Dear Minister,

Democratic Republic of Timor-Leste - National Health Sector Strategic Plan Support Project (Grant Number H3430-TL)
Amendment to the Agreement Providing for the Amendment and Restatement of the Financing Agreement and Amendment to the Multi-Donor Trust Fund Grant Agreement (Grant Number TF091653)

We refer to the Amendment to the Agreement Providing for the Amendment and Restatement of the Financing Agreement (the “Agreement”) dated April 25, 2013, between the International Development Association (the “Association”) and the Democratic Republic of Timor-Leste (the “Recipient”) relating to the National Health Sector Strategic Plan Support Project (the “Project”). We also refer to the Multi-Donor Grant Agreement (the “Grant Agreement”) dated March 25, 2008, as amended, between the Recipient and the Association relating to the Project. We further refer to the letter dated October 8, 2014 from the Ministry of Finance requesting the Association to restructure the Project to facilitate implementation and the request of the Government of Australia, represented by the Department of Foreign Affairs and Trade (the “Co-financier”) to reduce part of its contribution to the Project.

Accordingly, the Bank proposes to amend the Agreement as set out below.

I. Amendment to the Agreement Providing for the Amendment and Restatement of the Financing Agreement

1. Schedule 1 (Project Description): Components 1, 2 and 3 are amended as follows:

"Component 1: Improving Public Financial Management and Fund Flows for Health Service Delivery"

Support the Recipient to assist central and district health teams to use the resources available to them more efficiently, equitably and effectively by: (a) strengthening MoH’s central and district planning and budgeting in line with the Recipient’s “One Plan, One Budget, One Sector Monitoring and Evaluation Framework” concept through the preparation of annual activity
plans and budgets that are focused on improved health service delivery; and (b) increasing flexible and innovative financing, such as grants to districts, for district service delivery.

**Component 2: Strengthening Pharmaceutical and Medical Supplies Management**

Support the Recipient in insuring adequate essential pharmaceutical and supply availability to improve health service delivery by: (a) strengthening the clinical and logistics management capacity of the health sector; and (b) improving quality control.

**Component 3. Improving Evidence-Informed Decision Making and Health Sector Coordination**

Support the Recipient to build the capacity of central and district health teams to make evidence-informed decisions and coordinate the health sector by: (a) developing and using an agreed sector monitoring and evaluation framework to assess performance across the health sector; and (b) institutionalizing health sector coordination group meetings and joint annual sector (planning and performance) reviews.”

II. **Amendment to the Multi-Donor Trust Fund Grant Agreement**

1. **Article II (The Multi-donor Trust Fund Grant):** The amount of the Grant indicated in Section 2.01 of the Grant Agreement is reduced by six million nine hundred thousand Dollars (U.S. $6,900,000) and the said paragraph shall now read as follows:

   “Section 2.01. The Association agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the Multi-donor Trust Fund Grant in an amount not to exceed twenty seven million three hundred thousand Dollars (U.S. $27,300,000) as such amount may be increased up to an amount of Dollars equivalent to the aggregate amounts committed by the Donors as indicated in Recital C of the Preamble to this Agreement, upon receipt and conversion by the Association, at the rate applicable on the date of such conversion, of the total contribution from all Donors and the addition of the income accrued to such contributions from time to time. Whenever a Donor agrees to provide additional funds into the Multi-donor Trust Fund, as indicated in Recital of the Preamble to this Agreement, upon receipt and conversion by the Association, the Association shall notify the Recipient of availability of such funds.”

2. **Article II (The Multi-donor Trust Fund Grant):** Section 2.02(a) is amended to read as follows:

   “Section 2.02. (a) The amount of the Multi-donor Trust Fund Grant may be withdrawn from the Multi-donor Trust Fund Grant Account for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of carrying out the Project and to be financed out of the Multi-Donor Trust Fund Grant. The Recipient may withdraw the proceeds of the Multi-donor Trust Fund Grant in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance ninety-five percent (95%) (inclusive of taxes) of Eligible Expenditures, consisting of Grants to Districts, goods, works, services, Training and Operating Costs as of March 25, 2008, until the proceeds of the Financing Agreement (H343-TL) are fully disbursed, and one hundred percent (100%) thereafter.”

Sincerely,

[Signature]
Franz R. Drees-Gross
Country Director
Timor-Leste, Papua New Guinea & Pacific Islands
East Asia and Pacific Region

AGREED:

DEMOCRATIC REPUBLIC OF TIMOR-LESTE

By: [Signature]
Authorized Representative

Name: Santina J. R. F. Viega Cardoso
Title: Minister, Ministry of Finance
Date: 22. 4. 2015