His Excellency Abdou Karim Meckassoua  
Minister of State  
Minister of Planning and Economy  
Ministry of Planning and Economy  
Rue Martin Luther King  
BP 696, Bangui  
Central African Republic

Re: MDTF-HRI Grant No. TF011572  
Preparation of the Health System Support Project

Excellency:

In response to the request for financial assistance made on behalf of the Central African Republic ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("IBRD") and International Development Association ("IDA") (collectively, "World Bank"), both acting as administrator of the Multi-donor Trust Fund for Health Results Innovation ("Trust Fund"), proposes to extend to the Recipient a grant in an amount not to exceed four hundred thousand United States Dollars (U.S.$400,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the activities described in the Annex ("Project").

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

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned
copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Grégor Blinert
Country Director for Central African Republic
Africa Region

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
(5) Guidelines on “Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions (as defined in the following section 1.02) constitute an integral part of this Agreement.

1.02. **Definitions.** 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, and the following additional terms have the following meanings:


(c) “MOH” means the Recipient’s Ministry of Health.

(d) “Operating Costs” means the expenditures incurred to finance the reasonable incremental operating costs incurred on account of the Project implementation, management and monitoring, including gas, vehicle maintenance, telephone, office equipment, office supplies, bank charges, additional staff costs, travel and supervision costs, *per diem*, but excluding the salaries and other benefits of officials and public servants of the Recipient’s civil service.

(e) “PMU” or “Project Management Unit” means the management unit established under the restated development credit agreement between the Recipient and the International Development Association for the Multi-Sectoral HIV/AIDS Health and Education Emergency Support Project (Credit No. 3584-1-CA) dated June 25, 2007.


(g) “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 05, 2012 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.


(i) “Training” means the reasonable costs of training under the Project attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training
participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to prepare a Health System Support Project aimed at increasing utilization and improving the quality of maternal and child health services in targeted rural areas of the Recipient’s territory. The Project consists of the following parts:

(a) Recruiting a procurement specialist to assist the Project implementing unit and the Recipient in setting up the performance purchasing agencies throughout the country for the implementation of the Health System Support Project.

(b) Financing the Project’s implementing unit’s staff which has the status of consultant (as opposed to civil servants) until effectiveness of the financing agreement to be entered into for the financing of the implementation of the Health System Support Project.

(c) Conducting workshops at the national level in each of the selected regions where the Health System Support Project will be implemented.

(d) Organizing study tours to learn from ongoing results-based financing experiences in Africa.

(e) Carrying out of studies for the preparation of the Health System Support Project, including a results-based financing costing exercise, a health facility mapping exercise, and financial projections for results-based financing purchasing.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its MOH in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the Anti-Corruption Guidelines and (c) this Article II.

2.03. Institutional and Other Arrangements. Without limitations upon the provisions of Section 2.02 above, the Recipient shall maintain, throughout the Project preparation, a Project management unit (“PMU”) within the MOH, with structure, functions and responsibilities acceptable to the World Bank, and with competent staff in adequate numbers and with qualifications satisfactory to the World Bank, to be responsible for the implementation of the Project.

2.04. 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, enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.
2.05. **Project Monitoring, Reporting and Evaluation.** (a) 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 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.

(b) 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 months after the Closing Date.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) 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.

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

2.07. **Procurement**

(a) **General.** 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:

(i) Section I of the Procurement Guidelines in the case of goods and non-consulting services;

(ii) Sections I and IV of the Consultant Guidelines in the case of consultants' services; and

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

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method 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.
(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

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

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts specified in the Procurement Plan: (A) National Competitive Bidding, subject to the following additional provisions: the Recipient shall use standard bidding documents acceptable to the World Bank; (B) Shopping; and (C) Direct Contracting.

(d) **Particular Methods of Procurement of Consultants' Services**

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Least Cost Selection; and (C) Selection of Individual Consultants.

(e) **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.

**Article III**

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) 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 following table. The 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) Goods, consultants’ services, Operating Cost and Training</td>
<td>400,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>400,000</td>
<td></td>
</tr>
</tbody>
</table>
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2013.

**Article V**
**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Recipient’s Minister of State for Planning and Economy (or any Permitted Successor).

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

   Ministry of Planning and Economy  
   Rue Martin Luther King  
   BP 696, Bangui  
   Central African Republic

   Facsimile:  
   + 236-21-619689

4.03. **World Bank’s Address.** 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