Health Results Innovation
Grant Agreement
(Additional Financing - Health Sector Support Project)

between

REPUBLIC OF KENYA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION
(both acting as administrator of the Multi-donor Trust Fund
for Health Results Innovation)

Date J A N U A R Y 1 2 1 , 2 0 1 4
AGREEMENT dated January 21, 2014, entered into between REPUBLIC OF KENYA ("Recipient"); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Multi-donor Trust Fund for Health Results Innovation ("Trust Fund").

WHEREAS (A) under an agreement dated July 4, 2010, between the Association and the Recipient ("Financing Agreement"), the Association agreed to provide the Recipient with a credit ("Credit") in an amount equivalent to sixty-six million two hundred thousand Special Drawing Rights (SDR 66,200,000) to assist in financing the project described in Schedule I to the Financing Agreement ("Original Project");

(B) under an agreement dated February 10, 2012, between the Association and the Recipient ("Second Financing Agreement"), the Association agreed to provide to the Recipient with a credit (First Additional Credit) an amount equivalent to thirty-five million nine hundred thousand Special Drawing Rights (SDR 35,900,000) to assist in financing related to the Original Project; additional activities.

(C) the Recipient has requested the Association to provide additional financial assistance in support of additional activities related to the Original Project by making available to the Recipient a second additional credit ("Second Additional Credit") in the amount of twenty six million seven hundred thousand Special Drawing Rights (SDR 26,700,000) in support of activities related to the Amended Project.

(D) the Recipient has requested the World Bank to provide additional financial assistance in support of activities related to Parts A.1(a) through (e) and Part A.2.(a)(i) of the Original Project as described in Schedule I to this Agreement ("Project").

WHEREAS the World Bank has agreed, on the basis, inter alia, of the foregoing to extend such additional assistance to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, 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 objectives 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 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 twenty million United States Dollars (US$20,000,000) ("Grant") to assist in financing Parts A.1(a) through (e) and Part A.2.(a)(i) of 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 donors 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 donors 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 Events of Suspension referred to in Section 4.02(k) of the Standard conditions consist of the following:

(a) a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out; and

(b) the Kenya Medical Supplies Authority (KEMSA) Legal Notice has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of KEMSA to perform any of its obligations derived from this Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01(b) of this Agreement occurs.

Article V

Effectiveness; Termination

5.01. The Additional Condition of Effectiveness consists of the following, namely that, the Second Additional Credit 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. As part of the evidence to be furnished pursuant to Section 5.01(a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing, on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. 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.
5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (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 the Principal Secretary of the National Treasury.

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

The National Treasury
Treasury Building
P.O. Box 30007-00100
Nairobi, Kenya

6.03. International Bank for Reconstruction and Development and International Development Association:

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

Cable: INDEVA
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Nairobi, Kenya, as of the day and year first above written.

REPUBLIC OF KENYA

By

Authorized Representative

Name: Henry K. Rotich
Title: Cabinet Secretary

THE NATIONAL TREASURY

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
(both acting as administrator of the Multi-donor Trust Fund for Health Results Innovation)

By

Authorized Representative

Name: Diaricaa Gaye
Title: Country Director
SCHEDULE I

Project Description

The objectives of the Project are to support the Program and improve: (i) the delivery and utilization of essential health and nutrition services by women and children, especially among the poor and the drought affected populations; and (ii) the effectiveness of planning, financing, procurement of pharmaceuticals and medical supplies.

The Project consists of following part:

Part A: Effective and transparent implementation of KEPH

1. The provision of HSSF grants to Beneficiaries to carry out specific development projects including those linked to performance designed to ensure the delivery of basic quality health services in an equitable and efficient manner at Level 1, Level 2 and Level 3, such projects to include:
   (a) employment of workers, including clerks and guards, and the maintenance, improvement and repairs of facilities;
   (b) carrying out of outreach work to improve the health of local communities and build awareness among such communities on ways to take charge of improving their own health;
   (c) provision of free quality maternity services;
   (d) incentives to the health staff linked to performance;
   (e) capacity building of Beneficiaries, especially in the management of health services;
   (f) strengthening the capacity of faith based organizations and private sector health service providers, including for the coordination of their activities; and
   (g) carrying out of innovative activities to improve public-private partnerships in Counties.

2. Carrying out of a program of activities to strengthen the governance and stewardship capacity of MOH at the national and Health Teams at the County levels to enhance service delivery, such program to cover, inter alia:
   (a) (i) strengthening the implementation of HSSF; and (ii) the acquisition of vehicles to achieve that objective.
(b) strengthening KEPH through carrying out of: (i) the phased implementation of financing reforms in the health sector including provision of Health Insurance Subsidies to the Poor (HISP) in a transparent and efficient manner; and (ii) carrying out selective successful pilot health activities, studies, capacity building, and monitoring and evaluation;

(c) building the capacity of County health systems through the provision of technical assistance, training and goods.

(d) strengthening the Recipient’s system of environmental standards through adoption and implementation of appropriate waste management policies and practices; and

(e) strengthening the Recipient’s Directorate of Policy, Planning and Healthcare Financing and County Departments of Health including creation of strategic planning and management units.

3. Supply and distribution of nutrition supplements to manage severe and moderate acute malnutrition among children under five years of age and moderately malnourished pregnant and lactating women in drought affected Counties.

4. Supporting innovative approaches to improve nutritional status of children under five years of age and pregnant and lactating women

Part B: Essential health commodities and reform of procurement and supply chain management

Carrying out of a program to improve the availability of EMMS to enhance the quality of care provided by the public health system, such program to include measures to strengthen, inter alia:

1. KEMSA’s governance and transparency in the key functions of procuring, warehousing and distributing EMMS through: (a) the acquisition of EMMS; and (b) the provision of related KEMSA Operating Costs; and

2. MoH and County health teams in procurement planning and financing of EMMS.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

Ministry of Health

1. The MoH through the Directorate for Policy, Planning and Health Care Financing, shall have the overall responsibility for management and implementation of the Project.

Committees

2. The Recipient shall maintain, until the completion of the Project: (a) the Joint Interagency Coordinating Committee (JICC) at the Cabinet Secretary level; (b) the Health Sector Coordination Committee (HSCC) at Principal Secretary level; and (c) the HSCC-Steering Committee at director level, all with membership and terms of reference satisfactory to the World Bank.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Project Implementation Plan, Guidelines and Manuals

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Project Implementation Plan (PIP), the FM Procedures Manual, the HSSF Guidelines, the HSSF Guidelines, HISP Operational Manual, Operational Manual for Free Maternity Care and Operational Manual for Results Based Financing and the Government Financial Regulations and Procedures; and (b) in a manner consistent with the Health SWAp and aligned with the devolved health systems.

2. Unless the Recipient and the World Bank shall otherwise agree in writing, the Recipient shall not amend or waive any provision of the PIP, FM Procedures Manual, HSSF Guidelines, HISP Operational Manual, Operational Manual for Free Maternity Care, Operational Manual for Results Based Financing and the Government Financial Regulations and Procedures; in a manner which, in the opinion of the World Bank, could have material adverse impact on the implementation of the Project.
D. Annual Work Program and Budget

1. No later than February 28 in each year, the Recipient shall prepare through the Directorate of Policy, Planning and Healthcare Financing, and furnish to the World Bank, for the World Bank’s review and approval, an annual work program (including related budget) endorsed by the HSCC, of activities proposed to be carried out under the Project during the following fiscal year, such program to include Sub-projects proposed to be financed under HSSF Grants, any VMG Plan required for such activities and prepared pursuant to the provisions of Section I.F of this Schedule, and the amount of financing required for said HSSF Grants and for Training and Operating Costs.

2. The Recipient shall: (a) afford the World Bank a reasonable opportunity to review said proposed annual work program and budget; and (b) thereafter, implement the Project during said following calendar year in accordance with such annual work program and budget as shall have been approved by the World Bank ("Annual Work Program") and communicated to the Recipient in its Annual Confirmation for such Annual Work Program, along with the percentage of the Eligible Expenditures to be financed out of the proceeds of the Financing under said Annual Work Program.

E. HSSF Grants

1. For the implementation of Sub-projects under Part A1 of the Project, the Recipient shall provide HSSF Grants to Beneficiaries in accordance with eligibility criteria set forth in the HSSF Guidelines.

F. Safeguards and Social Accountability

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the HCWMP and the VMG Framework. To that end, if any activities included in a proposed Annual Work Program would, pursuant to the VMG Framework, require the preparation of a VMG Plan, no such activities shall be implemented unless and until a VMG Plan for such activities has been: (i) prepared, in accordance with the VMG Framework and furnished to the World Bank as part of the Annual Work Program; (ii) disclosed locally as required by the VMG Framework; and (iii) approved by the World Bank and publicly disclosed.

2. The Recipient shall implement the Social Accountability Measures in a manner satisfactory to the World Bank and ensure that stakeholders participate effectively in the monitoring and use of Project resources throughout the implementation of the Project.
3. The Recipient shall monitor and regularly report to the World Bank, including through the Project Reports referred to in Part A of Section II of this Schedule, on the status of compliance with the HCWMP, the Social Accountability mechanisms and the VMG Framework (including any VMG Plan required pursuant thereto) giving details of: (i) measures taken or to be taken in accordance with the said frameworks and plans; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the said frameworks and plans; and (iii) remedial measures taken or to be taken to address such conditions.

G. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

2. 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.

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 calendar semester, and shall be furnished to the World Bank not later than three (3) months after the end of the period covered by such report.

2. 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.

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 fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than ten (10) months after the end of such period.

4. The Recipient shall provide the World Bank with semi-annual fiduciary and performance monitoring reports, within forty-five (45) days of the end of each fiscal six-monthly period of the Recipient.

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:


   (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

2. Definitions. The capitalized terms used below in 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.
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:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Limited International Bidding</td>
</tr>
<tr>
<td>(b) National Competitive Bidding, subject to the provisions of paragraph 3 of this Section B.</td>
</tr>
<tr>
<td>(c) Shopping* subject to the provisions of paragraph 4 of this Section B</td>
</tr>
<tr>
<td>(d) Direct Contracting</td>
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<tr>
<td>(e) Procurement from the United Nations Agencies</td>
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</tbody>
</table>

3. The following requirements shall apply to National Competitive Bidding:

   (i) the tender submission date shall be set so as to allow a period of at least thirty (30) days from the later of (A) the date of advertisement, and (B) the date of availability of the tender documents;

   (ii) Recipient-owned enterprises shall be allowed to participate in the tendering only if they can establish that they are legally and financially autonomous, operate under commercial law and are independent agencies of the Recipient’s government;

   (iii) the Recipient shall use, or cause to be used, bidding documents and tender documents containing, inter alia, draft contracts and conditions of contracts, including provisions on fraud and corruption, audit and publication of award in form and substance satisfactory to the World Bank;
(iv) extension of tender validity shall be allowed once only, and for not more than thirty (30) days, unless otherwise previously agreed in writing by the World Bank;

(v) evaluation tender shall be based on quantifiable criteria expressed in monetary terms as defined in the tender documents, and not on a merit points system;

(vi) no domestic preference shall be used in the evaluation of tenders. Accordingly, contracts shall be awarded to qualified tenderers having submitted the lowest evaluated substantially responsive tender;

(vii) notification of contract award shall constitute formation of the contract. No negotiation shall be carried out prior to contract award; and

(viii) the two envelope bid opening procedure shall not apply.

1. The following requirement shall apply to Shopping:

Shopping procedure will apply for each low value contract (below Kenya Shillings thirty thousand) in lieu of Direct Procurement in accordance with the simplified procurement procedures set forth in the HSSF Operations Guide.

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:
<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Fixed Budget Selection</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Single-Source Selection</td>
</tr>
<tr>
<td>(f) Individual Consultants</td>
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</tbody>
</table>

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.

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 Hritz Grant Allocated (expressed in USS)</th>
<th>Percentage of Expenditure to be Financed (Inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) HSSF:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Goods, services, Training and Operating Costs required for Subprojects under Part A.1(a) through (g) of the Project, and for Part A.2.(a) (i) of the Project</td>
<td>14,000,000</td>
<td>Such percentage as the World Bank shall determine and communicate to the Recipient in its Annual Confirmation for the relevant Annual Work Program</td>
</tr>
<tr>
<td>(b) Vehicles under Part A.2(a) (ii) of the Project</td>
<td><strong>0</strong></td>
<td></td>
</tr>
<tr>
<td>(2) EMMS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Goods under Part B1.(a) of the Project</td>
<td><strong>0</strong></td>
<td></td>
</tr>
<tr>
<td>(b) KEMSA Operating Costs under Part B1.(b) of the Project</td>
<td><strong>0</strong></td>
<td></td>
</tr>
<tr>
<td>(3) Goods, Consultants’ services, Training and Operating Costs under Parts A 2.(b), (c), (d) and (e) of the Project, and Part B.2 of the Project</td>
<td><strong>0</strong></td>
<td></td>
</tr>
<tr>
<td>(4) Goods, service and Operating Costs under Parts A.3 and A.4 of the Project</td>
<td><strong>0</strong></td>
<td></td>
</tr>
<tr>
<td>(5) Refund of Preparation Advance</td>
<td><strong>0</strong></td>
<td></td>
</tr>
<tr>
<td>(6) HISP Subsidies for the poor under Part A.2(b) (i)</td>
<td>6,000,000</td>
<td>30%</td>
</tr>
<tr>
<td>(7) Goods, Consultants’ services and Training under Part A.2 (c) and (e)</td>
<td><strong>0</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>20,000,000</strong></td>
<td></td>
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</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 December 31, 2016.

Other Undertakings

1. The Recipient shall ensure that all Training activities shall be carried out on the basis of plans and budgets submitted annually by the Recipient for the prior written approval of the World Bank. The annual training plans and budgets shall identify the general framework of the training and shall include: (i) training envisaged; (ii) objectives and justifications for training; (iii) criteria for selection of trainees; (iv) criteria for selection of training institutions; (v) the anticipated outcome and impact of the training; (vi) the duration of the training; and (vii) the estimated costs of the training.

2. The Recipient shall maintain an independent integrated fiduciary review agent, under terms of reference satisfactory to the World Bank, responsible for carrying out the procurement, financial management and value-for-money audits of the project.

3. In implementing Part B of the Project, the Recipient shall ensure that KEMSA maintains quality assurance systems for procurement and distribution of essential medicines and medical commodities satisfactory to the World Bank.

4. (a) The Recipient shall maintain the contract with UNICEF for the timely provision by UNICEF of an adequate supply and distribution of nutritional supplements under Parts A.3 and A.4 of the Project, including provision for quarterly reports by UNICEF on the costs incurred, quantities delivered, stock status, and compliance with any other contractual obligations in a manner satisfactory to the World Bank.

(b) The Recipient shall exercise its rights under the UNICEF contract in such manner as to protect the interests of the Recipient and the World Bank, and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the UNICEF contract or any of its provisions.
APPENDIX

Definitions


2. “Annual Confirmation” means for each Annual Work Program, the World Bank’s written confirmation of: (i) its agreement with such Agreed Annual Work Program; and (ii) the percentage [and amount] of the Eligible Expenditures under the Annual Work Program which may be financed out of the proceeds of the Financing.

3. “Annual Work Program” means each annual work program of the Recipient approved by the World Bank in accordance with the provisions of Section I. D of Schedule 2 to this Agreement.

4. “Beneficiary” means: (a) a Health Facility Management Committee (as hereinafter defined); (b) County Department of Health; (c) a faith-based organization; or (d) a private sector health provider to which the Recipient has made or proposes to make an HSSF Grant for a Sub-project under Part A.1 of the Project.

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

6. “Co-financier” means each financier other than the World Bank and also referred to as the Pooling Partner under the Original Financing Agreement and a signatory of the JFA which intends to assist (or is assisting) in financing the Project and is referred to in paragraph 10 of the Appendix to the General Conditions.

7. “Co-financing” means, for each Co-financier, the amount or amounts which said Co-financier has provided or intends to provide to assist in financing the Project.


10. “County Department of Health” means an organizational unit within a County government responsible for health.
11. "Directorate for Policy, Planning and Healthcare Financing" means an administrative unit within MoH.

12. "EMMS" means essential medicines and medical supplies to be procured under Part B of the Project.

13. "FM Procedures Manual" means the Recipient’s detailed financial manual dated May 2010, and referred to in Sections I.C of Schedule 2 to this Agreement, which is intended to supplement the Recipient’s financial management regulations, streamline financial management practices, and strengthen the general fiduciary environment in health care providing institutions in the Recipient’s territory.


16. "HCWMP" means the Recipient’s Health Care Waste Management Plan for 2008-2010 and referred to in Section I.F of Schedule 2 to this Agreement as the same may be amended from time to time.

17. "Health Facility Management Committee” or “HFMC” means a committee established to manage a health facility at Levels 2 or 3 (as hereinafter defined).

18. “HISP” or “Health Insurance Subsidies for the Poor” means financial assistance given to vulnerable and indigent segments of the population to access quality health care.

19. “HISP Operational Manual” means the operational manual adopted by MoH in November 2013 for the purpose of providing health subsidies to the poor as the same may be amended from time to time.


21. “HSCC” means the Recipient’s health sector coordination committee responsible for the overall coordination of the health sector and referred to in Section I.A(b) of Schedule 2 to this Agreement.

22. “HSCC Steering Committee” means the Recipient’s steering committee responsible for coordination and implementation of policy and strategic issues agreed on by the HSCC and referred to in Section I.A(c) Schedule 2 to this Agreement.
23. “HSSF” means the health sector services fund established pursuant to the Recipient’s Financial Management (Health Sector Services Fund) Regulations 2007, as amended by the Government Financial Management (Health Sector Services Fund) (Amendment) Regulations 79 of June 2009, as said regulations may be further amended from time to time.

24. “HSSF Grant” means a grant made out of part of the proceeds of the Financing allocated to Category (1)(a) to a Beneficiary to finance a Sub-project under Part A.1 of the Project.

25. “HSSF Guidelines” means the operational guidelines of HSSF adopted by MOPHS in November 2010 and entitled “Guidelines on Financial Management for the Health Sector Services Fund as the same may be amended from time to time”.

26. “Health Sector Service Fund Guide” means a document prepared by the Ministry of Medical Services “Managing the Health Sector Services Fund: An Operations Guide” July 2010 as the same may be amended from time to time.

27. “JFA” means the Joint Financing Agreement dated September 15, 2010 among the Recipient and Co-financiers pulling their resources and defining the financial contributions of the Co-financiers in support of the Program.

28. “JICC” means the Recipient’s Joint Interagency Coordinating Committee.

29. “KEMSA” means the Kenya Medical Supplies Authority established by the Recipient pursuant to the KEMSA Medical Supplies Authority Act 2012.

30. “KEMSA Legal Notice” means the Recipient’s legal notice No. 17 of 11 February 2000, pursuant to which KEMSA has been established, as said legal notice may be amended from time to time.

31. “KEMSA Operating Costs” means the costs of procurement services, warehousing and distribution of EMMS, incurred by KEMSA under Part B.1 of the Project.

32. “KENAO” means the Kenya National Audit Office.


34. “Kenya Shilling” or “KES” means the currency of the Recipient.

35. “Level 1” means a community, village, household, family or individuals.
36. “Level 2” means dispensaries and clinics.

37. “Level 3” means health centers, maternities and nursing homes.

38. “Level 4” means primary hospitals.

39. “MOH” means the Recipient’s Ministry of Health, or its legal successor thereto;

40. “Operating Costs” means the reasonable and necessary operating expenses incurred by the Recipient and agreed with the World Bank with respect to KENAO audit costs, Program staff, Project implementation, (other than for HSSF Grants and Parts A3 and A4), management and monitoring, consisting of communications, editing, printing and publication, translation, vehicle operation and maintenance, costs of utilities and supplies, local travel costs and field trip expenses, but excludes any salaries and social charges of the Recipient’s civil or public servants. With respect to Parts A3 and A4 of the Project, the operating costs will include logistics and management costs associated with the supply of nutritional supplements and Blanket Supplementary Foods and incurred by UNICEF under its contract.

41. “Operational Manual for Free Maternity Care” means a manual dated November 2013 prepared and adopted by the Recipient for the purposes of implementing the free quality maternity services.

42. “Operational Manual for Results Based Financing” means a manual dated November 2013 and adopted by the Recipient for the purposes of implementing the health sector results based financing.

43. “Pooling Partners” means development partners contributing to one or more Basket as defined in the JFA.

44. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the World Bank to the Recipient pursuant to the letter agreements signed on behalf of the World Bank on April 28, 2008, and July 15, 2009.


46. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 14, 2013 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

48. “Project Implementation Plan” or “PIP” means the Project implementation plan set forth in the Recipient’s document entitled “Kenya Health Sector Support Project Implementation Plan” and dated May 23, 2010, covering the detailed and comprehensive implementation modalities to be followed in the carrying out of the Project, as the same may be amended from time to time.

49. “Social Accountability Measures” means the measures to be taken by the Recipient for periodic disclosure of information related to the Project and includes information on budget allocation, allocation of funds, Project operational results, Project implementation progress, audit findings; reports on corruption and fraud; and mechanisms for public complaints and feedback.

50. “Sub-project” means a specific development project to be carried out by a Beneficiary under Part A.1 of the Project.

51. “Training” means the reasonable costs incurred for the training of personnel involved in Project implementation, as specified in the relevant Annual Work Program, including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation.


54. “VMG Plan” means, for each Project activity requiring a vulnerable and marginalized group plan pursuant to the VMG Framework, such plan shall be prepared and disclosed in accordance with the requirements of the VMG Framework.

55. “Vulnerable and Marginalized Group” and “VMG” means distinct, vulnerable, social and cultural groups that may be identified pursuant to the studies outlined in the VMG Framework (as herein defined) for the purpose of this Project.