Multi-Donor Trust Fund for Health Results Innovation Grant Agreement

(Health System Strengthening Project II)

Between

REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Multi-Donor Trust Fund for Health Results Innovation)

Dated Feb 19, 2014
HRITF GRANT NUMBER TF015744

MULTI-DONOR TRUST FUND FOR HEALTH RESULTS INNOVATION
GRANT AGREEMENT

AGREEMENT dated February 15, 2014, entered into between: REPUBLIC OF CONGO ("Recipient"); and INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Multi-Donor Trust Fund for Health Results Innovation.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project through the Ministry of Health and Population in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to ten million United States Dollars ($10,000,000) ("Grant") to assist in financing the Project.
3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donor(s) to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donor(s) under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely, that the World Bank has determined after the Effective Date referred to in Section 5.02 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action; and

(b) the Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

5.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the
World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.03. **Termination for Failure to Become Effective.** This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article VI**

**Recipient's Representative; Addresses**

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its minister responsible for finance.

6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministère l'Economie, des Finances, du Plan, du Portefeuille Public et de l'Intégration
B.P. 2083
Avenue Foch
Brazzaville
Republic of Congo

Facsimile:

(242) 2281.43.69

6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at Feb 19, 2014, as of the day and year first above written.

REPUBLIC OF CONGO

By

Authorized Representative

Name: Gilbert Ondongo
Title: Ministre d'état, Ministre des Finances

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Multi-Donor Trust Fund for Health Results Innovation)

By

Authorized Representative

Name: Eustache Cunayoco
Title: Directeur des Opérations
SCHEDULE I

Project Description

The objective of the Project is to increase utilization and quality of maternal and child health services in targeted areas.

The Grant co-finances the Project described in Schedule 1 of the Financing Agreement and specifically set out below:

Part 1: Improvement of Utilization and Quality of Health Services at Health Facilities through Performance Based Financing

(a) Provision of PBF Grants to Health Services Providers for delivery of Health Subprojects, to women and children.

(b) (i) Strengthening the capacities of, inter alia, select departments within the Ministry of Health and Population, the Health Administration Units, the Health Verification Teams, civil society organizations and the Technical PBF Unit, as the case may be, for PBF administration, management and internal verification and for delivery of Health Subprojects, as the case may be (collectively, “PBF Capacity Development Subprojects”), all through provision of PBF Capacity Development Grants; and (ii) Strengthening the capacity of the External Verification Agency for PBF external (counter) verification, through the provision of technical advisory services, goods, non-consulting services, Training and Operating Costs for the purpose.

Part 2: Strengthening Health Financing and Health Policy Capabilities

Implementing a program of actions for strengthening healthcare financing policy and practice as well as improving equity and efficiency, in particular:

(a) Improving universal access to health services, through: (i) developing and implementing criteria, procedures and instruments for the identification of eligible groups (consisting of, among others, poor and vulnerable women and children) and enrolment of said eligible groups in fee-waiver and fee-exemption programs under the Health Subprojects; (ii) carrying out of a comprehensive review of the policy on free access to health services with a view to expanding its scope and coverage; (iii) development and evaluation of pilot programs for testing alternative waiver and exemption mechanisms; and (iv) carrying out of a comprehensive assessment of the Ministry of Health and Population’s budget/resource allocation to identify gaps and make recommendations for improvement.

(b) (i) Supporting the development of an appropriate legal and institutional framework for attaining universal health care, through: (A) carrying out of a
comprehensive review of the feasibility and content of such a framework; (B) conducting policy workshops with key stakeholders on the findings and recommendations of said review; and (C) carrying out of a feasibility study on an appropriate health insurance scheme; and (ii) strengthening the capacity of the Ministry of Health and Population for management and delivery of health care, in particular: (A) developing and implementing a comprehensive training program on health policy and management consisting of, among others, health sector priorities, development and costing of health benefits packages, methods for the targeting of government health subsidies, results-based financing and provider payment methods, said training program targeting, among others, policy makers and health managers; (B) commissioning of appropriate national case studies; and (C) strengthening the capacity of sector and other select institutions for conducting research and undertaking related analytical work.

(c) Strengthening monitoring and evaluation ("M&E") mechanisms in the health sector, in particular: (i) reviewing and updating the M&E framework and development plan; (ii) strengthening the M&E departments in the Ministry of Health and Population; (iii) undertaking a national health facility mapping exercise with a view to developing a facility master list including comprehensive data on health facilities; (iv) improving the health management information system; (v) developing and implementing an integrated diseases surveillance and response system; (vi) carrying out of various health facility surveys designed to assess the quality of health care; (vii) carrying out of various household surveys designed to assess the health system and its overall impact; (viii) implementing an appropriate ICT solutions program (a PBF web-enabled application); and (ix) carrying out of an impact evaluation.
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

1. The provisions of Section 1 of Schedule 2 to the Financing Agreement (and related definitions) are hereby incorporated by reference in this Section and shall apply to this Agreement, mutatis mutandis, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, subject, however, to the following qualifications:

(a) references to “Association” shall be construed as references to the “World Bank acting as administrator of the Multi-Donor Trust Fund for Health Results Innovation”; and

(b) references to “Credit” and “Financing” shall be construed as references to the Grant provided for under this Agreement.

2. Donor Visibility and Visit

(a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor(s) support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor(s) to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall, not later than forty-five (45) days prior to the mid-term review referred to in paragraph 3 of this Section II.A, furnish to the World Bank for comments, a report, in such detail as the World Bank shall reasonably
request, on the progress of the Project, and giving details of the various matters to be discussed at such review.

3. The Recipient shall, not later than thirty (30) months after the Effective Date, undertake, in conjunction with all agencies involved in the Project, a comprehensive mid-term review of the Project during which it shall exchange views with the World Bank and implementing agencies generally on all matters relating to the progress of the Project, the performance by the Recipient of its obligations under this Agreement and the performance by said implementing agencies, having regard to the performance indicators referred to in paragraph 1 of this Section II.A.

4. Following the mid-term review, the Recipient shall act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may be required in furtherance of the objective of the Project.

5. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

4. The Recipient shall, not later than three (3) months after the Effective Date: (i) acquire in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement, and thereafter install, appropriate financial management/accounting software to facilitate the proper maintenance of its financial management system referred to in Part B.1 of this Section II; and (ii) provide financial management Training for staff involved in financial
management of the Project, under terms of reference acceptable to the World Bank.

5. To facilitate the carrying out of independent audits under Part B.3 of this Section II, the Recipient shall, not later than three (3) months after the Effective Date, appoint an external auditor, in accordance with the provisions of Section III.C of Schedule 2 to this Agreement.

6. Procurement Audit

Without limitation upon the provisions of Part B.3 of this Section II, the Recipient shall, in each Fiscal Year ("FY") beginning FY2015, carry out under terms of reference satisfactory to the World Bank, an audit of contracts procured in the preceding FY and furnish said audit to the World Bank not later than six (6) months after the end of the FY to which said audit relates.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, non-consulting-services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

   (a) Section I of the Procurement Guidelines in the case of goods and non-consulting services, and Sections I and IV of the Consultant Guidelines in the case of consultants' services; and

   (b) the provisions of this Section III, as the same shall be elaborated in the Procurement Plan.

2. Definitions. The capitalized terms used below in this Section to describe particular procurement method(s) or method(s) of review by the World Bank of particular contracts, refer to the corresponding method(s) described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used
for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, (subject to the following exception, namely, that the Recipient shall use the standard bidding documents of the World Bank or other bidding documents agreed with the World Bank prior to their use); (b) Shopping; (c) Direct Contracting; (d) Procurement under Public Private Partnership Arrangements in accordance with procedures which have been found acceptable to the World Bank; (e) Community Participation procedures which have been found acceptable to the World Bank; (f) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank; (g) Procurement from United Nations agencies; and (h) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank.

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the World Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

E. **Specific Procurement Covenants**

1. The Recipient shall, not later than twelve (12) months after the Effective Date, provide Training for the Project’s procurement staff, under terms of reference acceptable to the World Bank.

2. The Recipient shall, not later than six (6) months after the Effective Date, update, for purposes of the Project, its procurement filing and record keeping system, in form and substance acceptable to the World Bank.
Section IV. **Withdrawal of Grant Proceeds**

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) PBF Grants under Part 1 (a) of the Project</td>
<td>7,478,731</td>
<td>8%</td>
</tr>
<tr>
<td>(2) PBF Capacity Development Grants under Part 1 (b) (i) of the Project</td>
<td>688,048</td>
<td>8%</td>
</tr>
<tr>
<td>(3) Goods, non-consulting services, consultants' services, Training and Operating Costs under Parts 1(b)(ii) and 2 of the Project</td>
<td>1,833,221</td>
<td>8%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>10,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

B. **Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 28, 2019.
APPENDIX


2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. "Complementary Package of Activities" means the secondary package of health services defined in the PBF Manual and pursuant to which a PBF Grant shall be made under Part 1 (a) of the Project.

5. "Credit" means an aggregate amount of six million six hundred thousand Special Drawing Rights (SDR6,600,000) to be provided by the World Bank, to assist in financing the Project.

6. "External Verification Agency" means the entity referred to in Section I.F.2 of Schedule 2 to the Financing Agreement.

7. "Financing Agreement" means the agreement dated the same date as this Agreement, between the Recipient and the World Bank, providing a Credit in support of the Project.

8. "Fiscal Year" or "FY" means the Recipient's twelve month period starting January 1 and ending December 31 of the same year.

9. "Health Administration Unit" means the Recipient's health district or regional health directorate at the central, departmental and district levels, respectively, and "Health Administration Units" mean, collectively, two or more such health districts and/or regional health directorates.

10. "Health Service Provider" or "HSP" means an entity to which or for whose benefit a PBF Grant is made or proposed to be made for delivery of a Health Subproject and which is a party to a PBF Grant Agreement, and "Health Service Providers" or "HSPs" mean, collectively, two or more such entities.

11. "Health Subproject" means a specific development project for the delivery of a Minimum Package of Activities or a Complementary Package of Activities, as the case may be, to be carried out by a Health Service Provider under Part 1 (a) of the Project utilizing the proceeds of a PBF Grant, and "Health Subprojects" mean, collectively, two or more such specific development projects.
12. "Health Verification Team" means the team referred to in Section I.F.1 of Schedule 2 to the Financing Agreement, and "Health Verification Teams" mean, collectively, two or more such teams.

13. "Minimum Package of Activities" means a basic package of preventive and curative health services as defined in the PBF Manual and pursuant to which a PBF Grant shall be made under Part 1 (a) of the Project.


15. "Operating Costs" means the incremental expenses incurred on account of Project implementation, based on the Annual Work Plan and Budget approved by the World Bank pursuant to Section I.B.2 of Schedule 2 to the Financing Agreement, and consisting of expenditures for office supplies, vehicle operation and maintenance, maintenance of equipment, document duplication/printing, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, travel and per diem, and salaries of Project staff, but excluding the salaries of the Recipient's civil service, meeting and other sitting allowances and honoraria to said staff.


17. "PBF Capacity Development Grant" means a grant made or proposed to be made out of the proceeds of the Grant, by the Recipient, through the Technical PBF Unit, to select departments within the Ministry of Health and Population, or the Health Administration Unit(s), or the Health Verification Team(s), or civil society organization(s), and/or the Technical PBF Unit, as the case may be, in each case pursuant to a Performance Framework, to finance the costs of a PBF Capacity Development Subproject under Part 1 (b) (i) of the Project.

18. "PBF Capacity Development Subproject" means specific capacity development activities to be carried out by select departments within the Ministry of Health and Population, or the Health Administration Unit(s), or the Health Verification Team(s), or civil society organization(s), and/or the Technical PBF Unit, as the case may be, under Part 1 (b) (i) of the Project, utilizing the proceeds of a PBF Capacity Development Grant.

19. "PBF Grant" means a grant made or proposed to be made out of the proceeds of the Grant to a Health Service Provider to finance a Health Subproject; and "PBF Grants" mean, collectively, two or more such grants.

20. "PBF Grant Agreement" means an agreement between the Recipient and a Health Service Provider, providing for a PBF Grant, and "PBF Grant Agreements" mean, collectively, two or more such agreements.

22. "Procurement Plan" means the Recipient's procurement plan for the Project, dated November 13, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

23. "Technical PBF Unit" means the Recipient's unit established within MoHP and referred to in Section I.A.2 of Schedule 2 to the Financing Agreement.

24. "Training" means the costs associated with training, workshops and study tours provided under the Project, based on the Annual Work Plan and Budget approved by the World Bank pursuant to Section I.B.2 of Schedule 2 to the Financing Agreement, consisting of reasonable expenditures (other than expenditures for consultants' services) for: (a) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.