Multi-donor Trust Fund for Health Results Innovation Grant Agreement

(Second Additional Financing for the Health Sector Development Support Project)

between

REPUBLIC OF BURUNDI

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

Dated December 10, 2012
MDTF-HRI GRANT NUMBER TF013043

MULTI-DONOR TRUST FUND FOR HEALTH RESULTS INNOVATION
GRANT AGREEMENT

AGREEMENT dated December 20, 2012, entered into between REPUBLIC
OF BURUNDI ("Recipient") and INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL
DEVELOPMENT ASSOCIATION (collectively, "World Bank") both acting as
administrator of the Multi-donor Trust Fund for Health Results Innovation ("Trust
Fund"), for the purpose of providing a second additional financing for activities related to
the Original Project (as defined in the Appendix to this Agreement).

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various
Funds, dated February 15, 2012 ("Standard Conditions"), 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 Standard Conditions or in
this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objective 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 Public Health and Fight Against
HIV/AIDS 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 ($20,000,000) ("Grant") to assist in financing 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
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:

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.

(b) The Second Additional Financing Agreement 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.

4.02. As part of the evidence to be furnished pursuant to Section 4.01(a) of this Agreement, 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.
4.03. 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 4.01 of this Agreement ("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.

4.04. 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.

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**Article V**

**Recipient's Representative; Addresses**

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

Ministry of Finance and Economic Development Planning  
P. O. Box 1830  
Bujumbura  
Burundi

Facsimile:  
257-22-22-38-27

5.03. The World Bank’s Address 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: INDBAFRAD  
Telex: 248423 (MCI)  
Facsimile: 1-202-477-6391  
Washington, D.C.
AGREED at Bujumbura, Burundi, as of the day and year first above written.

REPUBLIC OF BURUNDI

By

[Signature]

Authorized Representative

Name: Tabwa Abdullah Hamukiza

Title: Ministre

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

By

[Signature]

Authorized Representative

Name: [Redacted]

Title: Country Manager
The objective of the Project is to increase the use of a defined package of health services by pregnant women, children under the age of five and couples of reproductive age.

The Project consists of the following parts:

1. **Results-Based Financing**

   Use of Results-Based Payments to (a) supplement the provision of the Free Package of Health Services, principally to pregnant women and children under five and (b) provide contraceptives to couples of reproductive age and support to nutrition-related activities for pregnant women and children under five.

2. **Verification Activities for Results-Based Payments**

   (a) Carrying out a program of activities to maintain and strengthen internal controls in relation to Free Package of Health Services-Related Activities.

   (b) Carrying out a program of activities to maintain and strengthen external controls in relation to, including carrying out of third-party verification of, Free Package of Health Services-Related Activities.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Ministry of Public Health and Fight Against HIV/AIDS

1. The Ministry of Public Health and Fight Against HIV/AIDS shall be responsible for overall Project implementation and management in accordance with the following institutional arrangements:

   Directorate General of Health Services and Fight Against HIV/AIDS

2. The Directorate General of Health Services and Fight Against HIV/AIDS shall be responsible for overall coordination and technical supervision of the Project, with the Directorate of Health Promotion, Hygiene, and Sanitation specifically responsible for the Project's compliance with the plans referred to in paragraph G of this Section I.

   Directorate General of Resources

3. The Directorate General of Resources shall be responsible for administrative and financial management, procurement, and disbursement under the Project, and, to this end, the Recipient shall maintain in said Directorate General, throughout Project implementation, competent personnel in adequate numbers, particularly in the areas of financial management and procurement, all as satisfactory to the World Bank.

   The Directorate General of Planning

4. The Directorate General of Planning shall be responsible for monitoring and evaluation under the Project and, to this end, the Recipient shall maintain in said Directorate General, throughout Project implementation, competent personnel in adequate numbers, all as 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. Manuals

1. The Recipient shall maintain the Results-Based Financing Procedures Manual in form and substance satisfactory to the World Bank setting forth, inter alia, the detailed arrangements and procedures, in consideration of the Grant, including: (i) institutional coordination and day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) social safeguards management; and (v) monitoring, evaluation, reporting and communication.


3. The Recipient shall carry out the Project in accordance with the provisions and requirements set forth or referred to in the Results-Based Financing Procedures Manual and the Ministry of Public Health and Fight Against HIV/AIDS Administrative, Accounting, and Financial Procedures Manual; and except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Results-Based Financing Procedures Manual or the Ministry of Public Health and Fight Against HIV/AIDS Administrative, Accounting, and Financial Procedures Manual, or any provisions thereof. Notwithstanding the foregoing, if any of the provisions of the Results-Based Financing Procedures Manual or the Ministry of Public Health and Fight Against HIV/AIDS Administrative, Accounting, and Financial Procedures Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail and govern.

D. Results-Based Payments

1. General

Without prejudice to the provisions of Section I.A of this Schedule, the Directorate General of Health Services and Fight Against HIV/AIDS shall review and approve, on behalf of the Recipient, applications for Results-Based Payments, in accordance with the provisions of this Part D and the Results-Based Financing Procedures Manual.

2. Results-Based Payments Eligibility and Free Package of Health Services-Related Activities Implementation Guidelines and Procedures

No proposed Beneficiary shall be eligible for financing under Part 1 of the Project unless, on the basis of a review conducted in accordance with this Part D and the Results-Based Financing Procedures Manual, the proposed Beneficiary is deemed to satisfy the eligibility criteria specified below and in further detail in
the Results-Based Financing Procedures Manual, which shall include the following:

(a) the proposed Beneficiary is a public or non-profit health service provider carrying out Free Package of Health Services-Related Activities;

(b) the proposed Free Package of Health Services-Related Activities satisfy the requirements of Part I of the Project as described in further detail in the Results-Based Financing Procedures Manual;

(c) the proposed Free Package of Health Services-Related Activities comply with the Specific Plan for Very Vulnerable Peoples, Including the Batwa and the National Biomedical Waste Management Plan;

(d) the proposed Free Package of Health Services-Related Activities are consistent with the relevant sectoral, environmental, and social standards and policies.

(e) the Beneficiary has put in place all necessary arrangements, including financial and human resources, for the management of the proposed Free Package of Health Services-Related Activities.

3. Terms and Conditions of Results-Based Payments Agreements

(a) Free Package of Health Services-Related Activities shall be carried out pursuant to a Results-Based Payments Agreement, to be concluded between the Directorate General of Health Services and Fight Against HIV/AIDS on behalf of the Recipient and the respective Beneficiary, under terms and conditions, satisfactory to the World Bank, as further described in the Results-Based Financing Procedures Manual, which shall include the following:

(i) a description of the Free Package of Health Services-Related Activities, the applicable rates, and applicable performance indicators;

(ii) the obligation of the Beneficiary to: (A) carry out the Free Package of Health Services-Related Activities with due diligence and efficiency and in accordance with sound technical, financial, administrative, and environmental practices; (B) ensure that the resources required for the activities are provided promptly as needed; (C) maintain adequate records to reflect, in accordance with sound accounting practices, the resources, operations, and expenditures relating to the Free Package of Health Services-Related Activities; and (D) at the request of the World Bank or
the Recipient, have such records 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 records as so audited to the Recipient and the World Bank;

(iii) the obligation of the Beneficiary to carry out the Free Package of Health Services-Related Activities in accordance with the provisions of the Anti-Corruption Guidelines;

(iv) the obligation of the Beneficiary to carry out the Free Package of Health Services-Related Activities in accordance with the provisions of the Ministry of Public Health and Fight Against HIV/AIDS Administrative, Accounting, and Financial Procedures Manual and the Results-Based Financing Procedures Manual;

(v) the obligation of the Beneficiary to carry out the Free Package of Health Services-Related Activities in accordance with the provisions of: (A) the Specific Plan for Very Vulnerable Peoples, including the Batwa; and (B) the National Biomedical Waste Management Plan;

(vi) the requirement that the goods and consultants’ services to be financed from the proceeds of the Results-Based Payment shall be procured in accordance with procedures ensuring efficiency and economy as further detailed in Section III of this Schedule, and shall be used exclusively in the carrying out of the Free Package of Health Services-Related Activities; and

(vii) the right of the Directorate General of Health Services and Fight Against HIV/AIDS, or the Ministry of Public Health and Fight Against HIV/AIDS, on behalf of the Recipient, and of the Recipient in its own right, to: (A) inspect by itself, or jointly with the World Bank, if the World Bank shall so request, the goods and sites included in the Free Package of Health Services-Related Activities, the operations thereof, and any relevant records and documents; (B) obtain all information as it, or the World Bank, shall reasonably request regarding the administration, operation, and financial condition of the Free Package of Health Services-Related Activities; and (C) suspend or terminate the right of the Beneficiary to use the proceeds of the Results-Based Payment, or obtain a refund of all or any part of the amount of the Results-Based Payment then withdrawn, as
the case may be, upon failure by the Beneficiary to perform any of its obligations under the Results-Based Payments Agreement.

(b) The Recipient, or the Directorate General of Health Services and Fight Against HIV/AIDS, or the Ministry of Public Health and Fight Against HIV/AIDS, as the case may be, shall exercise its rights and carry out its obligations under the Results-Based Payments Agreement in such manner as to protect its interests and those of the World Bank and to accomplish the purposes of the Results-Based Payment, and, except as the World Bank shall otherwise agree, neither the Recipient nor the Directorate General of Health Services and Fight Against HIV/AIDS, nor the Ministry of Public Health and Fight Against HIV/AIDS, shall assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

4. **External Controls**

(a) The Recipient shall maintain, throughout Project implementation, external auditors, with qualifications, experience, and terms of reference satisfactory to the World Bank, for purposes of the third-party verification of Free Package of Health Services-Related Activities to be carried out under Part 2 (b) of the Project.

(b) The Recipient shall cause said auditors to carry out, throughout Project implementation, quarterly verification exercises of Free Package of Health Services-Related Activities, including community and focus group surveys, Beneficiary spot checks, verification of data provided and records kept by Beneficiaries in relation to Free Package of Health Services-Related Activities, and assessments of the quality of health services provided under such Activities, in accordance with the provisions of the Results-Based Financing Procedures Manual.

E. **Annual Work Plans and Budgets**

1. Not later than November 30 in each calendar year (or one (1) month after the Effective Date for the first year of Project implementation), the Recipient shall prepare and furnish to the World Bank a draft annual work plan and budget for the Project (including Training and Operating Costs) for the subsequent calendar year of Project implementation, of such scope and detail as the World Bank shall have reasonably requested.

2. The Recipient shall afford the World Bank a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out such annual work plan and budget during such subsequent calendar year as shall have been approved by the World Bank ("Annual Work Plan and Budget"). Only
those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.

3. For any training proposed to be included in an Annual Work Plan and Budget, the Recipient shall, *inter alia*, identify: (a) particulars of the training envisaged; (b) the criteria for selection of the personnel to be trained, and such personnel if known; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.

4. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the World Bank’s prior written approval.

F. Semi-Annual Reviews

The Recipient shall review with the World Bank, not later than one (1) month after the transmittal to the World Bank of every Project Report referred to in Section II.A of this Schedule, or such later date as the World Bank shall request, said Project Report and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of said review and the World Bank’s views on the matter.

G. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Specific Plan for Very Vulnerable Peoples, Including the Batwa and the National Biomedical Waste Management Plan, and, except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. In the event of any conflict between the provisions of the Specific Plan for Very Vulnerable Peoples Including the Batwa, or the National Biomedical Waste Management Plan, and those of this Agreement, the latter shall prevail.

3. Without limitation upon its other reporting obligations under Section II.A.1 (a) of this Schedule, the Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the World Bank, as part of the Project Report, information on the status of compliance with the Specific Plan for Very Vulnerable Peoples Including the Batwa and the National Biomedical Waste Management Plan, giving details of:
(a) measures taken in furtherance of said plans;
(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of said plans; and
(c) remedial measures taken or required to be taken to address such conditions.

4. The Directorate General of Health Services and Fight Against HIV/AIDS shall be responsible for the implementation and monitoring and evaluation of said plans.

5. To this end, and for purposes of capacity building of said Directorate General in this regard, the Recipient shall maintain, throughout Project implementation, in said Directorate General an environmental and social specialist, with qualifications, experience, and terms of reference satisfactory to the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 (1) calendar semester, and shall be furnished to the World Bank not later than ninety (90) days 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 and Audits

1. The Recipient shall, throughout Project implementation, maintain or cause to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall, throughout Project implementation, maintain the Directorate General of Resource and the information system configured to interface with the accounting system of said Directorate.

3. Without limitation on the provisions of Part A of this Section II, the Recipient shall prepare and furnish to the World Bank, interim unaudited financial reports for the Project covering the quarter, not later than forty-five (45) days after the end of the period, in form and substance satisfactory to the World Bank.

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

5. To this end, the Recipient shall maintain, throughout Project implementation, external auditors, with qualifications, experience, and terms of reference satisfactory to the World Bank.

Section III. Procurement

A. General

1. Goods. All goods 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 Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All 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 Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Procurement from United Nations Agencies (UNOPS, UNICEF) in accordance with paragraph 3.10 of the Procurement Guidelines</td>
</tr>
</tbody>
</table>

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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(b) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(d) Single Source Selection</td>
</tr>
<tr>
<td>(e) Selection of Individual Consultants set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines</td>
</tr>
<tr>
<td>(f) Single Source Selection of Individual Consultants set forth in paragraph 5.4 of the Consultant’s Guidelines</td>
</tr>
</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: (i) Article III of the Standard Conditions; (ii) this Section; and (iii) 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 the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) (a) Results-Based Payments under Part 1(a) of the Project in the Fiscal Year 2014</td>
<td>1,075,000</td>
<td>50%</td>
</tr>
<tr>
<td>(b) Results-Based Payments under Part 1(a) of the Project in the Fiscal Year 2015</td>
<td>2,500,000</td>
<td></td>
</tr>
<tr>
<td>(c) Results-Based Payments under Part 1(a) of the Project in the Fiscal Year 2016</td>
<td>2,690,000</td>
<td></td>
</tr>
<tr>
<td>(d) Results-Based Payments under Part 1(a) of the Project in the Fiscal Year 2017</td>
<td>2,690,000</td>
<td></td>
</tr>
</tbody>
</table>
(e) Results-Based Payments under Part 1(a) of the Project in the Fiscal Year 2018 | 2,695,000
---|---
(2) Results-Based Payments under Part 1(b) of the Project | 2,500,000 | 62.5%
(3) Goods, consultants’ services, Training and Operating Costs under Part 2 of the Project | 5,850,000 | 97.5%
**TOTAL AMOUNT** | **20,000,000**

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement; or

   (b) under Category (1), unless the Recipient has: (i) exhausted the funds allocated in Category 1 of Section IV.A.2 of Schedule 2 to the First Additional Financing Agreement; and (ii) if after the Recipient’s Fiscal Year 2014, exhausted, in compliance with Section V(B)(3) below in this Schedule 2, the funds allocated in the Counterpart Funds Account for the relevant year of Project implementation; or

   (c) under Category (3), unless the Recipient has exhausted the funds allocated in Category 2 of Section IV.A.2 of Schedule 2 to the First Additional Financing Agreement.

2. The Closing Date is December 31, 2018.

**Section V. Other Undertakings**

**A. Results-Based Financing**

(1) Unless otherwise agreed with the World Bank, the Recipient shall, beginning in the Fiscal Year 2015 through the end of Project implementation, maintain its allocation to the annual budget of the Ministry of Public Health and Fight Against HIV/AIDS for the provision of the Free Package of Health Services to pregnant women and children under five at no less than 1.4 percent (1.4%) of the Recipient’s total
budget expenditures as approved under the Recipient’s Budget Law of the applicable year.

(2) The Recipient shall on a semi-annual basis, upon agreement with the World Bank, fix the minimum payment percentage of Category 1 from the Grant and the Counterpart Funds to be allocated to Health Centers providing services under the Free Package of Health Services.

(3) The Recipient shall, throughout Project implementation, set forth measures to ensure post-Project sustainability of the Free Package of Health Services in accordance with the guidance provided in the Results-Based Financing Procedures Manual.

B. Counterpart Funds

In order to assist in carrying out Part 1(a) of the Project, the Recipient shall,

(1) maintain in the Bank of the Republic of Burundi, at all times throughout Project implementation, on terms and conditions acceptable to the World Bank, the Counterpart Funds Account into which it shall deposit all such allocation referred to in paragraph (A)(1) of this Section V (“Counterpart Funds Account”);

(2) no later than end of February, end of April, end of June, and end of August of the relevant Fiscal Year, after the allocation of the percentage of its general expenditures to the budget of the Ministry of Public Health and Fight Against HIV/AIDS as required under paragraph (A)(1) of this Section V, and without limitation upon the provisions of Section 2.01(b) of the Standard Conditions, deposit into the Counterpart Funds Account, an amount in the Recipient’s currency, equivalent to twenty (25) percent of such budget allocation for each respective period listed above in this paragraph; and

(3) ensure that all amounts deposited in the Counterpart Funds Account shall be used exclusively to pay for Eligible Expenditures required for Part 1(a) of the Project.

C. Other

(1) No later than two (2) months after the Effective Date, the Recipient shall recruit in accordance with the provisions of Section III.C of this Schedule 2, a financial management specialist, with qualifications, experience and terms of reference acceptable to the World Bank.
(2) No later than six (6) months after the Effective Date, the Recipient has submitted to the World Bank a progress report, satisfactory to the World Bank, detailing the status of implementation of the Instruction Letter.

(3) The Recipient shall, throughout Project implementation, carry out the training program referred to in Section V.E (a) of Schedule 2 to the First Additional Financing Agreement, for all staff involved in procurement processing within the Ministry of Public Health and Fight Against HIV/AIDS, in a manner acceptable to the World Bank.

(4) The Recipient shall, throughout Project implementation, maintain the procurement complaint management system within the Ministry of Public Health and Fight Against HIV/AIDS, as referred to in Section V.E (b) of Schedule 2 to the First Additional Financing Agreement, in a manner acceptable to the World Bank.

(5) The Recipient shall ensure that the Financing shall be used exclusively for the financing of activities detailed in Schedule 1 of this Agreement and no portion of the Financing shall be used for any applicable expenditure under the Project if such expenditure was reimbursed by the Original Grant or the First Additional Financing.
APPENDIX

Section I. Definitions

1. "Annual Work Plan and Budget" means each annual work plan, together with the related budget, for the Project approved by the World Bank pursuant to the provisions of Section I.E of Schedule 2 to this Agreement.


3. "Bank of the Republic of Burundi" or "Banque de la République du Burundi" means the Recipient central bank.

4. "Beneficiary" means an entity to which or for whose benefit a Results-Based Payment (as hereinafter defined) is made or proposed to be made and which is a party to a Results-Based Payments Agreement (as hereinafter defined).

5. "Budget Law" means the Recipient's annual Loi de Finance approved by the legislature and promulgated by the president in accordance with the Recipient's budget approval rules and regulations.


7. "Counterpart Funds Account" means the account maintained by the Recipient at the Bank of the Republic of Burundi for the purposes of the Project in accordance with the provisions of Section V.B of Schedule 2 to this Agreement.

8. "Directorate General of Health Services and Fight Against HIV/AIDS" (Direction Générale de la Santé et de la lutte contre le Sida) means the Recipient’s entity, under the supervisory authority of the Ministry of Public Health and Fight Against HIV/AIDS (as hereinafter defined), responsible for health.

9. "Directorate General of Planning" (Direction Générale de la Planification) means the Recipient’s entity, under the supervisory authority of the Ministry of Public Health and Fight Against HIV/AIDS (as hereinafter defined), responsible for overall planning as well as monitoring and evaluation activities.

10. "Directorate General of Resources" (Direction Générale des Ressources) means the Recipient’s entity, under the supervisory authority of the Ministry of Public Health and Fight Against HIV/AIDS (as hereinafter defined), responsible for resource management for said Ministry and in the health sector.

12. "First Additional Financing" means the additional financing provided under the First Additional Financing Agreement.

13. "First Additional Financing Agreement" means the additional financing agreement for the Health Sector Development Support Project between the Recipient and the International Bank for Reconstruction and Development and International Development Association (collectively, "World Bank"), both acting as the administrator of the Multi Donor Trust Fund for Health Results Innovation (HRITF'), dated July 25, 2012 as amended (MDTF-HRI Grant Number TF012526).

"Fiscal Year" means the Recipient's fiscal year as determined by the Budget Law.

14. "Free Package of Health Services" means the Recipient's free package of health services, referred to under Part 1(a) of the Project, procured in accordance with Section II of Schedule 2 to the Agreement, comprising preventive and curative services, including primary health care and preventive services for pregnant women, delivery and post-partum care, care for children under the age of five.

15. "Free Package of Health Services-Related Activities" means the activities relating to supporting and promoting the provision of the Free Package of Health Services and in support of which a Results-Based Payment (as hereinafter defined) is made or proposed to be made.


17. "Health Facilities" means the Recipient's Hospitals and Health Centers referred to in the Presidential Decree on the Free Health Care Policy.


21. "HRITF" or "Health Results Innovation Trust Fund" means trust fund established in December 2007 by various donors to support results-based financing approaches in the health sector for the achievement of the health-related millennium development goals.


23. "Ministerial Ordinance" means the ministerial ordinance 630/677, dated April 16, 2010 pursuant to the Presidential Decree on the Free Health Care Policy.


25. "Ministry of Public Health and Fight Against HIV/AIDS Administrative, Accounting, and Financial Procedures Manual" (Manuel des Procédures Administratives, Comptables et Financières du Ministère de la Santé Publique et de la lutte contre le VIH/SIDA) means the Recipient’s manual, dated October 2, 2008, agreed with the World Bank and revised in accordance with Article 4.01(b) of the Second Additional Financing Agreement, outlining implementation, organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement, and procurement arrangements for purposes of implementation of the activities of the Ministry of Public Health and Fight Against HIV/AIDS, including the activities of the Project, as the same may be amended from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to said manual.

26. "National Biomedical Waste Management Plan" (Plan National de Gestion des Déchets Biomédicaux) means the Recipient’s plan, disclosed in country and at the World Bank’s InfoShop on August 1, 2012, setting out the measures to be taken for the development and implementation of biomedical waste management and safe handling of said waste, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to said plan.

27. "National Health Development Plan" (Plan National de Développement Sanitaire) means the Recipient’s plan, covering the period from 2006-2010 and revised to cover the period from 2011-2015, for the development of its health sector.
28. "Operating Costs" means the incremental operating costs under the Project, based on the Annual Work Plans and Budgets approved by the World Bank, and incurred by the Ministry of Public Health and Fight Against HIV/AIDS on account of utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, travel and supervision, and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient's civil service.


30. "Original Grant" means the grant provided under the Original Financing Agreement.

31. "Original Project" means the Project described in the Original Financing Agreement.

32. "Presidential Decree on the Free Health Care Policy" means the Recipient's Décret n° 100/38 du 16 Mars 2010 Portant Révision de Subvention des Soins aux Enfants de Moins de 5 Ans et des Accouchements dans les Structures de Soins Publiques et Assimilées, as the same may be updated from time to time.


34. "Procurement Plan" (Plan de Passation des Marchés) means the Recipient's procurement plan for the Project, dated August 24, 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.

35. "Results-Based Financing Procedures Manual" (Manuel des Procédures relatives au Financement Basé sur les Résultats) means the manual, dated September 2011 and revised in accordance with Section 4.01 (b) of the Second Additional Financing Agreement, as the same may be revised from time to time with the prior written agreement of the World Bank, and such term includes any schedules to said Manual.

36. "Results-Based Payment" means a payment made or proposed to be made out of the proceeds of the Grant to finance the provision of the Free Package of Health Services.
37. "Results-Based Payments Agreement" means an agreement between the Recipient, represented by the Directorate General of Health Services and Fight Against HIV/AIDS, and a Beneficiary, setting forth the terms and conditions governing Results-Based Payments.

38. "Second Additional Financing Agreement" means the agreement of even date herewith between the Recipient and the International Development Association providing additional financing to the Original Project.

39. "Specific Plan for Very Vulnerable Peoples, Including the Batwa" (Plan Spécifique pour les Populations Très Vulnérables, dont les Batwa) means the Recipient’s plan disclosed in country and at the World Bank’s Infoshop on August 1, 2012, outlining measures to ensure culturally appropriate social and economic benefits for very vulnerable peoples, including the Batwa under the Project and avoidance, minimization, or mitigation of or compensation for any potential adverse effects on them associated with activities to be implemented under the Project, as shall have been agreed with the World Bank for purposes of Project implementation, as the same may be updated from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to said plan.


41. "Training" means the costs of training under the Project, based on the Annual Work Plans and Budgets approved by the World Bank, and attributable to seminars, workshops, ad 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.


43. "UNOPS" or "United Nations Office for Project Services" means an independent self-financing member of the United Nations family serving as a central resource for the United Nations system in procurement and contracts management.