Financing Agreement
(Second Additional Financing for Health Rapid Results Project)

between

REPUBLIC OF SOUTH SUDAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 2, 2017
FINANCING AGREEMENT

AGREEMENT dated February 2, 2017, entered into between the REPUBLIC OF SOUTH SUDAN ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to twenty-eight million six hundred thousand Special Drawing Rights (SDR 28,600,000) ("Financing"), to assist in financing the project described in Schedule I to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. The Recipient’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is its Minister of Finance and Economic Planning.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Payment Dates are February 1 and August 1 in each year.

2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Health in accordance with the provisions of Article IV of the General Conditions.
3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — TERMINATION**

4.01. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

4.02. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. Except as provided in Section 2.02 of this Agreement, the Recipient’s Representative is its Minister of Finance and Economic Planning.

5.02. The Recipient’s Address is:

Ministry of Finance and Economic Planning  
P.O. Box 80, Juba  
Republic of South Sudan

5.03. The Association’s Address is:

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

Telex: 248423 (MCI)  
Facsimile: 1-202-477-6391
AGREED at Washington D.C., United States of America, and Juba, Republic of South Sudan, as of the day and year first above written.

REPUBLIC OF SOUTH SUDAN

By

Authorized Representative

Name: Hon. Stephen Dhieu Dau
Title: Minister of Finance and Planning - RSS

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Carolyn Turk
Title: Country Director
SCHEDULE 1

Project Description

The objectives of the Project are: (a) to improve the delivery of High Impact Primary Health Care Services in Upper Nile and Jonglei states; and (b) to strengthen the coordination, monitoring and evaluation capacities of the Ministry of Health.

The Project consists of the following parts:

Part A: Delivery of High Impact Primary Health Care Services

Delivering High Impact Primary Health Care Services through health facilities as well as outreach activities to improve primary health care service delivery.

Part B: Development of the Capacity of the Ministry of Health

Strengthening the capacity of the Ministry of Health to:

(a) manage the provision of primary health care services including planning, implementing, monitoring and managing grants and performance-based contracts, through provision of goods, services, technical assistance, and Workshops and Training required for the purpose; and

(b) monitor and evaluate the progress made towards the achievement of agreed targets in the health sector and ensure the availability of independent and credible data on health sector performance, including through carrying out citizen engagement activities such as strengthening the capacity of village health committees.

Part C: Pharmaceutical Commodities

Purchasing, storing and distributing pharmaceutical commodities (including medicines and supplies) for health facilities in the Participating States.
SCHEDULE 2

Project Execution

Section I.  Implementation Arrangements

A. Institutional Arrangements

1. Project Steering Committee

In order to ensure the proper implementation of the Project, the Recipient shall, at all times during Project implementation, maintain within the Ministry of Health a Project Steering Committee, with composition, resources and functions satisfactory to the Association, as set forth in the Project Implementation Manual, for purposes of providing overall strategic guidance for and oversight to the Project.

2. Project Management Unit

The Recipient shall, at all times during the implementation of the Project, maintain within the Ministry of Health, a Project Management Unit (PMU) with adequate staff, including a Project manager, financial management specialist, procurement officer, health planner, environmental specialist, monitoring and evaluation specialist, and grant and contract management specialist, and with resources and terms of reference satisfactory to the Association.

B. Implementation Arrangements

1. Project Implementation Manual

(a) The Recipient shall carry out the Project in accordance with the provisions of a manual satisfactory to the Association (the “Project Implementation Manual”), which shall include, inter alia, provisions on the following: (i) activities for sustained achievement of the Project’s objectives; (ii) fiduciary arrangements, including disbursement, financial management and procurement; (iii) institutional administration, and coordination arrangements governing the day-to-day execution of the Project; (iv) monitoring, evaluation, reporting, and communication; (v) the Environmental and Social Management Framework; (vi) the Health Care Waste Management Plan; (vii) the Social Assessment; (viii) the financial procedures manual; and (ix) such other administrative, financial, technical, environmental, and organizational arrangements and procedures as shall be required for the implementation of the Project.
The Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual without the prior written agreement of the Association; provided, however, that in the event of any conflict between the provisions of the Project Implementation Manual and this Agreement, the provisions of this Agreement shall prevail.

2. Annual Work Plan and Budget

(a) The Recipient shall prepare and furnish to the Association for its approval, not later than July 1 of each year during the implementation of the Project, a proposed annual work plan and budget containing all activities proposed to be carried out under the Project in the following fiscal year.

(b) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed annual work plan and budget, and thereafter to implement the Project or cause it to be implemented with due diligence in accordance with such annual work plan and budget as shall have been approved by the Association ("Annual Work Plan").

3. Training Plan

(a) The Recipient shall, not later than March 31 of each year during Project implementation, starting in calendar year 2017, furnish to the Association for approval, a training plan for the Project, each said plan to include, inter alia: (i) the training activities proposed to be carried out under the Project during the twelve (12) months immediately following the presentation of each said plan, beginning on January 1 of that calendar year; (ii) the proposed participants in such training and the criteria; (iii) the proposed providers and location of such training; and (iv) the budget for such period.

(b) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed training plan, and thereafter shall implement the training plan with due diligence, and in accordance with such budget as shall have been approved by the Association.

C. Coordination and Service Delivery Organization

1. To facilitate the implementation of the Project in each of the Participating States, unless otherwise agreed with the Association, the Recipient shall enter into, and thereafter maintain throughout the implementation of the Project, a separate delegated contract management agreement (the "Contract Management Agreement") for each Participating State, in form and substance satisfactory to the Association, with a contract management agency (the "Coordination and Service
Delivery Organization") selected in accordance with Section III of Schedule 2 to this Agreement, pursuant to which the Coordination and Service Delivery Organization shall be responsible for the implementation of Part A of the Project in each Participating State. The same Coordination and Service Delivery Organization may operate in both Participating States under two separate agreements.

2. Unless otherwise agreed with the Association, each Contract Management Agreement shall include the following provisions:

(a) the obligation of the Coordination and Service Delivery Organization to:

(i) carry out its activities under the Contract Management Agreement with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association and, without limitation to the generality of the foregoing, in accordance with the provisions of the Health Care Waste Management Plan, the ESMF, the ESSAF, the ESMP, the Social Assessment, the Anti-Corruption Guidelines applicable to recipients of Grant proceeds, and the Project Implementation Manual;

(ii) maintain adequate policies and procedures to enable it monitor and evaluate the progress of the activities carried out under the Contract Management Agreement in accordance with indicators acceptable to the Association;

(iii) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and

(b) the right of the Recipient and the Association to:

(i) request an audit of the financial statements of the activities carried out under the Contract Management Agreement by independent auditors acceptable to the Association in accordance with consistently applied auditing standards acceptable to the Association and the prompt transmission of the financial statements as so audited to the Recipient and the Association;

(ii) inspect the activities carried out under the relevant Contract Management Agreement, and any relevant records and documents; and
(iii) obtain all such information as the Recipient or the Association shall reasonably request relating to the foregoing to be prepared and furnished to the Recipient and the Association.

3. The Recipient shall exercise its rights and carry out its obligations under each Contract Management Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive any Contract Management Agreement or any of its provisions.

D. Anti-Corruption

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

E. Safeguards

1. The Recipient shall carry out the Project in accordance with the ESMF, the ESSAF, the Social Assessment, and the Health Care Waste Management Plan (“HCWMP”).

2. (a) Implementation of those activities under the Project that require the adoption and implementation of an environmental and social management plan (“ESMP”) shall not commence unless and until such ESMP has been prepared in accordance with the ESMF and approved by the Association in writing and publicly disclosed as required by the ESMF.

   (b) Thereafter, the Recipient shall carry out such activities in accordance with the provisions of the ESMP.

3. (a) The Recipient shall adopt and publish an ESMF, in a manner acceptable to the Association, no later than one month after the Effective Date.

   (b) The Recipient shall adopt and publish a Social Assessment, in a manner acceptable to the Association, no later than one hundred twenty (120) days after the Effective Date.

4. (a) Without limitation upon its other reporting obligations under this Agreement, the Recipient shall collect, compile and furnish to the Association reports, in form and substance satisfactory to the Association, on the status of compliance with the Safeguards Instruments, as part of the Project Reports, giving details of:

   (i) measures taken in furtherance of the Safeguards Instruments;
(ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and

(iii) remedial measures taken or required to be taken to address such conditions.

(b) The Recipient shall afford the Association a reasonable opportunity to review and exchange views with the Recipient on the reports prepared under paragraph (a) immediately above, and thereafter, shall carry out, or cause to be carried out, with due diligence, all remedial measures agreed with the Association so as to ensure the proper implementation of the Project in accordance with the Safeguards Instruments.

5. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, any of the Safeguards Instruments or any provision thereof without the prior written approval of the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the Project Implementation Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each
such period shall be furnished to the Association not later than six months after the end of such period.

4. Without limitation to the provisions of Section I, Part A, paragraph 2 of Schedule 2 to this Agreement, the Recipient shall retain the services of the financial management specialist recruited for the Original Project or such other financial management specialist with qualifications, experience and terms of reference acceptable to the Association, to support the financial management aspects of the Project, and such other functions as set forth in the Project Implementation Manual.

5. The Recipient shall engage, not later than six months after the Effective Date, the external auditor referred to in Section 4.09(b) of the General Conditions in accordance with Section III of Schedule 2 of this Agreement and pursuant to terms of reference satisfactory to the Association.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing 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 Financing 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 Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding,
may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding in accordance with the Recipient’s applicable legal framework consisting of the Interim Public Procurement and Disposal Regulations dated June 29, 2006, provided that such procedures comply with the provision of Section I and paragraphs 3.3 and 3.4 of the Procurement Guidelines; (b) Shopping; (c) Procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; (d) Direct Contracting; (e) Procurement from UN Agencies; and (f) Limited International Bidding.

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection based on Consultants’ Qualifications; (c) Single-source Selection of consulting firms; (d) Selection of Individual Consultants; (e) Single-source procedures for the Selection of Individual Consultants; (f) Selection under a Fixed Budget; and (g) Least Cost Selection.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing 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 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 Financing (“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 SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, consultants' services, non-consulting services, Workshops and Training, and Operating Costs for Part A of the Project</td>
<td>12,160,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, consultants' services, non-consulting services, Workshops and Training, and Operating Costs for Part B of the Project</td>
<td>2,870,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, consultants' services, non-consulting services, Workshops and Training, and Operating Costs for Part C of the Project</td>
<td>10,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Project Preparation Advance</td>
<td>2,870,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>28,600,000</td>
<td></td>
</tr>
</tbody>
</table>

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;
(b) under Category (1) unless and until each of the two Contract Management Agreements has been entered into by the parties thereto, and all conditions precedent to the effectiveness of each such contract has been met; and

(c) under Category (3) unless and until a contract has been entered into by the Recipient, through MoH, for the purchase, storage, and distribution of pharmaceuticals, in accordance with the guidelines, terms and conditions set forth in the Project Implementation Manual and pursuant to Section I, Part C, paragraph 1 of Schedule 2 to this Agreement and all conditions precedent to the effectiveness of such contract has been met.

2. The Closing Date is September 30, 2017.
APPENDIX

Section I. Definitions


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


4. “Contract Management Agreement” means a delegated contract management agreement entered into between the Coordination and Service Delivery Organization and the Recipient, in accordance with the guidelines, terms and conditions set forth in the Project Implementation Manual and pursuant to Section I, Part C, paragraph 1 of Schedule 2 to this Agreement.

5. “Coordination and Service Delivery Organization” has the meaning given to such term in Section I, Part C, paragraph 1 of Schedule 2 to this Agreement.

6. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s framework, to be agreed with the Association and setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, that have been identified by the Recipient to eliminate any adverse environmental and social impacts of Project activities, offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written concurrence of the Association, and such term includes any schedules or annexes to said ESMF.

7. “Environmental and Social Management Plan” or “ESMP” means any environmental and social management plan, acceptable to the Association and consistent with the ESMF – as may be adopted for the purposes of the Project pursuant to Section I, Part E, paragraph 1 of Schedule 2 to this Agreement – which gives details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the ESMF under the Project along with the procedural and institutional measures needed to implement such actions, measures and policies; and the term “ESMPS” means, collectively, all such plans.

8. “Environmental and Social Screening and Assessment Framework” or “ESSAF” means the environmental and social screening and assessment framework, referred to Section I, Part E, paragraph 1 of Schedule 2 to this Agreement, adopted by the
Recipient on October 15, 2012, giving details of a program of actions, measures and policies designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental and social impacts or reduce such impacts to acceptable levels, and which shall be updated as agreed with the Association by no later than one hundred twenty (120) days after the Effective Date.


10. “Health Care Waste Management Plan” or “HCWMP” means the plan for the management of hazardous health care and medical waste under the Project, to be adopted under the Project and referred to Section I, Part E, paragraph 1 of Schedule 2 to this Agreement, which was prepared and adopted by the Recipient and disclosed on February 12, 2014.

11. “High Impact Primary Health Care Services” means a set of health interventions including: (a) child health services: immunization, vitamin A supplementation, promotion of adequate infant and young child feeding and caring behaviors, and use of long lasting insecticide treated nets; (b) maternal health services: antenatal care, including home-based lifesaving skills and intermittent preventive treatment, skilled delivery, postnatal care, family planning; and (c) basic curative services: treatment of malaria, acute respiratory infections, diarrhea, tuberculosis, and HIV testing and treatment in major urban sites.

12. “Jonglei state” means the geographic area contained in the state identified as Jonglei state as of the date of the Original Project, which is April 20, 2012.


14. “MOH” or “Ministry of Health” means the Recipient’s Ministry responsible for health, and any successor thereto.

15. “Operating Costs” means the incremental expenditures incurred by the Recipient in the implementation of the Project, on account of office supplies, office rent, communication and insurance charges, maintenance of office equipment, vehicle operations and maintenance costs, utilities, travel and travel allowances, and salaries of locally contracted employees, but excluding salaries of officials of the Recipient’s civil service.

16. “Original Project” means the Project described in the Grant Agreement dated April 20, 2012, between the Recipient and the Association, and referred to in the preamble to this Agreement.
17. "Participating States" means the Recipient’s states of Upper Nile and Jonglei or such other state as may be deemed eligible in terms of the Project Implementation Manual and added to the list of Participating States by mutual agreement between the Recipient and the Association.

18. "PMU" or "Project Management Unit" is the unit in the Ministry of Health responsible for the supervision, management, monitoring and coordination of the Project.

19. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on May 6, 2016, and on behalf of the Recipient on May 11, 2016.


21. "Procurement Plan” means the Recipient’s procurement plan for the Project, dated June 7, 2016, 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.

22. “Project Implementation Manual” means the manual adopted by the Recipient on August 2, 2012, setting out details of all procedures, guidelines, timetables and criteria, including administrative, financial, procurement, monitoring and evaluation, technical and organizational arrangements, guidelines and procedures as shall be required for the Project, as the same may be amended from time to time with the prior written approval of the Association, and such term includes any schedules to the Project Implementation Manual.

23. "Safeguards Instruments" means the ESMF, ESSAF, any ESMP, the HCWMP, and the Social Assessment.

24. “Social Assessment” means the Recipient’s assessment, agreed with the Association and adopted and published by the Recipient, setting out the potential adverse social impact of the Project and measures for the offsetting, reduction or mitigation of such impact, as the same may be modified from time to time with the prior written concurrence of the Association, and such term includes any schedules or annexes to said assessment.

25. “Training Plan” means a training plan and associated budget prepared annually by the Recipient for the Project and approved by the Association in accordance with Section I, Part B, paragraph 3 of Schedule 2 to this Agreement.
26. "Upper Nile state" means the geographic area contained in the state identified as Upper Nile state as of the date of the Original Project, which is April 20, 2012.

27. "Workshops and Training" means the reasonable costs for the following expenditures, based on a Training Plan, incurred in providing training or workshops: travel by participants and presenters to the training or workshop site, per diem allowances of such persons during the training or workshop, honoraria for the presenters, rental of facilities, materials, supplies and translation and interpretation services.