5. Any monies paid out and subsequently to be refunded to GoM, the Managing Agent or by a contractor or by a guarantor must be returned to DFID.

Audit discharge for Government of Montserrat expenditure

6. For expenditure where audit discharge is not received through the submission of invoices and supporting documentation, there are three options through which audit discharge can be ascertained. These are:

Annual Audited Accounts

7. Government of Montserrat certifies that a sum of money has been spent on approved purposes and this statement is independently audited. If required, independent auditors should be engaged whose cost will be chargeable to the programme. Each annual audited statement is provided in triplicate to DFID and is countersigned by the Auditor General; it shows the drawing made from the Grant and the actual expenditure incurred during each financial year and certifies that the expenditure was incurred in accordance with the provisions of the MOU and any provisions on which the project/programme was accepted for financing from the Grant. Completed Annual Audited Accounts relating to expenditure and necessarily incurred and paid within a particular financial year must be received by the UK Government no later than 9 months after the end of the recipient's financial year.

Audit requirements of DFID for DFID appointed third party contractors

8. A self-contained accounting and audit system is established within the management supervisory structure. Local payments are paid direct to the contractor against claims certified by the DFID appointed Managing Agent; an external auditor acceptable to DFID is appointed to the consultants to audit the accounts. Reports or certificates should be available to DFID and the National Audit Office (NAO);

Continuous Audit

9. Each request for reimbursement made by GoM is certified by an independent auditor acceptable to both the Participants. The auditor confirms that the claim is correct and accords with the MOU and is acceptable for payment.

Procurement of Goods and Services

10. There are two routes by which goods and services can be procured under the grant.
 - a. DFID may decide to control the process and buy goods or services directly from the supplier, under the programme. In these cases, DFID will arrange a separate contract with the respective suppliers.
 - b. DFID may allow Government of Montserrat to take full control of the process and procure goods and services through their own internal processes — refer to guidance below.

Procurement by Government of Montserrat

11. Under this arrangement, after following its due procurement rules and regulations, GoM to arrange procurement for goods and services, without the use of a procurement agent. Before any commitment is made to procure goods and/or services, the following guidelines must be observed:
 - i. Prior approval for the procurement must be given by DFID (who reserves the ability to assess the procurement capacity and capability of the relevant government institution(s) at any time);

- ii. No commitments should be entered before the MOU has been signed;
- iii All procurement arranged by Government of Montserrat must be carried out in full accordance with current approved procurement and financial accounting procedures of GoM and must be arranged by approved procurement personnel;
- iv. financial records of all procurements must be kept and must be made available for audit discharge purposes

ANNEX 4. PARTNER GOVERNMENT BANK ACCOUNT DETAILS

Partner Government Name	Government of Montserrat
Bank Name:	Bank of Montserrat
Bank Postal Address:	Brades, Montserrat WI
Name of Account:	Government of Montserrat – Treasury Consolidated Fund Account
Bank Account Number:	650-767-0
Sort Code:	
Currency of Bank Account:	Eastern Caribbean Dollar [XCD]
IBAN Number (required for bank accounts within Europe]	
SWIFT Number:	BKMOMSMS
ABA or BIC Number (BIC required for bank accounts within Europe):	
Intermediary Bank Details:	<p>Intermediary Bank: Natwest Bank Plc</p> <p>SWIFT Code: NMBKGB2L</p> <p>Paying Bank: Crown Agents Bank Limited</p> <p>Account #: 60000148568910</p> <p>Beneficiary: Bank of Montserrat Limited</p> <p>Account #: 33735001</p> <p>For further credit Government of Montserrat</p>

ANNEX 5. PAYMENT REQUEST FORM

Accounts Payable, DFID, Abercrombie House, East Kilbride, Scotland

Title and Details of Funding

Government			
Title of Grant / Programme name			
Details of Expenditure			
DFID Component Code / Purchase Order No.			
Date of Claim			
Period of Funding Request	[dd/mm/yyyy]	to	[dd/mm/yyyy]
Payment Request Amount			

Government Bank Details

Bank Name:	
Bank Postal Address:	
Name of Account:	
Bank Account Number:	
Sort Code:	
Currency of Bank Account:	
IBAN number: [required for bank accounts within Europe]	
SWIFT number:	
ABA or BIC Number: [BIC required for bank accounts within Europe]	
Intermediary bank details:	
Bank Email Address:	

Audit Discharge

Specify details of audit discharge through annual audited statements / continuous audit / agency audit, confirming that the audit authority has been informed of the claim and attaching any applicable audit discharge documentation or details of any supporting documentation.

Certification

I certify that this claim is correct and that the sum requested is properly due on the basis of the information provided, project objectives and on the work carried out or future work plans. I have the authority to sign this on behalf of the Government of Montserrat

Authorised Signatory: _____ Date: _____

Name:

Position:

Address/Contact Details:

ANNEX 6: Notification of Return of Funds to DFID

To	DFID Programme Manager Overseas Territories Department
cc:	Treasury and Banking, DFID, Abercrombie House, East Kilbride, Scotland

Partner Contact Details	
Name:	
Position:	
Address:	

Project Details

Partner Name	
Title of Grant / Project name	
Purchase Order / Component Code	
Payment Date	
Payment Amount to DFID	

Bank Details

DE-ID Bank:	Citibank
DFID Sort code:	08-33-00
DFID Account number:	12294702
DFID Account Code	
DFID Component Code	

Payment Method

For UK Payments under £10,000 we recommend the use of BACS. For UK Payments in excess of £10,000 we recommend the use of CHAPS. Cheques should be made payable to 'Department for International Development' and sent to the DFID Programme Manager. All payments direct from overseas bank accounts should also quote the following: