

SIDE AGREEMENT WITH BASKET PARTNERS

- 1) This agreement sets out mutual understandings and commitments by Government of Tanzania and Basket Financing Partners for FY08/09 as reflected in Memorandum of Understanding (MOU), clause 9, signed by the Government of Tanzania and Development Partners for the period July 1, 2008 to June 30, 2015.
- 2) The Basket Partners hereby pledge continued financial support to the Health Sector for the period FY08/09 (with indicative figures herein), based on the Ministry of Health and Social Welfare (MOHSW), Prime Minister's Office Regional Administration and Local Government (PMO-RALG), Regions, Medium-Term Expenditure Frameworks (MTEFs) FY08/09 and Comprehensive Council Plans (CCHP) FY08/09, the milestones set out in the Joint Annual Health Sector Review Report.
- 3) All parties agree that the health sector basket for the period FY08/09 will finance earmarked transfers to the councils to enhance the provision of basic services and quality health care. The amount will be increased to an average of \$US 1/capita. Thus, Tanzanian shillings (Tsh) 47,667,628,800 will be disbursed to district councils based upon the existing resource allocation formula. It is anticipated that the increase to an average of \$US 1/capita will facilitate improved service delivery performance, including the potential introduction of a Pay for Performance scheme, based on the outcome of an ad hoc Basket Fund Meeting.
- 4) Tshs 100 million will be allocated to each of the 21 Regions for supportive supervision conducted by the reorganised Regional Health Management Teams (RHMT) and in accordance with the revised definition of RHMT roles and responsibilities, 2008. The Tshs 100 million for each RHMT is reflected in the budget books for each Region. Total allocation from the basket to RHMTs amounts Tshs 2,100,000,000. While this year is budgeted with an equal amount for each region, it is expected that a formula should be developed for next FY which takes into consideration regional differences. In addition, a specific budget code should be created for this line item in future.
- 5) Tshs 650,000,000 will be allocated to PMORALG to facilitate the supportive supervision of districts health activities and planning, including the Assessment of CCHPs in accordance with the PMORALG MTEF.
- 6) Tshs 1,100,000,000 will be allocated to PMORALG to supervise the final implementation of the District Health Infrastructure Rehabilitation Component (DHIRC) previously funded by the Joint Rehabilitation Fund under the basket. This amount includes an estimated Tsh 400 million for the provision of Technical Assistance to LGAs. It does not include funds for audits.
- 7) The balance of the basket resources will be used to support the MTEF of the MOHSW.

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- 8) Basket partners commit to deposit into the Holding Account at the beginning of the financial year their full pledged amount following the approval of the Government of Tanzania budget by Parliament.
- 9) For FY 08/09, this side agreement will serve as the approval for the quarterly disbursements from the holding account to districts and PMORALG respectively, having provided the documents as per the MOU 2008, paragraph 20. Following the receipt of the MoHSW procurement plan for FY 08/09, this side agreement serves as the approval for the quarterly disbursements from the holding account to MoHSW. Following confirmation that the RHMT budget is 'on budget', this side agreement serves as the approval for the quarterly disbursements from the holding account to the regions. For FY 09/10 and beyond, these approvals should be agreed in the annual May Basket Fund Meeting, in accordance to the requirements and provisions in the MOU 2008.
- 10) The table below shows commitments for disbursement into the pooled Basket fund in FY08/09 according to information available in September 2008.
- 11) It is anticipated that additional funding may be available before the mid way point of FY 2008/09. In this case, basket partners will notify the amount to the government by Dec. 31, 2008 following which an ad hoc basket fund committee meeting will be held to agree the allocation of these additional funds using government processes.

Funding Organisation	FY08/09	
	Donor Curr. Millions	USD* Millions
CIDA	TBD	TBD
Denmark	50.1 DKK	10.30
Ireland	8.3 Euro	12.90
Netherlands	14.5 EUR	22.50
Norway	35 NOK	7.00
SDC	TBD	TBD
German (KFW)	5.0 Euro	7.75
World Bank		15.00
UNFPA		0.60
UNICEF		1.50
UN System (UNFPA) ¹		0.55
TOTAL for POOL		78,1

Notes:

TBD = To be determined

* The amount in USD depends on the actual exchange rate at the date of request


¹ Under the One UN Programme, UNFPA is the Managing Agent for the Joint Programme on Maternal and Newborn Mortality Reduction. Funds from the UN System into the Basket resources are from this Joint Programme. The UNFPA Representative therefore signs on behalf of the UN System for funds from the Joint Programme and for the UNFPA core contributions.

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Wilson Mukama
Permanent Secretary
Ministry of Health & Social Welfare



Maimuna K. Tarishi
Permanent Secretary
PMO-RALG



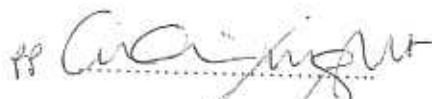
Gray Mgonja
Permanent Secretary
Ministry of Finance & Economic Affairs



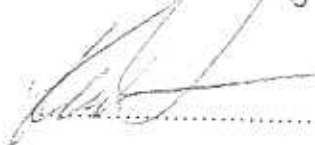
for Sanne Olsen
Counsellor
Embassy of Denmark



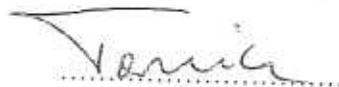
for Anne Barrington
Ambassador
Embassy of Ireland



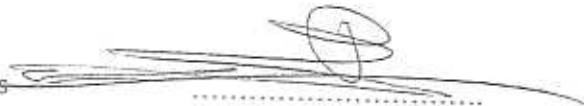
Reid Sirrs
Head of Cooperation
CIDA



Angela Tormin
Senior Programme Manager, KfW
German Development Cooperation



for Karel Chr. van Kesteren
Ambassador
Embassy of the Kingdom of the Netherlands



for Jon Lomøy
Ambassador
Royal Norwegian Embassy



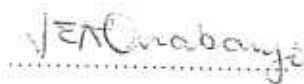
Carin Salerno
Head of Cooperation
Swiss Agency for Development and Co-operation



Heimo Laakkonen
Representative
United Nations Children's Fund

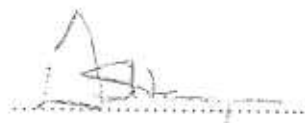


Julitta Onabanjo
Representative
UNFPA



Side Agreement FY08/09

Dominic Haazen
Lead Health Policy Specialist
World Bank

A handwritten signature in black ink, appearing to read 'Dominic Haazen', is written over a horizontal dotted line. The signature is somewhat stylized and includes a long horizontal stroke at the end.