

# CONTRACT

between

**THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS**

and

**THE WILLIAM J. CLINTON FOUNDATION**

regarding

**Two Year Extension of the Mkapa Fellows Program 2009-2010:  
Improving Human Resources for Health and Capacity to Expand  
Access to HIV/AIDS Services for Rural Populations in 33 Districts of  
the United Republic of Tanzania**

WHEREAS the Government of the Kingdom of Norway (Norway) and the Government of the United Republic of Tanzania (Tanzania) have entered into an agreement dated 12 December 2005 on development cooperation concerning “The Tanzania Benjamin Mkapa National HIV/AIDS Fellows Programme” (the Agreement), which has been amended by addendum 1 dated 9 November 2006, and addendum 2 dated 19 December 2008,

WHEREAS the Clinton Foundation HIV/AIDS Initiative (CHAI), a division of the William J. Clinton Foundation, has in letter dated 27 April 2009 requested the Norwegian Ministry of Foreign Affairs (MFA) for financial support to a two-year extension of the Benjamin Mkapa National HIV/AIDS Fellows Programme 2009-2010, and

WHEREAS CHAI has collaborated with the Ministry of Health and Social Welfare of Tanzania in the development and implementation of the Benjamin Mkapa National HIV/AIDS Fellows Program and Tanzania is supportive of CHAI’S request for the extension,

NOW THEREFORE MFA has decided to comply with the request, and the two parties agree as follows:

## **1. Scope and Objectives**

This Contract sets forth the terms and procedures for MFA’s assistance to the program as outlined in the Agreed Program Summary in Annex I and further described in the Program Document, “Proposal for a 2 year extension of the Mkapa Fellows Program 2009-2010: Improving Human Resources for Health and Capacity to Expand Access to HIV/AIDS Services for Rural Populations in 33 Districts of the United Republic of Tanzania”, dated 27 April 2009 (the Program).

In matters pertaining to the implementation of the Program, the Norwegian Embassy in Dar es Salaam (the Embassy) and CHAI’s country office in Tanzania are competent to act on behalf of MFA and CHAI respectively. All communication pertaining to MFA in regard to the Contract shall be directed to the Embassy.

The Goal of the Program is to improve the provision of all HIV/AIDS services and the overall performance of the health sector by increasing the quantity of staff and the quality of services.

The Purpose of the two year extension of the Program is to retain and mainstream into local government service the 99 Mkapa Fellows currently supporting the scale-up of HIV/AIDS Care and Treatment services in 33 rural districts in Tanzania by December 2010.

## **2. Contribution of MFA**

MFA shall, subject to Parliamentary appropriations, make available to CHAI a financial grant not exceeding NOK 16. 605. 000. (Norwegian Kroner sixteen million six hundred and five thousand) ("the Grant") to be used exclusively to finance the Program during the planned period January 2009 – March 2011. The Grant includes overhead costs, which shall not exceed 11% of total disbursed Program funds.

Upon completion of the Program, any unutilized funds, including accrued interests, shall be returned to MFA, unless the Parties have agreed in writing upon the utilization of such funds.

## **3. Obligations of CHAI**

CHAI shall:

- 3.1 Ensure that the Program is implemented on the basis of this Contract, approved budgets and work plans as well as the Program Document. Any revisions have to be agreed upon in advance in writing,
- 3.2 Have the overall responsibility for the planning, implementation, reporting and monitoring of the Program and in this respect ensure the necessary cooperation with the Benjamin William Mkapa HIV/AIDS Foundation (BMAF), the Ministry of Health and Social Welfare and other relevant partners in Tanzania,
- 3.3 Effect purchases for the Program in such a manner as to obtain the most favourable terms with regard to price, quality, delivery date and maintenance facilities, and to keep the same insured, and be responsible for entering into sub-contracts with partner organizations for the successful implementation of the Program,
- 3.4 Meet all additional expenses that may be necessary for the completion of the Program,
- 3.5 Ensure that Program funds, which shall include any accrued interests, are properly accounted for,
- 3.6 Keep MFA informed about plans for major organizational changes as well as keep MFA informed as to the name of the auditor of the Program,
- 3.7 Provide copies to MFA of reports submitted to relevant authorities pertaining to the Program,
- 3.8 Promptly inform MFA in writing of any condition which interferes or threatens to interfere with the successful implementation of the Program,
- 3.9 Guarantee that funds made available in accordance with this Contract are not used in violation of relevant UN conventions and resolutions of the UN Security Council,
- 3.10 Ensure that representatives of Norway are permitted to visit any part of the Program for purposes related to the Contract and examine any relevant records, goods and documents.

## **4. Disbursements**

4.1. Disbursements from the Grant shall take place upon semi-annual written requests from CHAI based on the financial needs of the Program and, with exception of the first request, on approved work plans and budgets. The first disbursement will be made upon signing of this Contract and approval by MFA of a disbursement request from CHAI.

Along with the requests, except the first request, CHAI shall state the cash balance of the Program and shall submit a cash flow budget for the next six months.

- 4.2. When determining the amount to request, CHAI shall take into account unspent disbursed amounts and income from all sources as well as any accrued interests.
- 4.3 The second disbursement will be made upon approval by MFA of the request and of the Completion Report of the 2005 – 2007 phase of the Mkapa Fellows Programme as well as of the Cumulative Financial Statement for the programme period 1 July – 31 December 2008 of the Mkapa Fellows Programme, mentioned in Addendum 2 to the Agreement.
- 4.4 The third disbursement will be made upon approval by MFA of the request and of the final audit report for the 2005 – 2007 phase of the Mkapa Fellows Programme, as mentioned in Addendum 2 to the Agreement.

In 2009, the total amount to be disbursed from the Grant is NOK 9 millions.

The disbursements will tentatively be made in May and September 2009 and in January, April and October 2010.

- 4.4. Funds will be transferred upon MFA's approval of the request to the CHAI bank account below, and shall be made available to the Program immediately.

Bank Name:

Bank of America

100 West 33<sup>rd</sup> Street

New York, NY 10001

Beneficiary Name: Clinton Foundation HIV/AIDS Initiative

Beneficiary Account Number: 942937-7733

Bank Routing Number: 026009593

SWIFT: (international wires) BOFAUS3N

CHAI shall immediately, in writing, acknowledge receipt of the funds. The date of receipt shall be stated as well as the exchange rate applied.

## **5. Reporting**

5.1. CHAI shall submit the following reports and documentation to MFA:

- An annual progress report for the previous year within four weeks prior to the annual meeting in 2010.
- Financial statements for the Program showing receipts/income and expenditures for the previous year as well as the cash/bank/financial position of the Program as per 31 December within four weeks prior to the annual meeting in 2010.
- A tentative work plan and a budget for the period January to April 2010 within December 2009.
- A final work plan and a budget for the year 2010, as well as the period January – March 2011, within four weeks prior to the annual meeting in 2010. The work plan shall specify planned outputs, cost estimates and time schedules. The budget shall include estimated income from all sources and planned expenditures.

- Brief semi-annual progress reports and financial statements for the period 1 January to 30 June within August 2009, and for the period 1 January to 30 September 2010 within October 2010. The financial statements and budgets shall give complete and detailed information on the financing of the Programme.
- The audited annual financial statements of CHAI, regarding the Mkapa Fellows programme, within May each year,
- A final report for the two year extension period, as well as financial statements from end of the previous audit until completion of the Program within six months after the completion of the Program.

5.2. The annual progress reports shall include the following information:

- a description of actual outputs compared to planned outputs (as defined in the work plans),
- a brief summary of the use of funds compared to the budget,
- an assessment of the efficiency of the Program (a measure of how efficiently resources/inputs are converted into outputs),
- an explanation of major deviations from the work plan,
- an assessment of problems and risks (internal or external to the Program) that may affect the success of the Program,
- an assessment of the need for adjustments to activity plans and/or inputs and outputs, including actions for risk mitigation,
- a brief assessment of achievements in relation to purpose

5.3. The financial statement shall include

- a statement showing cash receipts/income and expenditures for the previous period structured as and compared to approved budgets for such previous period. 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 Program activities or types of expenditure,
- a statement of cash and bank balances,
- relevant notes to the above mentioned statements including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Program

5.4. The final report shall include the following information:

- The topics listed in Clause 5.2 above
- An assessment of the effectiveness of the Program, i.e. the extent to which the purpose has been achieved
- An assessment of impact (if possible), i.e. the changes and effects positive or negative, planned and unforeseen of the Program seen in relation to target groups and others who are affected
- an assessment of sustainability of the Program, i.e. an assessment of the extent to which the positive effects of the Program will still continue after the external assistance has been concluded
- a summary of main “lessons learned”

5.5. MFA shall respond in writing within four weeks after the receipt of the reports and documentation. MFA shall approve the work plans and budgets in writing.

## **6. Audit**

- 6.1. The annual financial statements of the Program shall be audited by an independent and recognized professional auditor acceptable to MFA. The audit shall at least cover the issues mentioned in the Terms of Reference in Annex II to the Contract. CHAI shall submit to MFA the audit report, any management letter and any other report from the auditor significant to the implementation of the Program within May each year. CHAI shall comment upon the auditor's findings, and MFA shall respond within four weeks upon reception of the report.
- 6.2. MFA may appoint an independent auditor to undertake audit if deemed necessary. Audits may also be carried out by the Norwegian Auditor General as and when deemed necessary.
- 6.3. The cost of the audit shall be covered by the Grant.

## **7. Meetings and Reviews**

- 7.1. Representatives of the Parties shall have an Annual Meeting in April 2010 unless otherwise agreed in writing. The Annual Meeting shall be called and chaired by CHAI. Each of the Parties may include others to participate as observers or as advisors to their delegations. The purpose of the annual meetings is to discuss the progress of the Program, including results and fulfilment of agreed obligations, to discuss and, if feasible, approve documentation submitted according to Article 5, as well as to discuss issues of special concern for the implementation of the Program, e.g. risk management. Central elements of the discussion and all decisions from the consultations shall be recorded in agreed minutes. The agreed minutes shall be drafted by CHAI and be submitted to MFA for comments no later than two weeks after the Annual Meeting. MFA shall respond within two weeks.
- 7.2. An end review focusing on progress to date and the effectiveness of the Program, i.e. the extent to which the purpose has been achieved, shall be carried out immediately after the finalization of the Program. An assessment of the Program's impact may also be included in the review. The cost of the review shall be covered by MFA over and above the Grant.
- 7.3. MFA reserves the right to carry out independent reviews or evaluations of the Program as and when MFA deems it necessary. The cost for such reviews will be covered by funds over and above the Grant.

## **8. Corruption**

The Parties declare their commitment to counteract corrupt practices in the execution of the Contract. Further, the Parties commit themselves not to accept, either directly or indirectly, as an inducement or reward in relation to the execution of the Contract, any kind of offer, gift, payments or benefits, which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to the Program, and undertake to take rapid legal action to initiate investigations of and prosecution against, in accordance with applicable law, any person suspected of corruption or misuse of resources related to the Project.

## **9. Breach of Contract**

- 9.1. If CHAI fails to fulfil its obligations under this Contract, or if any major organizational changes are found to be contradictory to the objectives of the Program, MFA may, upon consultations with CHAI at any time withhold disbursements or cancel this Contract and claim repayment or withdraw the total or a portion of the funds provided to the Program.
- 9.2. MFA may cancel this Contract or portion of this Contract with immediate effect if it determines that corrupt or fraudulent practices were engaged in by representatives of CHAI or

of a beneficiary of the aid funds without CHAI having taken timely and appropriate action satisfactory to MFA to remedy the situation.

#### 10. Entry into force – Termination – Disputes

10.1. This Contract shall enter into force on the date of its signature, and will cover the period from 1 January 2009. The Contract shall remain in force until the Parties have fulfilled all obligations arising from it.

Whether these obligations shall be regarded as fulfilled, shall be determined in consultation by the Parties.

10.2. Notwithstanding the previous clause, each Party may terminate the Contract upon three months' written notice.

10.3. In case of termination of the Contract CHAI shall exert its best efforts to bring the Program to an end in a rapid, orderly and economical manner as to the use of the funds from MFA. CHAI shall not commit the Program financially from the date of the receipt of the notice of termination. Any unspent funds not committed by the date of the receipt of the notice of termination, shall be returned to MFA without delay.

1.3 If any dispute arises relating to the implementation or interpretation of this Contract, the Parties shall consult with a view to reaching a solution. Any disputes that cannot be solved amicably shall be referred to the competent Tanzanian court and settled in accordance with Tanzanian law.

This Contract is drawn in duplicate with one copy for CHAI and one for MFA.

Dar es Salaam <sup>Wk</sup> June 2009  
For the Norwegian Ministry  
of Foreign Affairs

JON LOMOY  
Ambassador

Dar es Salaam June 2009  
For the William J Clinton  
Foundation

YAHYA IPUGE  
Country Director, Tanzania

Annex I: Agreed Programme Summary  
Annex II: Terms of Reference for Audit

# Annex I Agreed Program Summary

**Program Title/Name:**

Two year extension of the Mkapa Fellows Program 2009-2010:

Improving Human Resources for Health and Capacity to expand access to HIV/AIDS services for rural populations in 33 districts of the United Republic of Tanzania

**Implementing institution:** Clinton Foundation HIV/AIDS Initiative - CHAI

**Norwegian institution:** Royal Norwegian Embassy (RNE)

**Description of the Program:**

The Mkapa Fellows Program is a response to scaling up HIV/AIDS care and treatment for rural Tanzania, particularly strengthening rural health facilities to implement the National Care and Treatment Plan of Tanzania (NCTP). The Mkapa Fellows Program is a fast-track program on deployment of health workers to rural areas. The purpose of the overall program is to recruit, train, deploy and retain skilled professionals to support the implementation of Tanzania's response to the HIV/AIDS pandemic.

The two years extension of the program will enable all the three classes of the Mkapa Fellows to complete their three year contracts with BMAF and ensure a successful completion of the Mkapa Fellows Program; i.e. to retain and mainstream into local government service the 99 Mkapa Fellows currently supporting the aggressive scaling-up of the HIV/AIDS care and treatment services in 33 rural districts in Tanzania.

**Goal**

The goal is to improve the provision of all HIV/AIDS services and the overall performance of the health sector by increasing the quantity of staff and the quality of services.

**Purpose**

The purpose of the two year extension of the program is to retain and mainstream into local government service the 99 Mkapa Fellows currently supporting the scale-up of HIV/AIDS Care and Treatment services in 33 rural districts in Tanzania by December 2010.

It is expected that the program will contribute to improve the human resource for health situation in Tanzania through supporting the 33 rural districts of Tanzania hosting the Mkapa Fellows.

**Outputs**

The Program will aim to achieve the following outputs:

- A well structured Mkapa Foundation with a lean but effective secretariat that collaborates well with the Tanzania Government and attracts support and funding from various national and international partners
- Retain over 90% of all Mkapa Fellows recruited and placed in remote districts and at the end of the program mainstream into the local government system over 50% of the fellows retained.
- Increased management and leadership capacity in districts where former Mkapa Fellows are appointed into the Council Health Management Teams
- A vibrant alumni association with lifetime membership for former Mkapa Fellows

Indicators to be developed will specifically address the following areas:

1. Retention rate of Mkapa Fellows per year
2. Reports of the work-performance of the Mkapa Fellows
3. Number of Mkapa Fellows mainstreamed and retained into local government service
4. Number of Mkapa Fellows actively participating in the Alumni association of the Mkapa Fellows Program

**Funds**  
Financial grant not exceeding NOK 16. 605. 000,- from MFA, including 11 percent for overhead costs.

### Overall budget

The table below shows a summary of the budget as presented in the Program Document, in NOK:

Target	2009	2010	2011	Total
<b>Target 1:</b> All 99 existing fellows are retained in their allocated districts until the end of their contract period	\$ 790,320	\$ 493,291	\$ 0	\$ 1,283,611
<b>Target 2:</b> All 99 Mkapa Fellows are provided with technical programmatic, IT and Communication support	\$ 69,848	\$ 140,849	\$ 0	\$ 210,697
<b>Target 3</b> A lean and efficient secretariat and governing bodies maintained to effectively support implementation and oversight of Mkapa Fellows Programme	\$ 274,762	\$ 193,079	\$ 27,902	\$ 495,743
<b>Target 4</b> Mkapa Fellows Programme is effectively monitored and evaluated	\$ 47,200	\$ 56,400	\$ 13,200	\$ 116,800
<b>All targets (USD)</b>	<b>\$1,182,130</b>	<b>\$883,619</b>	<b>\$41,102</b>	<b>\$2,106,851</b>
<b>All targets (NOK)</b>	<b>kr8,393,123</b>	<b>kr6,273,698</b>	<b>kr291,822</b>	<b>kr14,958,644</b>
CHAI 11% Overhead USD	\$85,475	\$141,757	\$4,521	\$231,754
CHAI 11% Overhead NOK	Kr606,875	kr1,006,476	kr32,100	kr1,645,451
<b>Grand Total USD</b>	<b>\$1,267,605</b>	<b>\$1,025,377</b>	<b>\$45,623</b>	<b>\$2,338,605</b>
<b>Grand Total NOK</b>	<b>Kr 8,999,998</b>	<b>Kr 7,280,174</b>	<b>Kr 323,923</b>	<b>Kr 16,604,094</b>

### Major Concerns/Risk Factors

#### 1. Sustainability in terms of retaining Mkapa Fellows after end of contract with BMAF

By approving 61 funded posts in the districts where the Mkapa Fellows are currently deployed, the Government has demonstrated interest in absorbing the Mkapa Fellows into government service when they exit the Mkapa Fellows Program. It is expected that as more fellows complete the program, the government will approve additional funded positions. CHAI/BMAF will work with MOHSW and the districts to ensure that as many Fellows as possible are mainstreamed and absorbed into the government systems.

However, the mainstreaming of Mkapa Fellows into public service is optional and the retention rate will probably depend on the incentives that the Government will offer. While, the Government during the last years has increased the salary for health workers to a level that will allow smooth transition into public service, it might not be likely that the local governments will absorb all the expenses for the non-financial incentive package the Mkapa Fellows receive under the current programme. However, the public service offers other advantages such as promotion and the opportunity for further studies which are not available in the Mkapa Fellows Programme. So far, there has been a very low drop out of the Mkapa fellows in these hard to reach districts.

The sustainability in terms of retaining Mkapa Fellows after end of contract could be

improved if other funding is mobilizing for supporting the activities that would assist BMAF to fast track mainstreaming into government service and support the districts to sustain the positive effects of the Mkapa fellows. These activities were included in the original proposal, but were dropped from the final work plan and budget, as the funds provided within the funding ceiling from Norway were not sufficient to support also these activities.

## **2. Sustainability of the Antiretroviral Treatment (ART)**

There is a concern in relation to the antiretroviral treatment (ART) and to secure that patients who have started their treatment will continue to get treatment for the rest of their lives. Interrupted treatment can have fatal outcomes for the patient as well as contribute to development of resistant HIV, causing major health service challenges. Securing long-term follow-up is therefore particularly crucial in relation to ART.

CHAI and BMAF have addressed this concern through working closely with the Tanzania Commission for AIDS (TACAIDS), both on national, regional and district level. BMAF has also worked closely with the MOHSW and National AIDS Control Program (NACP), the Regional Health Management Teams and with the Local Government Authorities so as to ensure that the activities are sustainable and can be integrated into the existing health system.

BMAF has worked with the districts to ensure that activities such as outreach and supportive supervision are included in the Comprehensive Council Health Plans (CCHP). CHAI/BMAF will continue to work with the districts to ensure that sustainability plans will be part of the district councils' plans through the activities incorporation into the CCHPs. The funding for the CCHPs will then be provided either by the Government or by the regionalized care partner.

## **3. Close collaboration between BMAF and local government authorities in achieving the set goal.**

Through a tripartite MOU signed by the Government, BMAF and each district, there are clear roles and responsibilities of each party. BMAF works closely with the local government as far as regular supervision, communication and holding annual stakeholder's meetings where challenges can be openly discussed and addressed. BMAF will work with MOHSW and the districts where Mkapa Fellows are currently deployed to ensure that as many Fellows as possible are mainstreamed and absorbed into the government systems.

## **4. High administration costs of the Program.**

There is a concern that high administration costs, especially related to salaries to the BMAF Secretariat and office running costs, are being prioritized on the expense of technology support for fellows, continuous professional development, Program support activities in the districts and the mainstreaming process.

To reduce the negative impact of the high administration costs, the management costs of BMAF will decrease in 2010 so that additional resources can be allocated to programmatic support for fellows and the mainstreaming process. Office running costs will be set at the most minimum level possible and be reduced by a third in the 2010 budget. Ways of reducing the costs further shall be looked into, including sharing with the Emergency Hiring Project and fund-raising to enable BMAF to bear them. The number of BMAF Secretariat staff will also be reduced, from 6 Secretariat members in 2009 to 4 in 2010, and the total wage bill for 2010 for the Secretariat will go down by at least a third of the cost of 2009.

## **Annex III Terms of Reference for audit**

The auditor shall carry out the audit in accordance with any national legislation for NGOs as well as with international standards on auditing.

The objective of the audit is to audit 1) the annual financial statements of the Program as defined in Annex I to this Contract as well as 2) compliance with certain contractual obligations. The auditor shall be given a copy of the present Contract, and decides himself whether to submit one or two reports. The audit report(s) shall state the auditor's opinion/findings as to:

- Whether the financial statements and the cash/bank/financial position present fairly, in all material respects, the income and expenditures of the Program in accordance with an acceptable financial reporting framework
- Whether the audit has uncovered any material weaknesses in relevant internal control(s)
- Whether accrued interest is reflected in the financial statement for the program
- Whether the audit has uncovered any illegal or corrupt practices
- Whether receipts/income and expenditures are properly accounted for.

The above list does not preclude the organisation or the auditor from addressing further issues.

The auditor shall also, if the auditor deems it warranted based on findings during the audit, submit a management letter to the organisation upon completion of the audit. The letter should address deficiencies noted in the system of internal control.