MEMORANDUM OF UNDERSTANDING
BETWEEN
FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA,
MINISTRY OF HEALTH
AND
DEVELOPMENT PARTNERS

ON THE MANAGEMENT OF THE 4th ROUND HEALTH POOLED FUND FOR SUPPORT TO THE IMPLEMENTATION PROCESS OF THE HEALTH SECTOR TRANSFORMATION PLAN OF ETHIOPIA

(HPF-IV 2017 - 2020).

February 2017

ARTICLE I: DEFINITION OF TERMS USED

1. Whereas, Federal Ministry of Health (hereafter referred to as FMoH), is a party to the contractual agreement which solicits the resource from development partner and implement the activities agreed in the annual HPF-IV plan.
2. Whereas; The Development Partners, here after referred to as DPs, is/are the party/ies to the MOU who disburse the fund for the support of the implementation of HSTP through the HPF arrangement
3. Whereas; The Fund Administrator (So far UNITED NATIONS CHILDREN'S FUND-UNICEF), is the party to this MOU who undertakes the administration of the fund per the agreed rules and regulations on behalf of the FMOH.

ARTICLE II: GENERAL INFORMATION

4. The Federal Democratic Republic of Ethiopia, Ministry of Health (FMOH) is committed to address equity and quality in health care delivery through the implementation of transformation agendas stated in the HSTP (2015/16-2019/20). FMOH and Development Partners of the Health Population Nutrition (HPN) have developed a Health Sector Harmonization and Alignment Action Plan that supports the country's action plan of harmonization and alignment for aid effectiveness during the HSDP (2010/11-2014-15).

5. The Ethiopia Country compact signed in Addis Ababa on 26th August 2008 sets out the framework for increased and more effective aid, and accelerated actions toward the achievement of the health Millennium Development Goals (MDGs). The Joint Financing Arrangement (JFA) was first signed on 15 April 2009 between the FMoH and seven development partners. It sets out the jointly agreed terms and procedures for the management of the MDG Performance Fund (MDG/PF), the now called the SDG Performance Fund, including planning financial management, governance framework and decision-making, reporting, review and evaluation audit and supply chain management.

6. Along with the transition from HSDP to HSTP, a new JFA was signed in July 2015 which highlighted the priority areas of the newly developed Health Sector Transformation Plan, which is the first five years' plan for the path to achieving health related Sustainable Development Goals (SDG). Then the pool fund was also named SDG Pool Fund accordingly.

7. The SDG/PF is a pooled funding mechanism managed by the FMOH using the Government of Ethiopia procedures. In the frame work of the Ethiopia IHP+ compact, it provides flexible resources, consistent with the' one plan, one budget and one report' concept, to secure additional finance to the HSTP. It is the Government's preferred modality for scaling up Development Partners assistance in support of HSTP.

8. The Health Pooled Fund (HPF) was first established in 2005 to support the implementation process of HSDP and achievement of the MDGs in Ethiopia. The HPF is considered part and parcel of the MDG/SDG PF as it supports the same scope, Health sector Transformation Plan and its objectives, internal regulation funding and disbursement are fully controlled by the FMOH according to the HSTP priorities. However, HPF is quite distinct from the SDG/PF in its administrative management – which is done by UNICEF in the role of Pool Fund Administrative Manager on behalf of FMOH, and in its focuses on technical Assistance, HSTP implementation coordination, planning and monitoring that need flexible and swift decision and funding.

9. The rationale for its separate management is related:
    - To facilitate the swift and flexible response to procurement of national and international technical assistance and international travel; and
    - To remove the additional administrative burden of these tasks from FMOH.

10. The first phase of the HPF was implemented between 1 November 2005 and 31 March 2007 with joint funding from the Governments of Ireland, The Netherlands and The United Kingdom as well as from UNICEF. The HPF-1 was managed by UNICEF Ethiopia. An independent evaluation of the first HPF, conducted in March/April 2007,

concluded that funds had been used for the purposes intended and that both FMOH and Development Partners had benefited from reduced transaction costs. Based on the positive experiences with the initial HPF and taking in to account the recommendations of the evaluation, a number of HPN Partners had agreed to support the extension of the Funding to a new phase of 3 years: The HPF-II.

11. The general objective of the HPF- II was to contribute to the fulfillment of the goals of the HSDP-III, by supporting its implementation process through flexible, time-sensitive and less cumbersome funding mechanisms, in line with the Harmonization Action Plan of HSDP-III. Development Partners' contributions (DCI, RNE, DFID, IC, ADC) to the HPF-II amounted to a total of US$4,152,985.34 million (US$ 4,152,985.34 programmable). Together with UNICEF contribution of US$ 539,928.43 the HPF II total programmable budget mounted to US$4,509,661.63. The second phase of the HPF was ended on 30 June 2011.

12. An independent evaluation of HPF-II was conducted in August 2010. The objective of the evaluation was to assess whether the fund has served its intended purpose. The evaluation report provided views of the performance, effectiveness, efficiency and eligible utilization of HPF-II in accordance with its objectives, and drew lessons and made recommendations.

13. In general, the evaluation revealed that HPF-II is widely seen as an effective, timely, responsive and demand-driven fund channeled towards the most urgent and critical needs of HSDP by strengthening the planning and coordination and implementation process. The establishment of the MDG/PF has drawn a lot of lessons from the HPF.

14. The evaluation team concluded that the HPF-III has significant benefits in allowing funding to respond to priority needs of the HSDP more efficiently. The involvement of donors has been participatory. UNICEF, as a Pooled Fund Manager, provided substantial support in managing the fund and also filled important funding gaps

throughout the implementation process. HPF III was concluded in 31st December 2016 and an evaluation was conducted to assess its significance and contribution for the implementation of HSDP IV.

15. Accordingly, the HPF evaluation result has demonstrated that the benefits of the HPF III did commensurate with the inputs and remarkable achievements were observed. The HPF III support was critical in funding the activities related to health system strengthening, capacity building, technical assistance and evidence generation. The HPF III was instrumental in financing key policy dialogues, finalization of HSTP and supporting emergency referral initiatives. S

16. HPF III evaluation had made several recommendations so as to improve the performance of the fund. Among the core recommendations, updating the fund`s framework and broaden the scope of the strategic areas in line with the HSTP was a priority. Updating the MOU before its expiry date on 31st December 2016 was also suggested. Therefore, this MOU is thoroughly revised by JCCC.

ARTICLE III: PURPOSE OF THIS MOMORADUM OF UNDERSTANDING

17. The purpose of this MOU is to create understanding and accountability between FMOH, DPs and Fund Administrator in the funding, Administration and implementation, monitoring and reporting of the HPF-IV.

ARTICLE IV: IMPLEMENTATION PERIOD

18. The implementation period of the MOU is from 1st January 2017 to 31st December 2020. (Four Years).

ARTICLE V: OBJECTIVE OF THE HPF -IV

19. The HPF-IV will be part of HSTP's wider pooled funding scheme and will support the implementation of activities as specified in the Proposal for the HPF-IV (Annex ll) and will not be used to meet the cost of import or customs duties (or any similar fees) imposed by the Government of Ethiopia on the goods imported or services provided.

20. Major areas of support to be addressed by HPF –IV are:

A. STRENGTHENING THE MANAGEMENT OF HSTP IMPLEMENTATION –

1. Support capacity of FMOH in designing, planning, budgeting, monitoring and evaluation of HSTP implementation in decentralized context
2. Strengthen the co-ordination platforms and partnership the health sector with development partners, CSO and private sectors- .
3. Enable health policy makers and key implementers to participate in international conferences, seminars, short study trips or visits that contribute to useful gains of experiences and exposure in health policy development and implementation (south- South and South- North cooperation)..
4. Support development of standards, guidelines and manuals in relation to the management of HSTP implementation

B. TECHNICAL ASSISTANCE

1. Provide resources for the recruitment of skilled international and/or national consultants to assist the Ministry in the implementation of HSTP such as program design, management and planning: policy related research, assessments and innovations;
2. Provide Technical Assistance (TA) in areas where specific needs for technical support have been identified (IT, Audit, Procurement, Grant Management, Health Infrastructure development and others with skilled critical HR gaps in low performing regions).

C. PLANNING, MONITORING AND EVALUATION, HARMONIZATION AND ALIGNMENT

1. Provide resources for commissioning relevant studies on key transformational agendas in the health sector (Eg: implementation/operational research) in Ethiopia.
2. Provide resources for other relevant process activities included in the plan for the support of the management of the implementation of HSTP.
3. Support the monitoring and evaluation programs of HSTP (such as JANS, ARMs,

JRMs, HSTP Mid-Term Reviews and Final Evaluations) to improve its implementation and to facilitate the sector's in puts towards the Growth Transformation Plan II/ Sustainable Development Goals monitoring and reporting process as well as the tracking of progress in terms of the relevant indicators and targets in the HSTP policy matrix.

4. Build capacity and provide training at levels of the health system (Federal, Regions, Woredas) in planning, M&E, and Harmonization and Alignment.
5. Sponsor joint meetings of Ministry with other relevant stakeholders (RHB, DP, CSO and private health sector to monitor the progress of HSTP implementation and policy dialogue

D. OTHER CRITICAL AREAS NOT FUNDED BY PROGRAMS (Eg. Critical emergency program linked to HSTP implementation; documentation; printing and innovation)

ARTICLE VI: DUTIES AND RESPONSIBILITIES OF PARTIES INVOLVED IN THIS MOU

5.1 The funding development partners

21. The funding development partners represent those development Partners that are currently supporting implementation of HSTP and signed this MOU to contribute to HPF IV. In addition, at any stage during its implementation, other Development Partners may join the HPF by signing the Joint MOU as well as by signing a Bilateral Agreement with the fund Administrator - UNICEF (see Annex). Signing of this MOU and the bilateral agreement with UNICEF will trig the disbursement of the contribution in to the Pool Fund managed by UNICEF as the Pool Fund Administrative Manager on behalf of the FMOH/FRMD.

22. All partners to the HPF-IV and signatory to this Joint MOU acknowledge that its clauses and terms provide the overall framework for the implementation and management of the HPF-IV. All signatories to this MOU acknowledge that the Joint MOU as well as its Annexes - the signed complementing Bilateral Agreement (Annex

1), The HPF-IV Proposal (Annex II) and the Reporting Templates (Annex Ill) - are binding. All funds received in the HPF Special Account will be recorded in United States dollars. The United Nations operational rates of exchange shall be used to convert in to United States dollars all funds received in other currencies, based on the United Nations operational rates of exchange in effect on the date of receipt.

5.2 The Federal Ministry of Health and the Joint Core Coordinating Committee (JCCC)

23. The Joint Core Coordinating Committee (JCCC) of the Federal Ministry of Health and HPN Partners, chaired by the State Minister of health/Operations or delegated directorate, have the responsibility of endorsing the Annual HPF-IV plan, monitor its implementation regularly, and Expenditure status while monitor the Fund's appropriate and efficient utilization and give feedback.

24. The delegated Directorate in collaboration with fund administrator will be in charge of developing the draft Annual Activity and budget plan and present to JCCC in for review, feedback and for final endorsement. The plan has to be presented to JCCC at the beginning of each Ethiopian Financial Year-and no later than 31st July.

25. Procurement itself will be carried out through the fund administrator (UNICEF) Procurement Procedures in line with internationally accepted practices to ensure value for money.

26. Based on the jointly approved Annual Activity and budget plan and within the limits of its budget, the delegated Directorate is responsible for receiving, processing and approving requests for funding, and ensuring the appropriate and efficient use of the Fund in the spirit of its purpose. The JCCC's endorsement is needed for approval of activities not being part of the Annual Plan or for activities which exceed the agreed budget (line) by more than 10%. This approval needs to be recorded in the minutes of the JCCC meeting.

27. When the planned activities are not implemented on time due to credible justification or the need arises, FMOH will present the reprogramming request for approval by JCCC.

28. Upon approval for funding by JCCC, written authorization for payment together with the relevant supporting documentation (including the JCCC minute recording the approval) will be transmitted to fund administrator (UNICEF) by the Head of the

delegated directorate.

29. FMOH will be responsible to share relevant minutes of the JCCC meetings and other relevant communication for HPF IV contributors who are not members of JCCC. The HPF donors who are member of JCCC shall channel their comment/ concern/ suggestion to JCCC including those contributors who are not members of JCCC.
30. At the end of the HPF IV implementation, by 2020, the JCCC will coordinate an independent final evaluation of HPF-IV, by an external organization.

5.3 The Fund Administrator - UNITED NATIONS CHILDREN'S FUND (UNICEF)

31. As aforementioned and also detailed in the Proposal for HPF-IV (AnnexII), the JCCC and FMOH have requested UNICEF Ethiopia to continue the role of Pool Fund Administrative Manager (PFAM).

32. In its role of PFAM, UNICEF will administratively manage the HPF-IV on behalf of the FMOH and in accordance with the provisions of this Joint MOU. The Donors acknowledge that the Contribution will be co-mingled with other contributions to the HPF-IV and that it will not be separately identified or administered.

33. The HPF- IV shall be administratively managed by UNICEF in accordance with its regulations, rules, directives and procedures applicable to Special Accounts, including those relating to interest. The HPF IV shall be subject exclusively to the internal and external auditing procedures laid down in the financial regulations, rules, directives and procedures applicable to UNICEF.

34. UNICEF will effect payments for activities financed by the HPF-IV upon receipt of official authorization signed by the State Minister of health/Operations or delegated directorate and any relevant supporting document as above specified). The procurement of goods and services, administration of the contracts of hired consultants, payments for such services as in the rental of conference venues and facilities, transportation and printing will follow the UNICEF rules and regulations.

35. UNICEF will, upon receipt of authorization from the State Minister of health/Operations or delegated directorate undertake the procurement of goods and services, and administer the contracts of hired consultants. In close consultation a d collaboration with the State Minister of health/Operations or delegated directorate, effect payments for such services as the rental of conference venues and facilities, transportation for such occasions as Joint Annual Review Meetings (JARMs), Review Missions (RMs), printing of documents etc.

36. UNICEF will submit to the Donors of the HPF- IV regular reports. In particular:

- Six Monthly financial utilization progress update and a brief summary of the activities undertaken by the fund recipients during the semester in question, to be submitted with in 1 month after the end of the reporting period-see template in Annex IV.
- Over all annual progress (narrative and financial) reports for every Ethiopian fiscal year, to be submitted 2 months after the end of the reporting period – see template in Annex IV.
- A final narrative and financial report six months after completion of the project, covering the entire period of the project, A final certified financial statement of accounts within six months of financial closure of the grant as per UNICEF rules and regulations.
- Reports will be based on the inputs provided by State Minister of health/Operations or delegated directorate and by the JCCC. Reports shall be reviewed and endorsed by the JCCC prior to circulation to the HPF-IV Donors.
- Donors to the HPF-IV acknowledge that all Progress and Final Reports (narrative and financial, including the final certified statement of accounts) on the implementation of the activities and the execution of the Fund will be drawn up in the spirit of One Plan, One Budget and One Report, avoiding accounting to individual donors.

37. Disbursements will be made to the extent that funds are available in the Ethiopia Health Pooled Fund Account. Where the balance in the Ethiopia Health Pooled Fund on the date of a scheduled disbursement is insufficient to make that disbursement, UNICEF shall consult with the Joint Coordinating Committee and make a disbursement. if any, in accordance with the Joint Core Coordinating Committee's instructions. UNICEF shall promptly notify the Donors in such circumstances and shall advise the Donors of the Joint Core Coordinating Committee's decision in that regard.

38. UNICEF will sign a bilateral Agreement (Annex I) with each of the contributing donors to the HPF- IV to trigger the disbursement of funds. The bilateral Agreement is as per template in Annex (xx) in line with the spirit, framework and clauses of this Joint MOU.

39. Obligations assumed by the Donor and UNICEF under this Joint MOU shall survive the expiration or termination of this Agreement to the extent necessary to permit the orderly conclusion of activities, the withdrawal of personnel, funds and property, the settlement of accounts between the Parties and the settlement of contractual liabilities required in respect of any subcontractors, consultants or suppliers. Donors to the HPF- IV acknowledge that any balance remaining in the HPF-IV account shall be used for a purpose mutually agreed upon by UNICEF, the HPF- IV Donors and the JCCC. If the decision if for unspent balances to be returned upon completion of the programme, these will be on a pro-rata basis.

40. All financial accounts and statements shall be expressed in United States dollars.

ARTICLE VII: REPORTING

41. The Fund Administrator (UNICEF) will submit six monthly financial utilization progress reports and a brief summary of the activities of the activities undertaken during the semester in question, to be submitted one month after the end of the reporting period based on the inputs from the FMoH and beneficiaries about the activities performed. - see template in Annex Ill.

42. The Fund Administrator UNICEF will also provide Annual progress (narrative and financial- Annex III) reports for every Ethiopian fiscal year. They are to be submitted within 2 months after the end of the reporting period– as per template in Annex III.

43. A final narrative and financial report will be submitted to contributing donors no later than six months after completion of the project, covering the entire period of the project.

ARTICLE VIII: SETTLEMENT OF DIFFERENCES

44. This MOU is neither a treaty nor an instrument of treaty status. Consequently, differences which may arise concerning the interpretation or application of the MOU will not be subject to adjudication or arbitration by any national or international court or tribunal but will instead be dealt with in an amicable way as the appropriate method of achieving the peaceful settlement of those differences.

45. The Parties will consult together at any time up on request of either Party regarding any matter relating to the terms of this Memorandum and will endeavor jointly in a spirit of cooperation, faith and mutual trust to resolve expeditiously any difficulties or misunderstandings that may arise.

ARTICLE IX: COUNTER-TERRORISM PROVISIONS

46. Consistent with UN Security Council Resolutions relating to terrorism, including UNSC Resolution 1373 (2001) and 1267 (1999) and related resolutions, both the UNICEF and the Donors signatory to this agreement are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of the Donors signatories to this agreement to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism.

47. In accordance with its policy, UNICEF undertakes to use all reasonable efforts to ensure that none of the Contribution is used to provide support to individuals or entities associated with terrorism. If, during the course of this Agreement, UNICEF

discovers a link with any organization or individual associated with terrorism, UNICEF will inform immediately the Donors to the HPF-IV who are signatories to this MoU.

ARTICLE X: AMENDMENT TO THE PRESENT MOU

48. This MOU may be amended at any time or extended upon consensus of all signatory parties. If and when a new Development Partner wished to join the HPF- IV during its implementation, it can do so by signing the present MOU and a bilateral agreement (as per Annex I) with the fund administrator UNICEF which triggers the disbursement of the contribution into the Fund managed by the fund administrator UNICEF on behalf of FMOH.

THE SIGNATORIES OF THE MOU ARE:

Federal Ministry of Health:

Name : H.E Dr. Amir Aman

Title: State Minister of Health/Operation

Signature: Amir Aman Hagos (Dr.) *State Minister of Health*

Date: 08/03/2017

UNICEF

Name: _____

Title: Gillian Mellsop Country Representative UNICEF Ethiopia

Signature: _____

Date: 8/3/2017