Multi-donor Trust Fund for Health Results Innovation

Project Agreement
(Additional Financing II for Health Sector Development Support Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

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

and

STICHTING CORDAID

Dated 12th January, 2016
MDTF-HRI GRANT NUMBER TF010748, TF015111, & TF0A1598

PROJECT AGREEMENT

AGREEMENT dated 12th January, 2016, ("Project Agreement"), entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), on the one hand, and STICHTING CORDAID, a legal entity established and operating pursuant to the PIE Documentation (as hereinafter defined) ("Project Implementing Entity"), on the other hand, in connection with the Grant Agreement Amending and Restating Grant Agreement ("Grant Agreement") of same date between the REPUBLIC OF ZIMBABWE ("Recipient") and the World Bank. The World Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — STANDARD CONDITIONS; DEFINITIONS

1.01. The Standard Conditions (as defined in the Appendix to the Grant Agreement) constitute an integral part of this Agreement.

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

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall:

(a) carry out the Project in accordance with the provisions of the Schedule to this Agreement; and

(b) except as otherwise provided in Schedule 2 to the Grant Agreement, carry out the Recipient’s obligations set forth in Sections 2.02 (Insurance), 2.04 (Use of Goods, Works and Services; Maintenance of Facilities), 2.05 (Documents; Records), 2.06(a) and (b)(i) (Project Monitoring, Reporting and Evaluation), 2.07 (Financial Management; Financial Statements; Audits), 2.09(b) and (c) (Visits); and Article III (Withdrawal of Grant Proceeds) of the Standard Conditions.
ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Chair of the Board of Directors of the Project Implementing Entity (or any person authorized in writing by such representative for the purpose) ("Project Implementing Entity's Representative"), is hereby designated by the Project Implementing Entity, for the purpose of taking any action required or permitted to be taken pursuant to this agreement, and executing any documents required or permitted to be executed pursuant to this agreement on behalf of the Project Implementing Entity.

3.02. Any notice (or request) pursuant to this Agreement shall be in writing. Such notice (or request) shall be deemed to have been duly given (or made) when it has been delivered by hand or by mail, telex or facsimile (or, if permitted under this Agreement, by other electronic means) to the party to which such notice (or request) is directed ("Addressee"), at the address specified below in this Section for the purpose (or at such other address as the Addressee shall have designated by notice to the party giving such notice or making such request) ("Address"). Deliveries made by facsimile transmission shall also be confirmed by mail.

(a) The World Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: INTBAFRAD
Telex: 248423 (MCI) or 6391
Facsimile: +1-202-477-

(b) The Project Implementing Entity’s Address is:

Stichting Cordaid
P.O. Box 16440
2500 BK
The Hague
Kingdom of the Netherlands

Facsimile:
+31 70-3136 511

3.03. The Project Implementing Entity shall furnish to the World Bank: (a) sufficient evidence of the authority of the Project Implementing Entity’s Representative; and (b) the authenticated specimen signature of such representative.
AGREED at Harare, Zimbabwe, as of the day and year first above written.

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

By

Authorized Representative
Name: Camille Nuamah
Title: Country Manager

STICHTING CORDAID

By

Authorized Representative
Name: Arjanne Rietsema
Title: Country Director Cordaid Zimbabwe
SCHEDULE
Execution of the Project

Section I. Implementation Arrangements

A. Staffing

1. In order to ensure the proper implementation of the Project, the Project Implementing Entity shall maintain at all times throughout the Project period, an office in the Recipient’s territory, with terms of reference and resources acceptable to the World Bank, supported by qualified and experienced staff in adequate numbers.

2. Without limitation on the foregoing, the Project Implementing Entity shall ensure that: (a) the following staff, with qualifications, experience and terms and conditions of employment acceptable to the World Bank shall be at all times assigned to said office: (i) a Project director; (ii) an accountant; (iii) a procurement specialist; (iv) a health economist; and (v) a health specialist; and (b) by November 30, 2015, it shall furnish to the World Bank for its approval a strategic staffing plan reflecting the Project’s deepening focus on pay-for-quality and an overall maturing RBF which requires less capacity building interventions at various levels.

3. Without limitation on the foregoing, the PIE within three months of the Effective Date shall engage with MOHCC two locally recruited quality improvement specialists to bring in expertise to deepen MOHCC’s capacity to supervise the Project and roll-out the quality improvement innovation.

B. Project Implementation Manual

1. The Project Implementing Entity shall prepare, in accordance with terms of reference acceptable to the World Bank and furnish by December 15, 2015, to the Recipient for its approval and to the World Bank for its subsequent approval pursuant to Section I.C.1 of Schedule 2 to the Grant Agreement, a revised implementation manual for the Project containing two subsets of detailed administrative, procurement, financial management, safeguards, monitoring and evaluation procedures and arrangements, one for the Targeted Rural Districts and one for the Targeted Urban Districts of the Project.

2. Without limitation upon the foregoing, said manual shall include, inter alia, a detailed elaboration of:

(a) the description of services to be delivered under the Health Service Packages and Health Supervision Packages;
(ii) the schedule of fees for delivery of the Health Service Packages and Health Supervision Packages under Results-based Contracts, which shall be calculated on the basis of a methodology acceptable to the World Bank ("Fees"), and designed to ensure that the Fees: (A) do not exceed the reasonable cost of the services to be provided; and (B) are scaled to reflect the quality of the service delivered, the conditions of the locations where the services are to be provided, and the need to ensure a balance between the Health Service Packages and other health services that need to be made available in the Targeted Rural or Targeted Urban District concerned;

(iii) the procedures and methodology for the evaluation and updating of the Fees;

(iv) the eligibility criteria for, and terms and conditions of, Results-based Contracts; and

(v) the procedures for monitoring and evaluation of Results-based Contracts; and

(b) the procedures and criteria for development and delivery of training under the Project.

3. The Project Implementing Entity shall exchange views with the Recipient and the World Bank on such Project implementation manual; and thereafter adopt such Project implementation manual as shall have been endorsed by the Recipient and approved by the World Bank ("Project Implementation Manual").

4. The Project Implementing Entity shall:

(a) ensure that the Project is carried out in accordance with the Project Implementation Manual, as the same may be updated in accordance with the provisions of Section I.E.1(a)(ii) of this Schedule, and subsequently from time to time with the prior written agreement of the World Bank;

(b) without limitation upon the foregoing, not later than January 1 and July 1 in each calendar year during the Project implementation period: (i) prepare, in accordance with terms of reference satisfactory to the World Bank and elaborated in the Project Implementation Manual, and furnish to the Recipient and the World Bank for their review, an evaluation of the Fees and recommendations of any adjustment required to be made to the Fees to ensure that they continue to comply with the criteria set forth in Section I.B.2(a)(ii) of this Schedule; (ii) afford the Recipient and the World Bank a reasonable opportunity to exchange views with the Project
Implementing Entity on each said evaluation and recommendation; and
(iii) adopt and apply such adjusted Fees as shall have been approved by
the World Bank, to Health Service Packages and Health Supervision
Packages under Results-based Contracts awarded after said date; and

(c) not otherwise revise or waive any provision of the Project Implementation
Manual without the prior written agreement of the World Bank.

5. Notwithstanding the foregoing, in the event of any inconsistency between the
provisions of the Project Implementation Manual and those of the Grant
Agreement or Project Agreement, the provisions of the Grant Agreement and
Project Agreement shall prevail.

C. Anti-Corruption

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

D. Annual Work Programs

1. The Project Implementing Entity shall, not later than November 1 in each calendar
year, prepare and furnish to the Recipient for its endorsement pursuant to Section
I.E of Schedule 2 to the Grant Agreement and to the World Bank for its subsequent
approval, a program of activities proposed for inclusion in the Project during the
following calendar year, including: (a) a detailed timetable for the sequencing and
implementation of such activities; and (b) a proposed financing plan for such
activities.

2. The Project Implementing Entity shall exchange views with the Recipient and the
World Bank on each such proposed annual work program, and shall thereafter
carry out such program of activities during such following year as shall have been
endorsed by the Recipient and approved by the World Bank pursuant to Section
I.E of Schedule 2 to the Grant Agreement (“Annual Work Program”).

3. Only those activities which are included in an Annual Work Program shall be
included in the Project and eligible for financing out of the proceeds of the Grant.

4. The Project Implementing Entity shall ensure that in preparing any training or
workshops proposed for inclusion in the Project under an Annual Work Program
it shall include in the proposed Annual Work Program: (a) the objective and
content of the training or workshop envisaged; (b) the selection method of the
institutions or individuals conducting such training or workshop, and said
institutions if already known; (c) the expected duration and an estimate of the cost
of said training or workshops; and (d) the selection method of the personnel who
will attend the training or the workshop, and said personnel if already known.
E. Part A of the Project (Results-based Contracts and Performance-based Grants)

1. Results-based Contracts

(a) In order to ensure the proper implementation of Part A of the Project, the Project Implementing Entity shall:

(i) engage, in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement, Health Service Providers and Health Supervision Providers, whose terms of reference, qualifications and experience shall be satisfactory to the World Bank, under results-based service delivery contracts whose terms and conditions shall be approved by the World Bank, and elaborated in the Project Implementation Manual, and which shall include those set forth in paragraph 1(b) of this Section E ("Results-based Contracts and Performance-based Grants"); and

(ii) (A) on the basis of the experience gained with the implementation of the activities financed under the Preparation Grant(s), prepare under terms of reference acceptable to the World Bank, recommended enhancements to the Project Implementation Manual and furnish the same to the Recipient not later than December 31, 2015, unless otherwise agreed by the Bank, for its endorsement and to the World Bank for its subsequent approval; (B) upon the approval by the World Bank of the recommendations endorsed by the Recipient, introduce and adopt said recommendations in the Project Implementation Manual; and (C) thereafter, engage Health Service Providers, Health Supervision Providers in the Targeted Rural and Targeted Urban Districts in accordance with the Project Implementation Manual, under Results-based Contracts for provision of Health Service Packages or Health Supervision Packages (as the case may be).

(b) Each Results-based Contract with a Health Service Provider or Health Supervision Provider shall include provisions whereby said provider shall be required to:

(i) carry out its activities under the Results-based Contract 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 Project Implementation Manual, the Health Care Waste Management Plan and the Anti-Corruption Guidelines; provide promptly, as needed, the resources required for the purpose; and
procure the inputs required for said activities in accordance with procedures that ensure economy and efficiency;

(ii) 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 Results-based Contract; and at the World Bank’s or the Project Implementing Entity’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 Project Implementing Entity; and

(iii) enable the World Bank and the Project Implementing Entity to inspect its facilities, operations and any records and documents relevant to the Results-based Contract; and prepare and furnish to the World Bank and Project Implementing Entity all such information as either shall reasonably request relating to the Results-based Contract.

2. Training. Prior to the commencement of its activities under a Results-based Contract, each Health Service Provider and Health Supervision Provider shall be offered training developed by the Project Implementing Entity under terms of reference satisfactory to the World Bank and elaborated in the Project Implementation Manual, designed to enable it properly to carry out such activities.

3. Performance-based Grants

In order to ensure the proper implementation of Part A (II)(4) of the Project, the Project Implementing Entity:

(a) shall make Performance-based Grants to CBOs acceptable to the World Bank, whose terms of reference, qualifications and experience shall be satisfactory to the World Bank and who meet the eligibility criteria set forth or referred to in the Project Implementation Manual. The Project Implementing Entity shall make each Performance-based Grant under a Performance-based Grant Agreement with the respective CBO on terms and conditions approved by the World Bank, which shall include provisions whereby the CBO shall be required to:

(i) carry out its activities under the Performance-based Grant 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 Project Implementation Manual, the Health Care Waste Management Plan and the Anti-Corruption Guidelines; provide promptly, as needed, the resources required for the purpose; and procure the inputs required for said activities in accordance with procedures that ensure economy and efficiency;

(ii) 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 Grant; and at the World Bank’s or the Project Implementing Entity’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 Project Implementing Entity; and

(iii) enable the World Bank and the Project Implementing Entity to inspect its facilities, operations and any records and documents relevant to the Performance-based Grant; and prepare and furnish to the World Bank and Project Implementing Entity all such information as either shall reasonably request relating to the Performance-based Grant.

(b) shall obtain the right to suspend or terminate the right of the CBO to use the proceeds of the Performance-based Grant, or obtain a refund or all or any part of the amount of the Performance-based Grant then withdrawn, upon the CBO’s failure to perform any of its obligations under the Performance-based Grant Agreement.

(c) shall exercise its rights under each Performance-based Grant Agreement 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 Project Implementing Entity shall not assign, amend, abrogate or waive any Performance-based Grant Agreement or any of its provisions.

4. **Verification of Health Service Package Delivery**

The Project Implementing Entity shall under terms of reference acceptable to the World Bank and elaborated in the Project Implementation Manual maintain in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement, community organizations whose terms of reference, qualifications and
experience shall be satisfactory to the World Bank to carry out satisfaction surveys of consumers of the Health Service Packages and Health Supervision Packages delivered in Targeted Rural or Targeted Urban Districts.

F. Safeguards. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Health Care Waste Management Plan. The Project Implementing Entity shall report on the Health Service Providers’ compliance with the requirements of the Health Care Waste Management Plan as part of the reporting requirements under Section II.A.1. of Schedule 2 to the Grant Agreement.

G. Subsidiary Agreement. The Project Implementing Entity shall perform its obligations and exercise its rights under the Subsidiary Agreement 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 Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity 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 such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient and the World Bank not later one month after the end of the period covered by such report.

2. The Project Implementing Entity shall provide to the Recipient, not later than four (4) months following the Closing Date, for incorporation in the Completion Report referred to in Section II.A.2 of Schedule 2 to the Grant Agreement, all such information as the Recipient or the World Bank shall reasonably request for the purposes of such Section.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall 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 and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.

2. The Project Implementing Entity shall prepare and furnish to the World Bank interim unaudited financial reports for the Project 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 Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the World Bank not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the World Bank. The Project Implementing Entity shall, in accordance with Section 2.07 of the Standard Conditions, furnish the World Bank with such additional information concerning its financial statements, their audits and their auditors as the World Bank may request.

4. In order to ensure the proper and timely audits required pursuant to paragraph 3 of this Section II.B, the Project Implementing Entity shall engage, not later than six (6) months after the Effective Date and in accordance with the provisions of Section III of this Schedule, auditors whose terms of reference, qualifications and experience shall be satisfactory to the World Bank.

Section III. Procurement

All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement.