Hon. Abdou Kolley  
Minister of Finance and Economic Affairs  
Ministry of Finance and Economic Affairs  
The Quadrangle  
Banjul, the Gambia

Re: Health Results Innovation Grant No. TF014776  
Republic of the Gambia: Maternal and Child Nutrition and health Results Project Preparation and Pre-Pilot Learning Experience

Excellency:

In response to the request for financial assistance made on behalf of the Republic of the Gambia ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Multi Donor Trust Fund for Health Results Innovation Grant, proposes to extend to the Recipient a grant in an amount not to exceed eight hundred fifty thousand United States Dollars (U.S.$850,000.00) ("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 project 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 specified by the World Bank in accordance with Section 4.02 of the Annex to this Agreement.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Vera Songwe
Country Director for Senegal, Cape Verde, Gambia, Guinea-Bissau, Mauritania Africa Region

AGREED:
REPUBLIC OF THE GAMBIA

By

Authorized Representative
Name: Aboudou Kolley
Title: Director of Finance and Budget
Date: 24 June 2013

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions


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.

(a) "Beneficiary" means a pregnant woman, a Village Support Groups (VSG), a selected health facilities or a Village Development Committee (VDC), eligible for results-based financing in the Pilot Project Area, as further elaborated in the OM.

(b) "NaNA" or "National Nutrition Agency" means the agency created pursuant to the Recipients' Food Act of 2005 for the purpose of working with communities for better health and nutrition.

(c) "MPHNS" or "Minimum Package of Health and Nutrition Services" means a package of services to be delivered by a Beneficiary comprising specific actions that improve maternal and child health and nutrition at community, primary and where needed, referral health care levels, as further defined in the OM.

(d) "OM" or "Operations Manual" means the manual described in Section 2.03 B. of this Annex.

(e) "Pilot Project Area" means the Recipient’s region of North Bank Region West in Kuntair, Kerr Cherno and Albreda health centers and the Kuntair Catchment Area.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to support: (a) the preparation of a proposed health and nutrition project aimed at increasing the utilization of community nutrition, primary maternal and child health care services and adoption of good nutrition and health practices, using the result-based approach; and (b) the implementation of a pre-pilot experience.

The Project consists of the following parts:

Part 1: Result Based Financing Pre-pilot Activities

Provision of incentives ("Results Based Incentive") to a Beneficiary for the delivery of a MPHNS upon verification and counter-verification of results indicators defined in the Operations Manual ("OM"), with the aim of contributing to the improvement of maternal and child nutrition and health outcomes in the Pilot Project Area.
Part 2: Project Coordination and Monitoring

(i) Carrying out assessments on the status of primary health care and community-based nutrition, household expenditure on health, and health facility status in the Recipient’s territory;

(ii) Provision of training to selected Beneficiaries and carrying out of South-South exchange on results-based financing approaches; and

(iii) provision of technical advisory and operating support required for the efficient management of the Project, including the financing of verification and counter verification costs and the carrying out of the Project’s design, monitoring and evaluation.

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 the National Nutrition Agency (NaNA) (“Project Implementing Entity”) in accordance with the provisions of:

(a) Article II of the Standard Conditions; (b) the “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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements.

A. Subsidiary Agreement

(a) The Recipient shall make the proceeds of the Grant available to the Project Implementing Entity on a grant basis under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the World Bank (“Subsidiary Agreement”), including terms whereby the Project Implementing Entity shall be required to:

(i) carry out the Project with due diligence and efficiency and in accordance with sound technical, economic, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines;

(ii) provide, promptly as needed, the resources required for the purpose;

(iii) procure the goods and services to be financed out of the Grant in accordance with the provisions of this Agreement;

(iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Project and the achievement of its objectives;

(v) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (B) at the World Bank’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance
with consistently applied auditing standards acceptable to the World Bank, and promptly
furnish the statements as so audited to the Recipient and the World Bank;

(vi) enable the Recipient and the World Bank to inspect the Project, its operation and any
relevant records and documents; and

(vii) prepare and furnish to the Recipient and the World Bank all such information as the
Recipient or the World Bank shall reasonably request relating to the foregoing.

B. Operations Manual

1. The Recipient shall prepare and adopt an Operations Manual in form and substance
satisfactory to the World Bank, containing: (a) the modalities for Results Based
Incentives, including the methodology for calculating and updating the unit price to be
paid for each service under the MPHNS; (b) the procedures for selection of Beneficiaries,
the terms and conditions of their receiving such incentives; (c) measures to ensure proper
implementation of such packages in accordance with such terms and conditions,
including a health care waste management plan ("Health Care Waste Management Plan")
required for such packages; (d) definition of outputs for MPHNS; (v) a system for the
monitoring and evaluation of the interventions so financed, including format of reports
and verification of the results of such packages; and (e) such other administrative,
financial, technical and organizational arrangements and procedures as shall be required
for the Project.

2. The Recipient shall ensure that the Project is carried out in accordance with the
arrangements and procedures set out in the OM and shall not amend, abrogate or waive
the OM or any of its provisions without prior approval in writing by the World Bank.

C. Project Implementation Committee

Without limitations upon Section 2.02 above, the Recipient shall establish and thereafter maintain
at all times during the implementation of the Project a Project Implementation Committee, with
membership, functions, qualifications and experience acceptable to the World Bank, to be
responsible for the overall coordination and oversight of the Project, as further elaborated in the
OM.

D. Results Based Incentives

For the purpose of carrying out the activities ("Results Based Sub-projects") under Part 1 of the
Project, the Recipient shall, through NaNA, make an incentive available to the respective
Beneficiary ("Results Based Incentive") on a non-reimbursable grant basis, in accordance with
eligibility criteria and procedures acceptable to the World Bank and elaborated in the OM, under
an incentive agreement ("Results Based Incentive Agreement") acceptable to the World Bank,
which shall include, *inter alia*:

(a) the outputs and performance targets to be achieved by the Beneficiary, including the
services to be delivered;

(b) the arrangements for verification of the outputs delivered by the Beneficiary;
(c) the maximum amounts payable against the outputs specified in the Results Based Incentive Agreement, the periodicity of payments, the conditions for payments and the methodology for determining the amount of payments during each payment period;

(d) the Recipient’s right to suspend or terminate the right of the Beneficiary to use the proceeds of the Results Based Incentive, or obtain a refund of all or any part of the amount of the Results Based Incentive then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Results Based Incentive Agreement; and

(e) the Beneficiary’s obligation to:

(i) carry out the Results Based Sub-project with due diligence and efficiency and in accordance with sound public health, environmental and social and administrative standards and practices acceptable to the World Bank, including in accordance with the Operations Manual, the Health Care Waste Management Plan and the Anti-Corruption Guidelines;

(ii) provide promptly, as needed, the resources required for the purpose;

(iii) procure any goods and/or services required for outputs and to be financed out of the proceeds of the Results Based Incentive in accordance with the provisions of Section 2.06 of this Annex as further elaborated in the Operations Manual;

(iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the implementation of the Results Based Sub-project and the achievement of its objectives;

(v) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect its operations, resources and expenditures, including those related to the Performance Based Incentive; and (2) at the World Bank’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the World Bank and the Recipient;

(vi) enable the World Bank and the Recipient to inspect its facilities, operations and any records and documents relevant to the Results Based Sub-project; and prepare and furnish to the World Bank and the Recipient all such information as either shall
reasonably request relating to the implementation of the Results Based Sub-project;

(vii) prepare and furnish to the Recipient and the World Bank all such further information as the Recipient or the World Bank shall reasonably request relating to the foregoing;

(viii) not assign, amend, abrogate or waive any provision of the Results Based Incentive Agreement.

E. Health Care Waste Management Plan

Recipient shall prepare and adopt the Health Care Waste Management Plan, defining the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental impacts of medical waste, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities, as such plan may be amended by the Recipient from time to time, with the prior written approval of the World Bank.

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 Donors’ 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 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 quarter, and shall be furnished to the World Bank not later than one month 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. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section 2.07 of this Agreement.

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 one month 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. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. 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 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 “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“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 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”).

(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

(i) Except as otherwise provided in sub-paragraph (ii) below, goods 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 which are specified in the Procurement Plan: (A) National Competitive Bidding, subject to the additional provisions spelled out in the paragraph below; (A) Shopping; and (B) Direct Contracting; and (C) National Competitive Bidding, subject to the additional provisions: (a) bids shall be advertised in national newspapers with wide circulation; (b) bid evaluation, bidder qualification and award criteria shall be specified clearly in the bidding documents; (c) bidders shall be given an adequate response time (minimum four weeks following the date of the invitation to bid or the date of availability of the bidding documents, whichever is later) to prepare and submit bids; (d) bids shall be awarded to the lowest evaluated bidder; (e) eligible bidders, including foreign bidders, shall not be precluded from participating; and (f) no preference margin shall be granted to domestic contractors.
(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, other than Quality- and Cost-based Selection, may be used for the 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) Selection of Individual Consultants; and (G) Single-source procedures for the 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, Training and Operating Costs under Part 2 the Project</td>
<td>610,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Result Based Incentives required for Part 1 of the Project.</td>
<td>240,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>850,000</td>
<td></td>
</tr>
</tbody>
</table>

(i) “Operating Costs” means the reasonable costs of the following incremental expenditures incurred in carrying out the Project, which shall have been agreed with the World Bank: (A) vehicle operation and maintenance, (B) office supplies and office
administration costs; (C) communications charges, insurance costs and banking, utility and rental charges; (D) salaries of Project team, but excluding salaries of consultants and of officials of the Recipient's civil service; and (E) travel and per diem for staff for travel linked to the implementation of the Project; and

(ii) "Training" means the reasonable costs, which shall have been agreed by the World Bank, associated with the training and workshop participation of personnel involved in carrying out the Project, including travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation.

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 February 28, 2014.

Article IV
Effectiveness; Termination

4.01. 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 Operations Manual ("OM") referred to in Paragraph 2.03 B of this Annex has been adopted.

4.02 Exept 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 4.01. 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.

4.03 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 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 V
Recipient's Representative; Addresses

5.01. Recipient's Representative. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its minister at the time responsible for finance.
5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and Economic Affairs  
The Quadrangle,  
Banjul, the Gambia  
Telephone: +220 4227221/ 4227529  
Fax: +2204227954  
Email : info@mof.gov.gm

5.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development and International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  
Cable: INDEVAS  
Telex: 248423 (MCI) or 1-202-477-6391  
Facsimile: 64145 (MCI)