



**Government of the Republic Of Zambia
MINISTRY OF HEALTH**

**ADDENDUM TO THE
2006 MEMORANDUM OF UNDERSTANDING (MOU)
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA/
MINISTRY OF HEALTH
AND
INTERNATIONAL COOPERATING PARTNERS**

**ADDENDUM TO ALIGN THE 2006 MOU TO
THE INTERNATIONAL HEALTH PARTNERSHIPS
AND OTHER RELATED INITIATIVE (IHP+)**

“... towards the MDGs, through greater harmonisation and coordination...”

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ABBREVIATIONS AND ACRONYMS

Abbreviation	Definition
AAP	Annual Action Plan
ABB	Activity Based Budgeting
ACM	Annual Consultative Meeting
AIDS	Acquired Immune Deficiency Syndrome
CI	Catalytic Initiative
CSOs	Civil Society Organisations
CIDA	Canadian International Development Agency
CMA	Common Management Arrangements
CPs	Cooperating Partners
DANIDA	Danish International Development Assistance
DCI	Development Cooperation Ireland
DfID	Department for International Development of the UK
EU	European Union
FAMS	Financial and Administrative Management Systems
FNDP	Fifth National Development Plan
FMS	Financial Management Systems
GAVI	Global Alliance Vaccine Initiative
GBS	General Budget Support
GFATM	Global Fund to Fight AIDS, TB and Malaria
GRZ	Government of the Republic of Zambia
HIV	Human Immuno-deficiency Virus
HHA	Harmonisation for Health in Africa
HMIS	Health Management Information System
IHP	International Health Partnership
IHP+	International Health Partnerships and other Related Initiatives
iPAF	Interim Performance Assessment Framework
IFMIS	Integrated Financial Management Information System
JAR	Joint Annual Review
JASZ	Joint Assistance Strategy for Zambia
JICA	Japan International Cooperation Agency
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
MOF&NP	Ministry of Finance and National Planning
MOH	Ministry of Health
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTPP	Medium Term Procurement Plan
MTR	Mid Term Review
NDP	National Development Plan
NGO	Non-Governmental Organisation
NHSP	National Health Strategic Plan



Abbreviation	Definition
PAF	Performance Assessment Framework
P4H	Providing for Health Initiative
PS	Permanent Secretary
PSRP	Public Sector Reform Programme
RNE	Royal Netherlands Embassy
SAG	Sector Advisory Group
SBS	Sector Budget Support
SWAps	Sector-Wide Approaches
Sida	Swedish International Development Cooperation Agency
TA	Technical Assistant
USAID	United States Agency for International Development
USD	United States Dollar
WHIP	Wider Harmonisation in Practice
WHO	World Health Organisation
ZNTB	Zambian National Tender Board



ADDENDUM TO THE MOU

This Addendum to the Memorandum of Understanding (MOU) of 2006¹ is signed this **30th day of April 2009**, between the Government of the Republic of Zambia (GRZ) acting through the Ministry of Health (MOH), of the one part (referred to as “the Government”), the International Cooperating Partners supporting the health sector in Zambia, of the second part (referred to as “Cooperating Partners” or “CPs”) and the Civil Society Organisations operating in the Zambian health sector, of the third part (referred to as the “Civil Society” or “CSOs”). The Government, CPs and CSOs that are party to this Addendum, a list of which is provided at the end of this document, are together referred to as the “signatories” or “the partners”. This Addendum, together with its annexes, is referred to as “the MOU Addendum” or “the Addendum”.

WHEREAS,

A. The global community is concerned about the current levels of efforts and support towards the Millennium Development Goals (“MDGs”) and has called for significant scaling-up and appropriate restructuring, harmonisation and coordination of efforts to achieve the MDGs by 2015.

B. In response to this need, in September 2007, the International Health Partnership (IHP) was launched. Seven developing Countries (Burundi, Cambodia, Ethiopia, Kenya, Mozambique, Nepal and Zambia), nine International Organizations (WHO, WB, Global Fund, GAVI, UNFPA, UNAIDS, UNICEF, UNDP and EC), eight Bilateral Donors (UK, Norway, Germany, France, Italy, Portugal, the Netherlands and Canada) and two other development partners (Bill and Melinda Gates, and the African Development Bank) signed the IHP Global Compact (the IHP Global Compact). The IHP Global Compact was later signed by more CPs and it is anticipated that more countries and development partners will come on board.

C. The objective of the IHP Global Compact is to translate the Paris Declarations on aid effectiveness and other related international initiatives into action and achieve the health-related MDGs at country level, through better harmonisation and co-ordination of resources, particularly international aid, focused on results and mutual accountability.

D. As a signatory to the IHP Global Compact, Zambia is required to scale up efforts towards the achievement of the health related MDGs and national health priorities, and align its systems and structures for resource mobilisation and management to the principles of the IHP Global Compact.

¹ MoU 2006 signed by the Government of the Republic of Zambia (GRZ) / the Ministry of Health (MOH) (together referred to as the ‘Government’) and the donor community (referred to as Cooperating Partners or CPs) to confirm their commitment to support the National Health Strategic Plan 2006-2010.



E. The Government recognises the important role which the civil society plays in the health sector and within the communities, and the significant potential it offers in supplementing government's efforts, through advocacy, service delivery and providing feedback on the performance of the sector within the communities. In view of the foregoing, the Government has identified the need to further strengthen the participation of the civil society in the governance of the health sector, through the established Sector-wide Approach (SWAp) governance structures.

F. Zambia has embraced the principle of partnerships, as an important strategy for mobilising support towards the implementation of the NHSP 2006-10 and the health-related MDGs. In line with this principle, strong partnerships have been established between MOH and the CPs, who are currently providing significant support to the sector. These partnerships are currently guided by the Memorandum of Understanding of 2006 (MOU), between the Government and the CPs (the MOU), which defines and articulates the nature and underlying principles of these partnerships.

G. This Addendum serves to provide for country-level alignment of the existing MOU between the Government and the CPs to the principles of the IHP Global Compact. It also seeks to strengthen partnerships with the CPs, the private sector and civil society, for improved support, harmonisation and coordination of health sector resources and outcomes towards the attainment of the MDGs and national health objectives.

H. In order to broaden participation and partnerships, this Addendum includes some partners which are not signatories to the MOU, such as the civil society and some CPs. As this is just an Addendum to the MOU, all the partners that have signed this Addendum will automatically be deemed to have also accepted and signed the MOU, which in this case is the principle document. On the other hand, signatories to the MOU who chose not to sign the Addendum will not be bound by the provisions of the Addendum, but only the provisions of the MOU.

NOW THEREFORE, all the Signatories agree as follows:

1 INTERPRETATIONS

1.1 It is recognised that legally binding bilateral arrangements between the Government and individual CPs exist and will not be amended by this Addendum. This Addendum therefore is not a legally binding document, but an outline of the negotiated and agreed upon collective commitment of intent of the Signatories to further strengthen the partnerships of all the partners who recognise it as an appropriate framework for:

- a) Scaling up support towards the attainment of the health related MDGs, universal commitments to health and, other related international and regional health commitments;
- b) Effective implementation of the national health priorities and strategies;



- c) Improvement in resource harmonisation and coordination in health, along the principles of the Paris Declaration on aid effectiveness and the IHP; and
- d) Sustainable improvements in aid effectiveness in the health sector.

1.2 The Addendum is related to, and serves to complement more specific international arrangements and initiatives, and country-level policies and strategies related to aid harmonisation and coordination, including the following:

a) International and regional arrangements and initiatives, including:

- The IHP Global Compact, to which Zambia is a signatory;
- The Paris Declaration on Aid Effectiveness through better harmonization;
- The Accra Agenda for Action;
- The Abuja and Maputo Declarations on health; and
- Harmonisation for Health in Africa (HHA).

b) Country level policies, strategies and assessments, including the following:

- MOU of 2006, between the Government and the CPs;
- Vision 2030, the Fifth National Development Plan (FNDP) and the National Health Strategic Plan 2006-2010 (NHSP);
- National Health Policies and Strategies, 1992;
- Aid Policy for Zambia;
- Joint Assistance Strategy for Zambia (JASZ), 2006;
- Bilateral commitments of intent between THE GOVERNMENT and individual CPs;
- Towards Scaling up for Better Health: Stock-Tacking Report for Zambia; and
- Zambian Roadmap to the IHP Report.

1.3 This Addendum may be complemented with separate Bilateral Commitments of Intent between individual CPs and the Government, outlining their respective specific commitments and agreed roadmaps for alignment of the respective CP's support to the principles of the MOU and this Addendum. The Parties will endeavour to ensure that their respective Bilateral Commitments of Intent are, as much as possible, in line with the collective commitments contained in this Addendum. However, in the event of any inconsistencies or contradictions between this Addendum and any respective Bilateral Commitments of Intent, the provisions of the Bilateral Commitment of Intent will prevail. Information on such Bilateral Commitments of Intent will be shared with the Government and the other partners.

1.4 This Addendum has been developed as a supplementation to the MOU and is intended to address the gaps identified in the MOU and to provide for greater harmonisation, coordination and scaling up of domestic and international efforts towards the achievement of the MDGs and national health priorities. It seeks to present the jointly agreed principles, terms and procedures for harmonisation, coordination, management and, monitoring and evaluation of local and international resources in the Zambian health sector.



1.5 It also serves as an appropriate coordination framework for consultations between the Government, CPs and the Civil Society, in respect of governance, planning, prioritisation, financing, implementation, and joint monitoring and evaluation of the health sector's performance.

2 DEFINITIONS

- 2.1 **“Addendum”** refers to this document, which seeks to supplement and align the 2006 MOU between the Government and the CPs to the principles of the IHP and related initiatives (IHP+).
- 2.2 **“The IHP+”** is an international initiative aimed at scaling up support and improving harmonisation and coordination of international aid and domestic resources in the health sectors, in line with the Paris Declarations on Aid Effectiveness and other related initiatives, in order to accelerate implementation of the health related MDGs and national health priorities by individual developing countries.
- 2.3 **“Cooperating Partners (CPs)”** are bilateral and multilateral organisations, who are working in partnership, together and with the Government, and providing financial, technical and other assistance to the Government to support its endeavours to develop and improve health throughout the country.
- 2.4 **“The Civil Society”** includes Non Governmental professional and service delivery associations, labour unions and religious groups operating in the Zambian health sector.
- 2.5 **“Global Compact”** refers to the global commitment of intent that was signed on 7th September 2007 by the international development partners, the Civil Society and seven developing countries, including Zambia, aimed at providing a high level framework for the implementation of the IHP+.
- 2.6 **“Sector-Wide Approach (SWAp)”** is defined as all significant funding for the sector, supporting a single sector policy and expenditure programme, under government leadership, adopting common approaches across the sector, and progressing towards relying on government procedures to disburse and account for all funds. Foster et al (2000).
- 2.7 **“Direct Budget Support (DBS)”** refers to the form of support whereby the CPs' financial support is channelled through the national treasury, rather than directly to a sector, programme or project, and such support is treated, allocated and disbursed as part of the domestic revenue.
- 2.8 **“Joint Annual Review (JAR)”** is a process whereby the Government, together with the sector CPs and Civil Society, agree to jointly carryout a review of the performance of the sector. It is considered as an important tool for strengthening harmonisation of the monitoring and evaluation systems.



- 2.9 **“Mid-Term Review (MTR)”** is an independent review of the implementation of the sector strategic plan for the first half of the duration of the strategic plan. This process is jointly planned by the Government, CPs and Civil Society and is conducted with the help of independent consultants.
- 2.10 **“End of Term Review (ETR)”** is an independent review of the implementation of the sector strategic plan, conducted at the end of the duration of the strategic plan. This process is also jointly planned by the Government, CPs and Civil Society and is conducted with the help of independent consultants.
- 2.11 **“Medium Term Expenditure Framework (MTEF)”** is a three year rolling plan and budget used in the implementation of the National Development Plan. It is used for projecting performance and funding on a three year rolling basis. The sector MTEF is a component of and feeds into the National level MTEF.
- 2.12 **“The Sector Advisory Group (SAG)”** is an advisory group of representatives of all the main stakeholder groups in the sector, including the Government, CPs, Civil Society and other partners, which is responsible for management and control of the SWAp and providing for greater coordination with the Government.
- 2.13 **“Mutual Accountability”** refers to the systems and procedures of common accountability, which hold both the Government and its partners accountable to certain principles, commitments and results.
- 2.14 **“Troika”** means an arrangement whereby three member Cooperating Partners or Civil Society Organisations are appointed as joint leaders to represent their respective groupings as a mechanism for donor or civil society coordination. The three leads represent the rest of the Cooperating Partners or Civil Society in engaging in dialogue with the Ministry of Health on day to day management of the health sector. The concept of Troika is derived from the Joint Assistance Strategy for Zambia.
- 2.15 **“Free space concept”** means that although there will be a point of coordination, all civil society organizations participating in health policy formulation, budgeting and service delivery will be part and parcel of regular meetings, joint document development, research, government engagement, and monitoring and evaluation of the health care systems in Zambia. This arrangement provides all civil society organisations operating in the health sector and participating in the Zambia Health Forum (Health Forum) equal rights and opportunities to express their views, generate new ideas and share their expertise in a mutually reinforcing and respectful manner. No one single organization is deemed to be the leader of the forum.



2.16 **“Fiduciary Framework”**. In this Addendum, fiduciary framework is defined as an appropriate framework for ensuring confidence and trust building among the signatories in the management of the health sector. This framework includes the development and enforcement of appropriate systems and procedures for procurement management, financial management and control, and internal and external audit arrangements, which are aligned to and integrated into national level policies, legislation and systems, aimed at increasing transparency and accountability, to build confidence and trust in the health sector.

3 COUNTRY LEVEL CONSTRAINTS

3.1 Whilst it is acknowledged that Zambia has made significant progress in strengthening health sector partnerships with the CPs, particularly in the area of harmonisation and coordination of aid, through the Sector-wide Approaches (SWAPs), several constraints and challenges still exist, which need to be addressed in order to further strengthen harmonisation and coordination of health sector resources in the spirit of the principles of the MOU and this Addendum. In this respect, the main constraints that have been identified include:

- a) **The complexity of global health assistance:** Global support to the health sector in Zambia is characterised by multiple health partnerships and international organisations, with multiple modes of support and varying demands, including different programming, implementation, reporting and, monitoring and evaluation formats and timeframes. The modes of support include: health sector basket support; earmarked funding through the Direct Budget Support (DBS) system, maintained by the Ministry of Finance and National Planning (MoFNP); direct support to specific diseases/interventions; and project support.
- b) **Narrow focusing of global health assistance:** Whilst significant international resources have continued to pour into the Zambian health sector, much of these resources are earmarked to specific diseases/interventions, mainly HIV/AIDS, TB and Malaria (MDG 6), and immunisation, with limited focus on basic health systems strengthening and the other health MDGs and national health priorities, such as human resources for health, procurement and financial management systems, infrastructure development and, support to child and maternal health (MDGs 4 and 5), nutrition and health promotion.

MOH is concerned that only a small percentage of these funds are directed through the Government to support comprehensive health systems strengthening, while the rest goes to support disease-specific programmes, particularly HIV/AIDS, through Non-Governmental Organisations (NGOs) and projects. Allocation of these resources is largely outside the Government system, not always based on the NHSP and undermine the Government’s principle of equity of access to health services, particularly for the poor.



- c) **High transaction costs:** It is costly, time consuming and confusing to deal with multiple demands from various partners. It is still a requirement and preference for instance by most CPs supporting the major public health diseases, such as HIV/AIDS, TB, and malaria, that separate plans and budgets, and monitoring and evaluation arrangements are developed and used. However, this is being done when indeed the sector already has the NHSP 2006-10, which addresses all the MDGs and national health priorities, and has elaborate planning, budgeting, and monitoring and evaluation systems, which are integrated into national level macro policies, strategies and systems. This approach leads to lengthy and complex programming and reporting, and overstretching of the already inadequate human resources, leaving them with little time for programme implementation and attention to other health priorities.
- d) **Imbalances in resource allocation:** The on-going practice by the global initiatives of targeting support to selected diseases and interventions has led to significant imbalances in resource allocation within the sector. This has significant implications on the overall implementation of the NHSP and attainment of some MDGs and national health priorities. This also has implications on the Government's objective of "ensuring equity of access to cost-effective quality health services as close to the family as possible", as systems for provision of basic health care are not supported. The main casualties in this regard are the poor and vulnerable, especially in the rural areas.
- e) **Resource allocation constraints:** Despite the fact that, the Government has committed to increase support to the health sector in line with the Abuja Declaration target of 15% of the national budgets, this has not yet been achieved, largely due to resource constraints. It is hoped that, with appropriate capacity building and prioritisation, allocations from the DBS to the health sector would start increasing and the total allocation to the health sector would improve towards the Abuja target.
- f) **Multiplicity of results frameworks:** The lack of aid harmonisation and coordination has led to the challenge of dealing with a multiplicity of results frameworks. This is because most of the partners, especially those supporting earmarked funding to specific diseases or interventions, or direct project support, always insist on using their own specific planning and budgeting, implementation and, monitoring and evaluation frameworks, when indeed the sector has already developed its own.

4 OBJECTIVE

4.1 The objective of this Addendum is to align the MOU to the IHP principles, which are aimed at:

- Scaling-up support towards the MDGs;
- Focusing on country-owned strategies;
- Providing for longer-term predictability of financing;
- Greater harmonisation and coordination of support and resources;
- Enhancing transparency and mutual accountability; and
- Reducing complexity and transaction costs.



5 GUIDING PRINCIPLES

5.1 Whilst Clause 3 of the MOU recognises and reaffirms the partners commitment to the principles of harmonisation, as provided for in the Paris Declarations on Aid Effectiveness, as the basis for strengthening governance and ownership, and ensuring improved performance of the health sector, this Addendum seeks to recognise and commit the partners to a set of guiding principles, which aim at achieving greater harmonisation and coordination, as the appropriate framework for putting the Paris declarations into practice.

5.2 The IHP requires the countries and their development partners to enter into country-level partnership arrangements (Compacts) that are based on the following guiding principles:

- a) **ONE single country level strategy:** All the partners to use one single country-level strategy, as the basis for determining and providing support to the health sector. The strategy should meet the following requirements:
 - Be broad-based and include interventions aimed at scaling up access to health services and mechanisms for achieving the MDGs and other health commitments;
 - Integrate and be integrated with other planning processes at national and intra-sector level, and be factored into the overall country development/macro-economic strategy;
 - Prioritize the needs of the poorest and most vulnerable, and eliminate discrimination in accessing health services;
 - Be appropriately costed, on the basis of three scenarios (needs based, resource based and results based), and include financing needs and gap analysis;
 - Provide for broader participation, consultation and contribution of all in-country stakeholders to the development, implementation, and monitoring and evaluation of the strategy and in-country processes and plans linked to it; and
 - Generate political will across stakeholders, provide for capacity building, and address governance, transparency, accountability and corruption issues.
- b) **ONE single results framework:** All partners to agree on one single results framework, as the basis for monitoring and evaluation of the country's health strategy/plan. The framework should be linked to the health strategy and budget, and include data collection and verification processes. It should also clearly specify the objectives and indicators to demonstrate progress towards country health targets and the MDGs targets/results (outcomes/outputs).
- c) **ONE single policy matrix:** All partners to commit to the use and reliance on one single policy matrix for guiding the development and implementation of the strategy. The matrix should summarize the key policy, analytical and implementation milestones required for the country health strategy to be successfully implemented (such as, human resources, financing, public sector management and other policies). The matrix should also include a plan for integration of "sub-plans or strategies" that might exist for specific diseases into the overall country health strategy.



- d) **ONE single budget process:** All the partners to commit to one single budget process, aligned with the country's budget cycle. This may not necessarily mean that all funding needs to be in the form of budget support, as it could also be in form of pooled funding or project financing. However, the donors who traditionally do not contribute to pooled funding mechanisms would be required to allocate resources according to priority areas, and in line with the planning, implementation and reporting timeframes described in the country health strategy and budget.
- e) **ONE single fiduciary risk management/mitigation framework:** To agree and commit to the use of one jointly reviewed single fiduciary framework, including shared procurement and financial management and reporting systems and procedures for the sector, aligned with country systems.

5.3 The Partners are confident that the alignment of the country to the above principles will help address the existing country-level constraints and challenges, and pave the way to the successful implementation of the NHSPs and achievement of the MDGs and national health priorities.

6 GOVERNMENT'S COMMITMENT OF INTENT

6.1 The Government recognizes the need to significantly scale up the efforts of all the partners, towards achievement of the health-related MDGs and national health priorities, through improved resource harmonisation and coordination, in accordance with the IHP principles. It also recognises the need to further strengthen partnerships with all the key stakeholders in health, including the communities, civil society, private sector and CPs, in order to achieve the desired objectives and outcomes.

6.2 The Government further recognises that, in order for the CPs' to increase aid and commit themselves to the harmonisation and coordination principles of this Addendum, the Government itself should ensure transparency, predictability and efficiency of its policies, planning, budgeting, implementation, and monitoring and evaluation systems and procedures.

6.3 In view of the foregoing and in line with the spirit of the IHP Global Compact, signed on 7th September 2007, the Zambian Government hereby encourages its partners to enter into this Addendum and the MOU. The Government further reconfirms its commitments contained in the MOU and hereby declares its commitment to adhere and uphold the principles of this Addendum, in a transparent and accountable manner, particularly the following:

- a) **Leadership and commitment:** The Government commits that it will provide effective leadership and commitment in the overall policy formulation, planning, budgeting, implementation, management, and joint monitoring and evaluation of the health sector.



It will also demonstrate leadership, commitment, transparency and accountability in the development and implementation of the policies, plans, the MOU, this addendum and any other partnership arrangements and commitments of intent signed with individual partners. That it will further strengthen partnerships with all the key stakeholders (both internal and external), including the communities, private sector, civil society and CPs, through enhanced dialogue, consultations and effective participation in the management of the health sector, within the established SWAp governance and coordination structures.

The Government also confirms that, with the support of its partners, the SWAp governance and coordination systems and structures will be further strengthened. The existing systems and structures will be subjected to regular reviews, through the established Joint Annual Reviews (JARs), Mid-Term Reviews (MTRs), End of Term Reviews (ETRs) and adhoc reviews/consultancies, to ensure their continued relevance and effectiveness. Involvement of the communities, private sector and civil society, will be jointly reviewed and strengthened, on a continuous basis, through the established SWAp governance and coordination systems and structures.

b) **National health strategy:** The Government commits that it will always ensure that ONE single sector strategic plan is in place for use by all the partners as the single sector investment plan for purposes of determining the levels and modes of support to the sector. That the strategic plans will by all standards meet and exceed the minimum requirements set out in the principles of this Addendum and incorporate the following features:

- Prioritise and domesticate the health related MDGs, other international and regional health related commitments;
- Identify the national health priorities and targets, in line with the MDGs, existing health commitments and the national health vision of “*ensuring equity of access to cost effective, quality healthcare as close to the family as possible*”;
- Ensure that the national health objectives, targets and strategies proposed are evidence-based, measurable, time-bound, realistic and achievable, taking into account the implementation capacity and available resources;
- Integrate and be integrated with the already established Medium-Term Expenditure Framework (MTEF) plans, Annual Action Plans (AAPs) and budgets, the respective programme specific and multi-sectoral plans and the national macro-economic policies, strategies and planning and budgeting frameworks, particularly the Vision 2030 and the National Development Plans (NDPs);
- Further enhance and broaden stakeholder participation in the development of strategic plans, MTEFs and annual planning/budgeting, through the existing “Bottom-Up” approach, which advocates commencement of the planning process from the bottom, i.e. community level, upwards through the district level, provincial level and finally country level consolidation of plans;
- Clearly outline the implementation, coordination and, monitoring and evaluation arrangements;



- Be appropriately costed to determine financing needs and gaps, based on three scenarios (needs based, resources based and results based); and
- Subject the strategic plan to joint validation by the partners, using **ONE single agreed joint validation process**, involving all the partners.

- c) **Long term financing scenarios/projections:** The Government commits that on the basis of the ONE single costed and validated national health strategic plan, resource mapping and gap analysis, it will be preparing comprehensive analysis of long and short-term financing needs and gaps, in three scenarios (needs based, resource based and results based). This analysis will clearly outline the levels of funding needed for the successful implementation of the strategy and the MDGs, indicate the projected Government contributions and highlight the financing gaps requiring support. This analysis will be jointly reviewed and confirmed by the partners, through the established SWAp coordination arrangements. The same will be presented to the CPs, as the basis for them to commit to long term financing.

The Government confirms that the existing NHSP 2006-10 has been re-costed and jointly validated. A summary of the re-costing report of the NHSP 2006-10, presenting analysis of financing needs and gaps for the period from 2009 to 2010, is provided at Annex II.

- d) **Results Framework:** The Government commits that it will always ensure that an appropriate results framework is in place, which will serve as the basis for effective joint monitoring and evaluation of the implementation of the national health strategic plans, MTEFs, annual action plans and budgets, the MOU and this Addendum.

The Government further commits to ensure that the results framework is linked to the MDGs, national health strategy, MTEF plans, annual action plans and budgets. To further ensure that the framework clearly specifies the objectives, indicators and quantified results (outcomes/outputs), which will be used by all the partners to monitor progress towards the national health targets and the MDGs, and also specifies the systems and structures to be used for monitoring and evaluation of performance.

The Government also commits to provide for broader consultations and participation of all the main stakeholder groups, including the Government, CPs and the civil society, in the development, review and application of the results framework, so as to ensure consensus and benefit from the added value from the collective knowledge and experiences of all the stakeholders.

The Government further commits to ensure that the results framework always meets the minimum requirements of the IHP and that it will be subjected to routine and adhoc joint reviews by the partners, through the established SWAp coordination systems and structures, to ensure that it responds to the changing needs. The proposed Results Framework for assessing the performance of the health sector is provided at Annex I.



- e) **Policy matrix, including milestones:** The Government commits to always ensure that a policy matrix outlining all the policies and legislation required for the smooth implementation of the NHSP and other related national and multi-sectoral strategies which may impact on the implementation of the NHSP, is maintained. All the policies and legislation forming part of the matrix will be appropriately integrated with the sector strategy and other national level macro policies, legislation and strategies.

The process for identification, formulation, enforcement, review and updating/repealing of health related policies and legislation will be broad-based, clearly defined and structured, evidence-based and involve extensive consultations with all the key stakeholders, including the communities, civil society, private sector and CPs. Deliberate efforts will be made towards ensuring that appropriate capacity building and support is provided to the directorate of planning and policy, and the whole system for policy formulation and implementation, so as to ensure effective leadership and coordination of this function. The policy matrix and the individual policies and legislation will be periodically reviewed and, where necessary, updated or repealed, to ensure their continued relevance and appropriateness.

- f) **Budget process, aligned with the country's budget cycle:** The Government commits that it will always ensure that an appropriate budgeting system, including a budgeting process, budget cycle and tools, is in place to guide planning and budgeting at all the levels of the sector. That, while recognising the financial challenges, through the budgeting process, the Government will aim at providing appropriate levels of financing to the health sector, in line with the commitments made through the various international and regional initiatives, including the MDGs, Abuja and Maputo declarations, and this Addendum.

That the budgeting system will provide for: effective management and coordination of the budgeting process; integration and alignment of all the health sector budgets to the NHSP, NDPs and MDGs; and clear identification of priorities, objectives and targets, which are consistent, realistic and achievable. The budgeting system will also provide for a consultative process that would include: timely feedback from the development partners on their financing commitments for the budget period, including proposed levels of funding, preferred modes of funding and timing of the support; ensuring broad participation of the communities, private sector, civil society and CPs; cost effectiveness and unification of the budgeting systems across the public health sector.

- g) **Implementation of the budget:** The Government commits that it will implement the budgets in a manner consistent with the agreed allocations and priorities. That it will adequately consult with the development partners, on any major changes to the budgets required during the financial year. That it will ensure that appropriate reporting on budget implementation and variations is made available through the established SWAp reporting channels.



- h) **Quality of the financial management systems:** The government commits that it will ensure that the financial management systems used at all the levels of the public health sector, i.e. at national, provincial, district and facility levels, are comprehensive and satisfy the local and international standards for public accounting and financial management. That the systems will also be subject to routine and adhoc joint reviews with the partners.
- i) **Capacity to manage and coordinate:** The Government commits that it will ensure adequate capacity to manage and coordinate enhanced aid flows. To this end an assessment of capacity needs to facilitate the management of aid will be jointly undertaken, and a prioritized capacity building plan will be devised and implemented, to strengthen capacities at the central, provincial, district and facility levels.
- j) **Fiduciary risk management/mitigation framework:** The Government commits that it will ensure that an appropriate fiduciary risk management framework (Fiduciary Framework) is maintained to provide for high standards of transparency and accountability in the utilisation of health sector resources.

The Government commits to ensure that all the weaknesses and gaps that may be identified in the Fiduciary Framework will be promptly rectified. Ensure that the entire framework, including the policies, systems, procedures and governance structures, are integrated with the national policies and legislation, and that they are in accordance with the relevant international standards and best practices. That the process of developing, revising and strengthening of such systems will be integrated into the national level systems and involve broader consultations with the sector's partners. That the fiduciary framework and systems will always exceed the minimum local and international standards and aim at instilling the highest levels of discipline, transparency, accountability and public confidence.

The Government further confirms that the existing Fiduciary Framework includes appropriate systems and procedures for ensuring transparency and accountability in procurement, and financial management and control. The procurement system and procedures used are integrated and regulated by the Zambia National Tender Board Act and systems. The financial management systems and procedures used are integrated with the national financial management systems and legislation.

- k) **Civil society engagement:** The Government commits to further strengthen civil society participation in the governance of the health sector. In this respect, it is committed to review the current levels of civil society involvement and, together with the civil society, develop a roadmap, with clear milestones, aimed at strengthening partnership with the Civil Society. Ensure that the benchmarks for enhanced civil society participation are included in the Joint Annual Reviews, Annual Consultative Meetings (ACM) and Sector Advisory Group (SAG) benchmarks, medium-term and end of term reviews. To demonstrate this commitment, the Civil Society has been included as signatories to this Addendum.



7 COOPERATING PARTNERS' COLLECTIVE COMMITMENTS OF INTENT

7.1 The CPs who are signatories to this Addendum recognise the importance of enhancing their support to the Zambian health sector to accelerate the implementation of the National Health Strategic Plan and MDGs. While acknowledging the significant achievements made in strengthening aid coordination, through the SWAPs, they do also acknowledge that more needs to be done to further strengthen aid harmonisation and coordination in Zambia, in line with the guiding principles of this Addendum.

7.2 In recognition of the Government's commitments of intent, which have formed part of this Addendum, the CPs have therefore collectively committed to support the implementation of this Addendum and provide their support to the health sector on the basis of the following commitments of intent:

- a) **ONE single national health strategic plan and HIV/AIDS Strategic Plan:** To support the NHSP and the National HIV/AIDS Strategic Plan, as the single integrated plan for scaling up support to the health sector and accelerating progress towards the health related MDGs and national health priorities.
- b) **ONE single country-based validation process:** To measure progress on alignment and performance using one single validation process, i.e. the Joint Annual Review (JAR) and SWAp coordination arrangements.
- c) **ONE single results framework:** The CPs commit to use and rely on ONE single results framework, jointly developed and agreed with the Government, as the single basis for measuring progress towards implementation of the MDGs and national health objectives and targets. This includes ONE single monitoring process shared by all partners using the established Performance Assessment Framework (PAF) as the single monitoring tool for sector performance, and commitment to conducting joint missions and joint performance reviews. The review and updating of such frameworks will be done jointly by all the partners. The results framework that forms part of this Addendum is provided at Annex I.
- d) **ONE single budget:** The partners commit to use ONE single sector budget as the basis for determining financial support to the sector. This includes commitment to harmonize their planning and programming of support, with the country's budget cycle and implementation timeframes, and buying into the NHSP, action plans and budgets. However, this does not necessarily mean that all funding needs will be in the form of budget support or sector basket support, but that funds provided should be in line with the national health strategic plan and budget priorities, should ensure adequate financing of financing needs in general and avoid over-funding of some areas with neglect of others – as is now the case – through programmatic support of the core needs of the national health plan (linked to the IHP work on “validation of national strategies”) and should be provided in a timely and predictable manner.



- e) **To scale-up financial support to the sector:** To scale up financial and technical support to the health sector, based on a strong national strategy, identified financing gaps and proposed financing scenarios, to meet additional financing required to achieve the MDGs. A summary of the costing report presenting analysis of financing needs and gaps for the period from 2009 to 2010 is provided at Annex II.
- f) **To provide longer term and more predictable financing:** To provide financial support on a long-term and more predictable basis, based on the identified financing gaps and scenarios. In this respect, the CPs will be providing financing commitments on a 3 year rolling basis, which will be reviewed and updated yearly through the ACM.
- g) **To align support to the existing Government procedures and processes:** To align support to the existing Government procedures and processes, including the annual calendar for planning, budgeting and reporting. Agencies not able to sign the MoU will commit to adhere to the principles of the MoU in practice.
- h) **Commitment to use ONE single fiduciary framework:** To use one single fiduciary framework, which will be jointly reviewed and accepted by the partners, through the existing SWAp coordination systems. This will include the use of one single procurement management system, one single financial management and reporting system and one single financial and procurement audit system, that are aligned to the broader country fiduciary systems and procedures. All systems and procedures forming part of the fiduciary framework will be jointly reviewed and accepted by the partners, and will be subject to annual and adhoc reviews as agreed by the partners.

This Addendum is complemented with separate Bilateral Commitments of Intent between individual CPs and the Government, which are presented at Annex III of this document. More partners may sign their own commitments of intent with the Government in the future, which will all form part of Annex III.

8 CIVIL SOCIETY'S COMMITMENTS OF INTENT

8.1 In the spirit of this Addendum, participation of the Civil Society will be broadened and further strengthened. In response to this development, the Civil Society Organisations operating in the health sector hereby collectively commit to align their contributions to the health sector along the following principles:

- a) **General commitment:** To support and supplement the Government in advancing the Zambian health agenda on the local, regional and international arena. To also recognise and align their programmes to the principles of the MOU and this Addendum.
- b) **Governance:** To actively participate in health sector governance, by ensuring representation at all the policy and technical meetings/activities under the SWAp, including the ACM, SAG meetings, SAG Sub-Committee meetings and Technical Working Groups (TWGs), and at district and community levels.



To participate in policy formulation, planning, budgeting, and joint monitoring and evaluation of the sector, through the established SWAp coordination systems and structures.

- c) **Advocacy and lobbying:** To play the role of an effective watchdog and monitor both the Government and the CPs' accountable to the commitments made in the MOU, this Addendum and other local, regional and international health related commitments. However, considering the non-legally binding nature of this Addendum and the need to protect against the reputational risks associated with the watchdog role, the civil society undertakes to always ensure that "No public denunciations" are made by its members. Develop systems and capacities for identifying weaknesses at all the levels of the health sector and providing recommendations of appropriate actions. Provide feedback on the implementation of health programmes at all the levels of the sector, i.e. district, provincial and central government, so as to facilitate improved and equitable health service provision.

To advocate and lobby for recognition, support and implementation of priority health interventions and initiatives, including improvements in Government funding and international aid, in line with the relevant commitments made.

- d) **Service delivery:** To buy into the Government's ONE single national health strategic plan and endeavour to always align the Civil Society programmes/activities to the priorities and targets set out in the strategic plan and the supporting MTEF and annual action plans, at national, district and community levels, as the case may be, depending on where such Civil Society Organisations (CSOs) operate.
- e) **Research and evidence-based decision making:** To support the promotion of research and evidence-based decision making, as the basis for policy development and planning, both within their respective institutions and in the health sector. To identify, initiate, facilitate and/or actively participate in health research.
- f) **Capacity building:** To build Civil Society capacity in understanding health policy, budgets, programme implementation, monitoring and evaluation, and in advocacy and lobbying for support to the health sector. Also contribute to MOH capacity building initiatives and programmes at all the levels.
- g) **Transparency and accountability:** To ensure high standards of transparency and accountabilities in all the dealings, internally within the respective CSOs and with external stakeholders including MOH, CPs, the communities they serve and the general public. This includes establishing and strengthening appropriate systems and structures for ensuring transparency and accountability, including procurement and stores management systems, and financial and administrative management systems, which meet the minimum local and international standards. Transparency in the declaration and reporting on programmes and financial needs, and in accounting for resources obtained.



- h) **Monitoring and evaluation:** To use ONE single results framework for monitoring and evaluation of the performance of the health sector, against the MDGs, NHSP, MTEF and annual action plans and targets. To use the same sets of targets, indicators and benchmarks and, monitoring and evaluation systems, provided for in the results framework, as the basis for tracking performance. Actively support and participate in joint missions and sector reviews.
- i) **Mutual accountability:** Ensure mutual accountability amongst the partners, i.e. the Government, CPs and Civil Society.

8.2 In order for the Civil Society to participate effectively in the governance of the health sector, there is need to strengthen their own organisation and coordination. In this respect, the Civil Society has established the *Zambia Civil Society Health Forum* (“ZCSHF” or “the Forum”), and made a commitment to use this entity as the coordinating body for all the CSOs operating in the Zambian health sector.

8.3 The Forum will use the concept of “Free Space” for dialogue, advocacy and expertise sharing, to achieve its objectives. This means that, although there will be a point of coordination, all civil society organizations operating in the health sector will be invited and encouraged to participate in the various health sector events, using a “Free Space” and “Open Door Concept”. This is expected to provide all CSOs participating in the Forum equal rights and opportunities to express their views, generate new ideas and share expertise in a mutually reinforcing manner.

8.4 The Forum will be coordinated and managed on the principle of a “Troika”. In this respect, 3 member CSOs will be appointed as the “Troika” for the duration of each NHSP or 3 year MTEF period. Appointment of members to the Troika will be on rotation basis and election by the members at the general meetings. During each year, on rotation basis, one of the Troika members will assume the role of Lead CSO and lead the coordination, communication and dissemination of information to the members. The Lead CSO will also take up the role of spokesperson for the Forum and day-to-day coordination with MOH and CPs. The Lead CSO will not necessarily personally represent the Forum at all the events, but will co-ordinate the Forum to select the most suitable representatives, based on the nature of the activity and expertise required.

8.5 Information about the CSOs selected to form the “Troika” and the “Lead CSO” will be communicated in writing to MOH and shared with the CPs.

9 IMPLEMENTATION

9.1 The Addendum will be administered and implemented within the governance, management and coordination systems and structures of the SWAP, which are adequately described in the MOU. This means that monitoring of the performance of this Addendum will be the responsibility of the SAG.



9.2 In this respect the benchmarks and commitments expressed in this Addendum will be monitored and evaluated within the SWAP system. The Results Framework and Common Accountability Frameworks with individual CPs, which outline the agreed compliance benchmarks for the partners will be used as the basis for monitoring and evaluation of the implementation of this Addendum, through the established joint review mechanisms.

10 DURATION OF THE ADDENDUM

10.1 The duration of this Addendum is in line with the life of the MOU, which is scheduled to run up to December 2010. However, subject to satisfactory performance and agreement by the partners, the principles and commitments contained in this Addendum will be reviewed and either be incorporated into the new MOU or be extended for another 5 years, to 2015, so as to coincide with the ending of the MDGs.

11 AMMENDMENTSS

11.1 The signatories will annually review the implementation, application and effectiveness of the principles, commitments and procedures outlined in this Addendum.

11.2 Any amendments to the terms and conditions of this Addendum will be subject to mutual agreement by the partners. Requests for amendments will be submitted to the Government, in writing, and following consideration and recommendations at the M&E sub-committee and Policy sub-committee will be referred to the Annual Consultative Meeting (ACM) of the health sector, for approval.

11.3 Any new partner who wishes to co-operate with the Government under the provisions of this Addendum will be free to do so by signing this Addendum.

11.4 Each CP may withdraw/terminate its support to this Addendum by giving the other signatories three months written notice. If a CP intends to withdraw/terminate its support, that CP will call for a meeting to inform the other signatories of such decision. The CP will also consult MOH and the other CPs about the consequences of their decision on the NHSP and agreement will be sought on the way the financial loss can be compensated.

12 DISPUTE RESOLUTION PROCEDURES

12.1 Resolution of disputes among the Partners will be managed in accordance with the relevant provisions of the MOU, relating to dispute resolution. These will be reviewed and amended in 2010.

13 EFFECTIVE DATE(S)

13.1 This Addendum will come into effect in relation to each individual CP on the date it is signed by the individual CP and the Government.



14 SIGNATORIES

14.1 In order to broaden participation and partnerships, this Addendum includes some partners who are not signatories to the MOU, such as the civil society and some CPs. As this is just an Addendum to the MOU, all the partners that have signed this Addendum will automatically be deemed to have also accepted and signed the MOU.

14.2 The following partners, having reviewed this Addendum and accepted it to be the appropriate framework for greater harmonisation and coordination of international aid and domestic resources made available to the health sector, to achieve the necessary MDG outcomes, do hereby, through their representatives append their names and signatures to this Addendum.

For and on behalf of,

A) THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA, Acting through the MOH and the Ministry of Finance and National Planning

.....(Name/Signature/signature)
MINISTRY OF HEALTH, ZAMBIA (MOH)

.....(Name/Signature/signature)
MINISTRY OF FINANCE AND NATIONAL PLANNING (MOFNP)

B) CO-OPERATING PARTNERS

.....(Name/Signature/signature)
(Authorised Representative)
CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)

.....(Name/Signature/signature)
(Authorised Representative)
COMMISSION OF THE EUROPEAN UNION (EU)

.....(Name/Signature/signature)
(Authorised Representative)
DEPARTMENT FOR INTERNATIONAL DEVELOPMENT OF THE UNITED KINGDOM (DfID)



.....(Name/Signature/signature)
(Authorised Representative)
INTERNATIONAL DEVELOPMENT ASSOCIATION – WORLD BANK (WB)

.....(Name/Signature/signature)
(Authorised Representative)
EMBASSY OF JAPAN

.....(Name/Signature/signature)
(Authorised Representative)
ROYAL NETHERLANDS EMBASSY LUSAKA (RNE)

.....(Name/Signature/signature)
(Authorised Representative)
SWEDEN

.....(Name/Signature/signature)
(Authorised Representative)
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

.....(Name/Signature/signature)
(Authorised Representative)
GLOBAL ALLIANCE VACCINE INITIATIVE (GAVI)

.....(Name/Signature/signature)
(Authorised Representative)
GLOBAL FUND FOR AIDS, TB AND MALARIA (GFATM)

.....(Name/Signature/signature)
(Authorised Representative)
CLINTON FOUNDATION

.....(Name/Signature/signature)
(Authorised Representative)
WORLD HEALTH ORGANIZATION (WHO)



.....(Name/Signature/signature)
(Authorised Representative)
THE JOINT UNITED NATIONS PROGRAMME ON HIV AND AIDS (UNAIDS)

.....(Name/Signature/signature)
(Authorised Representative)
UNITED NATIONS CHILDREN’S FUND (UNICEF)

.....(Name/Signature/signature)
(Authorised Representative)
UNITED NATIONS POPULATION FUND (UNFPA)

.....(Name/Signature/signature)
(Authorised Representative)
UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

C) FOR AND ON BEHALF OF THE CIVIL SOCIETY OPERATING IN THE ZAMBIAN HEALTH SECTOR

.....(Name/Signature/signature)
(Authorised Representative)
CHURCHES ASSOCIATION OF ZAMBIA(CHAZ)

.....(Name/Signature/signature)
(Authorised Representative)
OXFARM GB ZAMBIA

.....(Name/Signature/signature)
(Authorised Representative)
TALC ZAMBIA

Signed on the date aforementioned, Lusaka, Zambia.



15 ANNEXTURES

- Annex I: Results Framework
- Annex II: Summary of the NHSP Costing and Financing Gap Analysis
- Annex III(a): Individual Partners' Bilateral Commitment of Intent – The DFID, United Kingdom
- Annex III(b): Individual Partners' Bilateral Commitment of Intent – The UN Agencies
- Annex III(c): Individual Partners' Bilateral Commitment of Intent – The World Bank