

**FUNDING AGREEMENT No. 44911**

**BETWEEN**

**THE COMMONWEALTH OF AUSTRALIA (REPRESENTED BY THE  
AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT)**

**AND**

**THE AUSTRALIAN INTERNATIONAL HEALTH INSTITUTE (THE UNIVERSITY  
OF MELBOURNE) LTD FOR AND ON BEHALF OF THE NOSSAL INSTITUTE  
FOR GLOBAL HEALTH**

**FOR**

**THE HEALTH POLICY AND HEALTH FINANCE KNOWLEDGE HUB**

This funding agreement (“Agreement”) is made between AusAID and the Australian International Health Institute (the University of Melbourne) Ltd ABN 18084268655 for and on behalf of the Nossal Institute for Global Health (collectively called “the Organisation”). The Agreement sets out mutually agreed intentions and expectations with respect to a four year Initiative to assist in improving the effectiveness of a scaled-up Australian aid program in health, by making a substantial contribution to the generation and organisation of knowledge of practical value to AusAID, to partner country governments, and to a broad range of development partners through the **Health Policy and Health Finance Knowledge Hub** (the “Initiative”).

Up to **AUD6,000,000** (“the Funds”) plus GST to a maximum **AUD600,000** has been approved by AusAID as a four year commitment (2008-2011), subject to the conditions outlined below.

The overall aim of the **Health Policy and Health Finance Knowledge Hub** is to build capacity in Australia and in the Asia Pacific region to manage health finances and associated health policies so as to achieve efficient and effective delivery of health programs and services and improvements in population health outcomes, with equitable distribution of health care costs.

The Knowledge Hub will achieve this aim through five key objectives:

1. build the knowledge and expertise base in Australia to engage in the challenges of the region and of researchers, policy makers and teachers in the region to effectively address health policy and health finance issues;
2. apply the knowledge and expertise to identify health financing challenges in the region through partnerships and collaborative exchanges between Australian and Asia Pacific researchers, policy makers and teachers; through undertaking collaborative activities such as policy development, networking with global organisations and by bringing a multi-disciplinary approach and systemic perspective to health policy challenges;
3. develop capacity of Australian professionals in health policy and financing through mentoring, higher research opportunities and formal education programs;
4. contribute to strategy/policy development through in depth synthesis and review of evidence to inform policy; provide or facilitate the provision of advice and technical expertise to the Australian and other partner governments to support their contribution to international and national agendas and the development of supportive policies and governance; and
5. disseminate knowledge and facilitate its application by advocating the evidence informed adoption of new approaches to address priorities and improve effectiveness.

The specific tasks and budget associated with the start up period of this Initiative are included in Attachment A to this Agreement titled **Health Policy and Health Finance Knowledge Hub** (“Proposal”) dated 15 January 2008 for funding from date of countersigning of this Agreement to December 2008. Subsequent Work Plans and associated budgets will be agreed with AusAID on a calendar year basis each January commencing 2009.

## 1. Reporting

1.1 The Organisation must provide an electronic copy of the following reports by the date and covering the issues indicated:

- (a) every year of the Agreement, commencing 31 January 2009, the Organisation will provide a Report that
  - succinctly presents the key achievements from the previous funding period;
  - a draft work plan with necessary annexes - to be finalised following the meeting with AusAID as set out in clause 2.1 of this Agreement – that details proposed activities for the forthcoming year; and
- (b) final Report submitted one month after the completion of the Agreement.

1.2 Report specifications:

Annual Report and Work Plan                      The Annual Report and Work Plan (of not more than 10 pages respectively), plus any annexes as necessary, must contain:

- (a) key achievements, including in relation to the development of knowledge resources around health policy and health financing issues; work undertaken in relation to capacity assessment and development among Australian institutions in the area of health financing and related policies; work undertaken on health insurance issues; outcomes of convening work undertaken by the Organisation; evidence of the relevance, usefulness and value added by the products developed and delivered by the organisation in regard to health policy and health finance; evidence of additional resources leveraged by the Organisation that contribute towards Hub sustainability. Priority areas of interest and focus will be jointly agreed between AusAID and the Organisation during joint annual consultations in the lead up to the submission of the Annual Plan;
- (b) an audited financial statement of the funding provided under the agreement, including an acquittal against the budget for the relevant year of the Annual Work Plan;
- (c) planned activities for the upcoming year, including any specific areas of work jointly agreed with AusAID;
- (d) an implementation schedule and resources; and
- (e) key monitoring and evaluation activities, including approach to managing risks.

Final Report                                      The Final Report, submitted one month after the completion of the Agreement must contain:

- (a) key achievements over the life of the Initiative against Initiative objectives;

- (b) key lessons arising from the Knowledge Hub; and
- (c) an audited financial statement which acquits the funds against the budget provided in final Annual Work Plan.

## 2. **Collaboration and coordination between AusAID and all other Knowledge Hubs**

- 2.1 To facilitate a more structured sharing of information, experiences and the potential value added by the establishment of this and other Knowledge Hubs, the Organisation will take part in an annual meeting organised by AusAID and include Principals from each of the Hubs, key whole of government and other interlocutors. The timing of such a meeting will be negotiated to maximise participation, but ideally will coincide with the preparation of annual Work Plans by each of the Hubs. At this meeting each Hub Principal will make a brief presentation of key achievements, emerging challenges and responses to their respective thematic priority, as well as outline plans for the coming year.
- 2.2 AusAID envisages that the participants to the meeting outlined in clause 2.1 above will form the core group that provides governance oversight and strategic direction to all Knowledge Hubs and the partnership arrangements.
- 2.3 In addition to the annual meeting describe in 2.1 above, AusAID will seek informal opportunities to engage with the Organisation, including through participation in any major events it organises.

## 3. **Funding and Payment**

- 3.1 Funding of an initial **AUD503,280**, plus GST, if any, up to a maximum amount of **AUD50,328** will be payable as an acquittable grant by AusAID upon countersignature of this Agreement by the Organisation. This initial amount is for the establishment of the **Health Policy and Health Finance Knowledge Hub** and to undertake the start up activities detailed in Annex 2 of the Proposal at Attachment A.
- 3.2 AusAID may provide additional funding for 2008 within the overall funding limit, subject to the submission and acceptance of an extended Work Plan and disbursement of the initial grant payment.
- 3.3 Future acquittable grants will be of up to **AUD2,000,000** per year, plus GST, if any, up to an amount of **AUD200,000**. Total AusAID funding under this Agreement will be up to a total of **AUD6,000,000**, plus GST, if any, up to an amount of **AUD600,000**. The precise funding level will be agreed between the Organisation and AusAID during the annual consultations held each December/January.
- 3.4 AusAID will make future grant payments in one annual tranche, on demonstration by the Organisation of achievements against its key objectives, acceptance of Annual Work Plans and related budgets, and subject to acquittal of the previous grant (Fund Acquittal). Future grant payments will also be subject to expenditure of 75% of the previous grant against the budget outlined in the agreed Annual Work Plan.
- 3.5 A review will be jointly undertaken in late 2010 by AusAID, the Organisation and the other Knowledge Hubs to assess the impact of these Hubs and determine any ongoing support for them beyond the life of this Agreement.

#### **4. Grant Conditions**

- 4.1 In order that payment can be made, AusAID requires the Organisation to agree to the following provisions:
- 4.2 The Organisation must commence the Initiative on the date of its acceptance of this Agreement (“Initiative Start Date”) and conclude the Initiative by **30 June 2011**.
- 4.3 The Organisation must carry out the Initiative in accordance with the **Health Financing and Policy Knowledge Hub** Initiative Proposal and subsequent agreed Annual Work Plans.
- 4.4 The Organisation must advise AusAID immediately of any difficulties or delays in implementation of the Initiative.
- 4.5 The Organisation will acknowledge in writing to AusAID receipt of the funds immediately on its receipt.
- 4.6 The Funds and any interest earned must be used diligently and for the sole purpose of the activities outlined above and in accordance with the Initiative Proposal proposed budget and subsequently approved Work Plans and related budgets. Interest must only be expended on the Initiative. The bank account used by the Organisation must be in the name of the Organisation (not a personal bank account).
- 4.7 The Organisation must maintain a sound administrative and financial system capable of verifying all statements of acquittal. In addition, the Organisation must:
  - (a) keep proper and detailed accounts, records and assets registers along with adequate Initiative Management records providing clear audit trails in relation to expenditure under this Agreement;
  - (b) afford adequate facilities for audit and inspection of the financial records referred to above by AusAID and its authorised representatives at all reasonable times and allow copies and extracts to be taken;
  - (c) preserve the financial records referred to above for a period of seven years from the date of completion of the Initiative; and
  - (d) if requested by AusAID, provide an independently audited statement of Initiative expenditure by an auditor nominated by AusAID at no cost to AusAID.
- 4.8 The financial statement of the Organisation to be submitted together with Annual Report as set out in Clause 1.2 of this Agreement will serve as the financial report for the Funds.
- 4.9 A final financial statement must be submitted together with the Final Report within one month of completion of the Initiative. Any unspent funds or interest must be repaid to AusAID with the Final Report. Each Fund Acquittal must include details of any interest earned on the Funds provided.

- 4.10 The financial statements will be subject to the internal and external auditing procedures laid down in the rules and regulations applicable to the Organisation.
- 4.11 Prior to receiving subsequent tranches of the Funds, the Organisation will provide a statement, signed by the Head of the Organisation, indicating the proportion of previous funding tranches that have been expended in accordance with the terms of this Agreement.
- 4.12 The Organisation will acknowledge AusAID funding assistance where appropriate and advise AusAID of matters relating to any publicity and media relations.
- 4.13 The Organisation must obtain written approval from AusAID prior to any substantive changes in the activities or expenditure of the Organisation for which the Funds are to be utilised.
- 4.14 If deemed necessary, the Organisation and AusAID may agree to jointly monitor or evaluate the use of the Funds. In the event, planning for such a study will be undertaken in an open and collaborative manner.
- 4.15 The Organisation indemnifies and agrees to keep indemnified the Commonwealth of Australia, its officers, employees and agents from and against any loss, damages or costs arising from any claim, demand, action, suit or proceeding that may arise out of any negligence by the Organisation or its agents in connection with the performance of the purposes for which the grant is made or otherwise.
- 4.16 The Organisation must not represent itself and must ensure that its volunteers, employees, agents and sub-contractors participating in the Initiative do not represent themselves as being employees or agents of the Commonwealth of Australia.
- 4.17 AusAID may authorise the Organisation to represent AusAID. Any such authorisation will be in writing and will specify the extent and limitations of the authority. Except to the extent that an authorisation provides otherwise, this Clause 4.17 will apply.
- 4.18 The title to all Intellectual Property rights in or in relation to material created during the course of the Initiative vests in the Organisation upon its creation. The Organisation will grant to AusAID a world-wide, irrevocable, royalty-free licence to use the material, including the right of sub-licence.
- 4.19 If the Organisation:
  - (a) becomes, or AusAID considers there is a reasonable prospect of the Organisation becoming, bankrupt or insolvent;
  - (b) makes an assignment of its estate for the benefit of creditors or enters into any arrangement or composition with its creditors;
  - (c) fails to commence, or in the opinion of AusAID, fails to make satisfactory progress in carrying out the Initiative and such failure has not been remedied within the time specified in a written request from AusAID to remedy the failure;

- (d) assigns its interest in this Agreement without the consent in writing of AusAID;
- (e) breaches any term of this proposal and such breach has not been remedied within the time stipulated in a written request from AusAID to remedy the breach;
- (f) alters its shareholding so that the University of Melbourne is not the beneficial owner of all shares in the Organisation; or
- (g) is not able to fully and effectively act on behalf of the Nossal Institute for Global Health of the University of Melbourne in respect of this Agreement;

then in every such case AusAID shall be entitled to terminate this Agreement forthwith but without prejudice to any of its other rights.

4.20 In addition, either party may terminate this Agreement by giving to the other a Notice of Intention to Terminate in writing stating the reasons for termination. In the event of termination, the Organisation must provide a statement of expenditure of the Funds, signed by the Head of the Organisation, and return any unspent Funds to AusAID.

4.21 No later than twenty-eight (28) days after receipt of a Notice of Intention to Terminate, the parties shall meet to fully co-operate in a joint determination of the following:

- (a) the date of termination;
- (b) the appropriate method and manner for effecting the necessary winding-up of the Initiative;
- (c) a reconciliation of the funds supplied by AusAID and an identification of any interest earned thereon as at the date of termination;
- (d) the extent of AusAID's financial responsibilities, within the amount of the Grant at the date of termination;
- (e) any issues arising from the termination of concern to AusAID with regard to its relationship with a recipient government; and
- (f) other matters which arise as a consequence of the termination.

4.22 In the event that a Notice of Intention to Terminate is given by either party the Organisation must:

- (a) forthwith do everything possible to prevent or mitigate all losses, costs and expenses arising in consequence of the termination of this Agreement and shall terminate its role in the Initiative in a prompt and orderly manner; and
- (b) if so determined as provided above, refund any uncommitted part of any tranche or funds already paid by AusAID, together with any uncommitted interest, within 30 days of the date of the joint determination.

- 4.23 In the event that a Notice of Intention to Terminate is given by either party AusAID shall:
- (a) if so determined as provided above, provide such funds as may be agreed as necessary to meet existing financial commitments and obligations; and
  - (b) not be liable to pay compensation in an amount which, in addition to any amounts paid or due or becoming due to the Organisation under this Agreement, together would exceed the amount of the Grant.
- 4.24 The Organisation must not assign its interest in this Agreement without first obtaining the consent in writing of AusAID.
- 4.25 The Organisation acknowledges that the Australian Government has adopted a policy and laws consistent with relevant international counter-terrorism treaties and UN Security Council Resolutions 1267 (1999), 1373 (2001) and successor resolutions of not providing direct or indirect support or resources to organisations and individuals associated with terrorism.
- 4.26 The Organisation must use its best endeavours to ensure that funding provided under this Agreement is expended in a manner consistent with international counter-terrorism treaties, UN Security Council Resolutions on terrorism and related Australian laws. If, during the course of this Agreement, the Organisation discovers any link whatsoever with any organisation or individual listed by the United Nations 1267 Committee or the Australian Government as associated with terrorism it must inform AusAID immediately.
- 4.27 For the purpose of this clause, ‘fraudulent activity’ or ‘fraud’ means: Dishonestly obtaining a benefit by deception or other means.
- (a) The Organisation and its Delivery Organisations must not engage in any fraudulent activity. The Organisation is responsible for preventing and detecting fraud.
  - (b) The Organisation must report in writing within 5 working days to AusAID any detected, suspected, or attempted fraudulent activity involving the Services.
  - (c) The Organisation must, in consultation with AusAID, develop and implement a strategy to investigate the detected, suspected or attempted fraud based on the principles set out in the *Australian Government Investigations Standards*. The Organisation must undertake an investigation at the Organisation’s cost if the investigation shows the fraud has been perpetrated by the Organisation’s employees, Delivery Organisations or subcontractors. Any investigator appointed by the Organisation should possess the minimum qualifications specified in the *Commonwealth Fraud Control Guidelines*.
  - (d) Before engaging a qualified investigator, the Organisation may consult with AusAID regarding the appointment and may request assistance from AusAID in meeting the actual costs of a qualified investigator. Provided that the Organisation has consulted with AusAID before engaging an investigator, AusAID may in its absolute discretion agree to meet some or all of those costs.



- (e) Following the conclusion of an investigation, where the investigation finds the Organisation, an employee of the Organisation or a subcontractor of the Organisation has acted in a fraudulent manner, the Organisation shall:
  - (i) Where money has been misappropriated, pay to AusAID or the project the fully value of the AusAID funds that have been misappropriated; or
  - (ii) Where an item of property has been misappropriated, either return the item to AusAID or the project or if the item cannot be recovered or has been damaged so that it is no longer usable, replace the item with one of equal quality.
  
- (f) Following the conclusion of an investigation, where the investigation finds that a party other than the Organisation, an employee of the Organisation or a subcontractor of the Organisation, has acted in a fraudulent manner, the Organisation shall, at the Organisation's cost:
  - (i) Make every effort to recover any AusAID funds or funded property acquired or distributed through fraudulent activity, including without limitation, one or both of the following;
    - (A) Taking recovery action in accordance with recovery procedures, including civil litigation, available in the relevant country. Before commencing any recovery action, the Organisation may consult with AusAID regarding the proposed course of action and may request assistance from AusAID in meeting the costs of the recovery action. Provided that the Organisation has consulted with AusAID before commencing recovery action, AusAID may in its absolute discretion agree to meet some or all of those costs.
    - (b) Referring the matter to the relevant police or other authorities responsible for prosecution of fraudulent activity.
  - (ii) If the Organisation considers that after all reasonable action has been taken to recover the funds or funded property and full recovery has not been achieved or recovery has only been achieved in part, the Organisation may seek approval from AusAID that no further recovery action be taken. The Organisation must provide to AusAID all information, records and documents required by AusAID to enable the AusAID delegate to make a decision on whether to approve non-recovery of funds or funded property.

4.28 The Organisation warrants that the Organisation shall not make or cause to be made, nor shall the Organisation receive or seek to receive, any offer, gift or payment, consideration or benefit of any kind, which would or could be construed as an illegal or corrupt practice, either directly or indirectly to any party, as an inducement or reward in relation to the execution of this Agreement. In addition, the Organisation shall not bribe public officials and shall ensure that all sub-contractors comply with this provision. Any breach of this clause shall be grounds for immediate termination of this Agreement by notice from AusAID.

- 4.29 No delay, neglect or forbearance by either party in enforcing against the other any term or condition of this Agreement shall be deemed to be a waiver or in any way prejudice any right of that party.
- 4.30 Variations of this Agreement shall be made in writing and signed by both parties.
- 4.31 The Contractor must when providing any Services and procuring the Supplies have regard to and comply with, relevant and applicable laws, regulations and policies, both in Australia and in the Partner Country.
- 4.32 This Agreement is governed by, and is to be construed in accordance with, the law of the Australian Capital Territory and the parties submit to the exclusive jurisdiction of the courts of the Australian Capital Territory and any court hearing appeals from those courts.
- 4.33 The grant by AusAID to the Organisation for this Activity does not entitle the Organisation to any other or further grant.

Signed for and on behalf of the Commonwealth of Australia by:

Bob McMullan MP  
Parliamentary Secretary for International Development Assistance

Date: 7 April 2008

The Australian International Health Institute (The University of Melbourne) Ltd  
ABN 180 84 268 655, for and on behalf of the Nossal Institute for Global Health of the  
University of Melbourne, accepts the above conditions of funding and will carry out the  
Initiative in accordance with the Agreement.

Signed by

Signature: .....

Name: Professor Graham Brown,

Position: Director Australian International Health Institute (The University of Melbourne)  
Ltd and Director, Nossal Institute for Global Health

Date: .....

and

Signature: .....

Name: Dr Peter Deutschmann,

Position: Director, Australian International Health Institute (The University of Melbourne)  
Ltd and Associate Director, Nossal Institute for Global Health

Date: .....

Witnessed by:

Name: .....

Signature: .....


Signature: 

Bob McMullan MP  
Parliamentary Secretary for International Development Assistance

Date: 7 April 2008

The Australian International Health Institute (The University of Melbourne) Ltd  
ABN 180 84 268 655, for and on behalf of the Nossal Institute for Global Health of the  
University of Melbourne, accepts the above conditions of funding and will carry out the  
Initiative in accordance with the Agreement.

Signed by


Signature: 

Name: Professor Graham Brown,

Position: Director Australian International Health Institute (The University of Melbourne)  
Ltd and Director, Nossal Institute for Global Health

Date: .....

and

Signature: 

Name: Dr Peter Deuschmann,

Position: Director, Australian International Health Institute (The University of Melbourne)  
Ltd and Associate Director, Nossal Institute for Global Health

Date: .....

Witnessed by:

Name: .....

Signature: .....

Attachment A **Health Policy and Health Finance Knowledge Hub**

**AUTHORITY FOR EFT DIRECT CREDIT PAYMENT – DOMESTIC**

**CUSTOMER DETAILS**

Contract/Service Order Number \_\_\_\_\_

Business Trading Name \_\_\_\_\_

ABN (if applicable) \_\_\_\_\_

Business Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Contact Person \_\_\_\_\_

Telephone No. \_\_\_\_\_

Fax No. \_\_\_\_\_

Email Address \_\_\_\_\_

**FINANCIAL INSTITUTION DETAILS**

I, \_\_\_\_\_, in my capacity as \_\_\_\_\_ (Name) (Job Title)

hereby authorise the Agency to direct payments for goods and/or services to the following account:

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**BSB Code (must be 6 digits)  
(maximum 9 digits)**

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**Bank Account No.**

**Account Name** \_\_\_\_\_

**Bank Name** \_\_\_\_\_

**Bank Branch** \_\_\_\_\_

**Signature of Authorised Representative** \_\_\_\_\_

**Date** \_\_\_\_\_

**WHEN COMPLETED, PLEASE FAX TO: (02) 62064878 or  
POST TO: COLLECTOR OF PUBLIC MONIES, AUSAID. GPO Box 887. CANBERRA, ACT, 2601**

Conditions of this agreement:

1. The Customer is responsible for a) the accuracy of the above details b) advising the Agency in writing of any changes relating to the above particulars. Upon receipt of such notification the Agency shall process all payments in accordance with the details provided.
2. The Customer warrants that the bank account details provided are not false and comply with all applicable laws.
3. The Agency has the right to accept the authority of the Authorised Representative as conclusive evidence of that person's authority to execute this agreement on behalf of the Customer. The Agency is under no obligation to verify that authority of the Authorised Representative or the bank account details.
4. The Agency will use all reasonable measures to maintain confidentiality; both the Authorised Representative and the Customer acknowledge that it may not be practical for the Agency to keep these account details confidential in the circumstances. These details will be available to the Agency staff in carrying out their normal duties in paying invoices.
5. Payment will be deemed to have been made when the Agency has instructed its bank to credit the Account. The Agency will not be responsible for any delays in payment or errors due to factors outside the reasonable control of the Agency, including but not limited to delays or errors in the banking system.
6. The Customer acknowledges that the Agency, by accepting the authority, does not promise to remit payments by EFT to the Customer but may do so if it should choose to do so.
7. The Authorised Representative warrants in his/her own right that a) he/she has the authority to bond the Customer to the conditions of this payment b) the banking details provided are accurate c) by signing this form, the Customer is aware of its responsibilities under this agreement.
8. The Authorised Representative indemnifies the Agency in relation to any loss or damage (including consequent loss) which the Agency may suffer due to any breach of the Customer's warranties at clauses 1 and 2 respectively.