

**SIDE AGREEMENT BETWEEN HEALTH BASKET FINANCING
PARTNERS AND THE GOVERNMENT OF TANZANIA, FISCAL YEAR
2010/11**

1. This agreement sets out a mutual understanding and commitment by the Government of Tanzania and the Basket Financing Partners, for the FY10/11, as reflected in the Memorandum of Understanding (MOU), clause 9, and signed by the Government of Tanzania and Development Partners, for the period from July 1, 2008 to June 30, 2015.
2. The Ministry of Health and Social Welfare, together with the Prime Minister's Office, Regional Administration and Local Government and the Ministry of Finance and Economic Affairs, on the side of the Government and the Basket Partners hereby pledge, to continue to make use of the Health Basket Fund as a source and modality of financing plans in the health sector, for the shown period, FY10/11. The Basket Fund Partners are therefore pledging for the continued financial support to the Health Sector, for the said period of FY10/11 (with indicative figures herein), based on the FY10/11 Medium-Term Expenditure Frameworks (MTEFs) for the Ministry of Health and Social Welfare (MOHSW), Prime Minister's Office, Regional Administration and Local Government (PMO-RALG), and the Regions, as well as the Comprehensive Council Health Plans (CCHP) of all Local Government Authorities for the FY10/11 as approved by Parliament.

All parties agree that the health sector basket for the period of FY 10/11 will finance transfers to the councils to enhance the provision of basic health services and quality health care. The amount of US\$ 1.25 per capita based on a population of 42 million will be disbursed to the councils for a total of TSh 68.25 billion using the existing resource allocation formula. The amount disbursed to each council is included in Annex A to this agreement and is reflected in each council's CCHP. In addition, it is agreed that an additional US\$0.25 per capita will be allocated through the MoHSW MTEF for drugs and medicines which will directly contribute to health service delivery at district level, to be monitored using the HSSPIII indicator "Percentage of public health facilities with any stock outs of 5 tracer drugs and 1 vaccine"

1. All parties agree that the total allocation from the basket to 21 Regions amounts to Tshs 4,200,000,000 (an average of Tshs 200,000,000 per region) for the implementation of the RHMT annual plans of 2010/11 including supportive

supervision conducted by the Regional Health Management Teams (RHMT) and in accordance with the assigned new roles and responsibilities. The use of an allocation formula which takes into consideration regional differences will be confirmed at the next Basket Fund Committee (BFC) meeting.

5. All parties agree that Tshs 687 million will be allocated to PMO-RALG for the supportive supervision, including technical support, of Local Government Authorities planning processes and the Assessment and quality assurance of CCHPs and their progress reports, as identified in the MTEF of PMORALG.
6. All parties agree that the balance of the basket resources will be used to support the MTEF of the MoHSW for FY2010/11. Within the MoHSW MTEF a total of TSh 56.5 billion has been identified against resources available from the basket fund. If the balance of the basket resources exceeds this amount paragraph 12 will apply.
7. In the case of Norway exclusively, this Side Agreement will come into effect once the basket partners have received the final reports, endorsed by the CAG, for all required Audits which were due before April 2010.
8. This side agreement serves as an approval for the disbursements from the holding account subject to the requirements in the MOU. Given that most of these requirements have been met prior to the signature of this agreement:
 - a) This side agreement serves as the approval for the disbursements from the holding account to the LGAs for the financial year 2010/11;
 - b) This side agreement serves as the approval for the disbursements from the holding account to the regions for the purpose of funding RHMT activities for the financial year 2010/11;
 - c) This side agreement serves as the approval for the disbursement from the holding account to PMO RALG once the following has been provided to BFC members: Basket Audit Opinion for PMO-RALG & LGAs FOR financial year 2008/9; final Income and Expenditure Statement financial year 2009/10; and clarification on Income and Expenditure Statement for the financial year 2008/09 with the CAG audit report for the same year; and

d) This side agreement serves as the approval for the disbursements from the holding account to MoHSW for the financial year 2010/2011.

9. Basket Partners who have committed funding will endeavour to deposit into the Holding Account as early in the financial year as possible their full pledged amount. Government will ensure that such resources reach the intended beneficiaries in a timely manner, particularly at the district level.
10. All parties agree that adherence to the Health Basket Memorandum of Understanding FY09-FY15 to which all parties have signed as well as improvement of financial and procurement management are essential for the continued release of Health Basket Funds. However, all parties also agree that the following be undertaken to continue to fulfil the requirements of the MoU:
 - a. In accordance with the MOU requirement (paragraph 20(c)) the “summary and analysis of CCH plans for 2010/11 and the summary and analysis of the CCHP reports for 2008/9” will be further refined in order to include the results of all councils, improve the analysis, include a critical review of the use of indicators and show the trends in comparison with the previous year. These will be presented at the Technical Review Meeting of the JAHSR.
 - b. Similarly In accordance with the MOU requirement (paragraph 20(d)) the “summary and analysis of RHMT plans for 2010/11 and the summary and analysis of the RHMT reports for 2008/9” will be further refined in order to include the results of all regions, improve the analysis, include a critical review of the use of indicators and show the trends in comparison with the previous year. These will be presented at the Technical Review Meeting of the JAHSR;
 - c. Within two months of the publication of any relevant audit an Action Plan (AP) to effectively address the issues identified by the audits shall be tabled to the Audit Sub Committee (ASC) for discussion and input until all issues are effectively captured and they can be endorsed by the ASC. Action Plan implementation will be regularly reviewed by the ASC, furthermore there shall be regular reporting on AP implementation to the BFC.

- d. The Ministry of Health and Social Welfare and PMO-RALG will inform the basket partners in writing by October 2010 about the audit processes to be utilized in the future by the CAG for the health basket as an integral part of the Health Sector audits (including MOHSW, PMO-RALG and LGAs). This information will include the expected timelines and the channels of consultation and communication, which are intended to be employed in future;
 - e. As the CCHP guidelines and the essential health package are two of the main instruments guiding the use of the district basket grant, the Government will continue to ensure that Basket Partners are consulted during the whole revision process;
 - f. Starting from 2010/11 Budget preparations, discussions and consultations with DP's will start during the period of the Strategic Budget Allocation System (SBAS) preparation and continue all the way through MTEF preparation and presentation at the BFC meeting.
 - g. A BFC meeting will be organised early in February 2011 in order to assess the progress in general and specifically on the above mentioned issues, and discuss the status of Basket Fund commitments, disbursements and additional resources; and
 - h. In order to allow quality consultation the documents required for all meetings will be provided to the Participants not later than the deadline mentioned in the respective MOU and TORs, or else the meetings will be postponed;
11. Schedule 1 below shows commitments and tentative amounts for disbursement into the Health Basket fund in FY10/11 according to information available upon signature of this agreement.
12. If additional funding is available before the mid way point of FY 2010/11, the BFC committee meeting in February will agree on the allocation of these additional funds using government processes.

Schedule 1 – Commitments and Tentative Basket Contributions by DP

<i>Funding Organisation</i>	<i>FY10/11</i>	
	<i>Donor Currency Millions</i>	<i>USD* Millions</i>
CIDA**	9.5 CAD	9.1
Denmark	64 DKK	11.1
Ireland	6.57 Euro	8.5
Netherlands	15 Euro	19.5
Norway	35 NOK	5.6
SDC***	3 CHF	2.8
Germany (KFW)	7.5 Euro	9.7
World Bank	15	15
UNFPA	0.6	0.6
UNICEF	1.5	1.5
UN System (UNFPA) ****	0.85	0.85

Notes:

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

** Subject to signing of bilateral agreement between the Government of Tanzania and the Government of Canada

*** SDC's originally foreseen contribution for 2010/11 will be split between two fiscal years, with 3 million CHF in FY 2010/11 and 3 million CHF in 2011/12.

**** 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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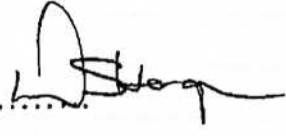
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Health Sector Basket Fund Allocations for Regional Health Management Services, FY 2010-2011

Vote ID	Region	Total Budget allocated per region 2010/2011
70	Arusha	202,845,700
71	Coast	199,426,900
72	Dodoma	214,776,800
73	Iringa	284,705,900
74	Kigoma	134,252,800
75	Kilimanjaro	166,609,900
76	Lindi	167,521,000
77	Mara	156,509,700
78	Mbeya	337,089,900
79	Morogoro	205,205,900
80	Mtwara	104,585,700
81	Mwanza	226,673,100
82	Ruvuma	163,625,000
83	Shinyanga	274,171,800
84	Singida	148,917,200
85	Tabora	288,949,000
86	Tanga	292,437,200
87	Kagera	186,923,100
88	Dar es Salaam	69,608,200
89	Rukwa	198,229,500
95	Manyara	176,935,700
	Total budget allocated	4,200,000,000

**HEALTH SECTOR BASKET FUND (HSBF) FOR LOCAL GOVERNMENT AUTHORITIES
ALLOCATION CEILINGS FOR 2010/2011**

REGION	S/N	NAME OF COUNCIL	AMOUNT
Arusha	1	Arusha MC	509,737,800
	2	Monduli DC	256,197,500
	3	Ngorongoro DC	356,950,200
	4	Karatu DC	398,815,600
	5	Meru DC	442,802,900
	6	Arusha DC	571,535,100
	7	Longido DC	170,621,300
		SubTotal	2,706,660,400
Coast	8	Kibaha TC	156,710,600
	9	Bagamoyo DC	520,528,800
	10	Mafia DC	98,571,300
	11	Kisarawe DC	219,306,300
	12	Kibaha DC	122,077,000
	13	Rufiji DC	461,827,500
	14	Mkuranga DC	431,752,900
		SubTotal	2,010,774,400
Dodoma	15	Dodoma MC	579,520,000
	16	Kondoa DC	862,890,300
	17	Mpwapwa DC	529,962,500
	18	Kongwa DC	489,747,300
	19	Bahi DC	396,318,800
	20	Chamwino DC	575,479,800
		SubTotal	3,433,918,700
DSM	21	Ilala MC	1,130,329,900
	22	Kinondoni MC	1,889,068,400
	23	Temeke MC	1,346,628,700
		SubTotal	4,366,027,000
Iringa	24	Iringa MC	197,581,400
	25	Njombe TC	220,305,100
	26	Iringa DC	516,919,200

