Financing Agreement

(Health System Strengthening Project II)

between

REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated Feb 19, 2014
FINANCING AGREEMENT

AGREEMENT dated Feb 14, 2014, entered into between REPUBLIC OF CONGO ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). 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 credit in an amount equivalent to six million six hundred thousand Special Drawing Rights (SDR6,600,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 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.

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are June 15 and December 15 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Health and Population 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 — EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Grant 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; and

(b) the Recipient has deposited 10,000,000,000 CFA Francs into the Project Counterpart Funds Account, in accordance with the provisions of Section I.H of Schedule 2 to this Agreement.

4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.03. 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. The Recipient's Representative is its minister responsible for finance.

5.02. The Recipient's Address is:

Ministère l'Economie, des Finances, du Plan, du Portefeuille Public et de l'Intégration

B.P. 2083
Avenue Foch
Brazzaville
Republic of Congo

Facsimile:

(242) 2281.43.69

5.03. The Association's Address is:

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

Cable: Telex: Facsimile:

INDEVAS 248423 (MCI) 1-202-477-6391
AGREED at Feb 19, 2014, as of the day and year first above written.

REPUBLIC OF CONGO

By

Authorized Representative

Name: Gilbert Endongo
Title: Ministre d'État, Ministre des Finances

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Eustache Cuayoro
Title: Directeur des Opérations
SCHEDULE 1

Project Description

The objective of the Project is to increase utilization and quality of maternal and child health services in targeted areas.

The Project consists of the following parts:

Part 1: Improvement of Utilization and Quality of Health Services at Health Facilities through Performance Based Financing

(a) Provision of PBF Grants to Health Services Providers for delivery of Health Subprojects, to women and children.

(b) (i) Strengthening the capacities of, inter alia, select departments within the Ministry of Health and Population, the Health Administration Units, the Health Verification Teams, civil society organizations and the Technical PBF Unit, as the case may be, for PBF administration, management and internal verification and for delivery of Health Subprojects, as the case may be (collectively, “PBF Capacity Development Subprojects”), all through provision of PBF Capacity Development Grants; and (ii) Strengthening the capacity of the External Verification Agency for PBF external (counter) verification, through the provision of technical advisory services, goods, non-consulting services, Training and Operating Costs for the purpose.

Part 2: Strengthening Health Financing and Health Policy Capabilities

Implementing a program of actions for strengthening healthcare financing policy and practice as well as improving equity and efficiency, in particular:

(a) Improving universal access to health services, through: (i) developing and implementing criteria, procedures and instruments for the identification of eligible groups (consisting of, among others, poor and vulnerable women and children) and enrolment of said eligible groups in fee-waiver and fee-exemption programs under the Health Subprojects; (ii) carrying out of a comprehensive review of the policy on free access to health services with a view to expanding its scope and coverage; (iii) development and evaluation of pilot programs for testing alternative waiver and exemption mechanisms; and (iv) carrying out of a comprehensive assessment of the Ministry of Health and Population’s budget/resource allocation to identify gaps and make recommendations for improvement.

(b) (i) Supporting the development of an appropriate legal and institutional framework for attaining universal health care, through: (A) carrying out of a comprehensive review of the feasibility and content of such a framework;
(B) conducting policy workshops with key stakeholders on the findings and recommendations of said review; and (C) carrying out of a feasibility study on an appropriate health insurance scheme; and (ii) strengthening the capacity of the Ministry of Health and Population for management and delivery of health care, in particular: (A) developing and implementing a comprehensive training program on health policy and management consisting of, among others, health sector priorities, development and costing of health benefits packages, methods for the targeting of government health subsidies, results-based financing and provider payment methods, said training program targeting, among others, policy makers and health managers; (B) commissioning of appropriate national case studies; and (C) strengthening the capacity of sector and other select institutions for conducting research and undertaking related analytical work.

(c) Strengthening monitoring and evaluation ("M&E") mechanisms in the health sector, in particular: (i) reviewing and updating the M&E framework and development plan; (ii) strengthening the M&E departments in the Ministry of Health and Population; (iii) undertaking a national health facility mapping exercise with a view to developing a facility master list including comprehensive data on health facilities; (iv) improving the health management information system; (v) developing and implementing an integrated diseases surveillance and response system; (vi) carrying out of various health facility surveys designed to assess the quality of health care; (vii) carrying out of various household surveys designed to assess the health system and its overall impact; (viii) implementing an appropriate ICT solutions program (a PBF web-enabled application); and (ix) carrying out of an impact evaluation.
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. Ministry of Health and Population

The Recipient shall designate, at all times during the implementation of the Project, the Ministry of Health and Population ("MoHP"), to be responsible for prompt and efficient oversight, coordination and management of the implementation of activities under the Project, and shall take all actions, including, the provision of funding, personnel and other resources necessary to enable said MoHP to perform said functions.

2. Technical PBF Unit

(a) Without limitation upon the provisions of paragraph 1 immediately above, the Recipient shall maintain, at all times during the implementation of the Project, the Technical PBF Unit, within MoHP, with a composition, mandate, terms of reference and resources satisfactory to the Association.

(b) The Technical PBF Unit shall be responsible for ensuring prompt and efficient day to day coordination, implementation and communication of Project activities and results, including: (i) preparing annual work plans and budgets for onward transmission to the National PNDS Steering Committee; (ii) fiduciary elements of Project implementation (financial management and procurement); (iii) preparing and consolidating periodic progress reports; (iv) monitoring and evaluation of Project activities; (v) liaising with other stakeholders on issues related to Project implementation; and (vi) providing administrative support to implementing agencies, all in accordance with the Project Implementation Manual.

3. National PNDS Steering Committee

Without limitation upon the provisions of paragraphs 1 and 2 immediately above, the Recipient shall designate, at all times during the implementation of the Project, the National PNDS Steering Committee, with a composition, mandate, terms of reference and resources satisfactory to the Association, to be responsible for, inter alia, approving the annual work plan and budget and providing strategic and policy guidance on matters relating to the Project.
B. Implementation Arrangements

1. Project Implementation Manual

The Recipient shall update and thereafter adopt:

(a) (i) a manual, in form and substance satisfactory to the Association, setting forth implementation, organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement and procurement arrangements, for purposes of overall implementation of the Project ("Implementation Manual"); and

(ii) a manual, in form and substance satisfactory to the Association, for the provision of PBF Grants, which shall include a detailed elaboration of, *inter alia*, the following: (A) the components of each Minimum Package of Activities and each Complementary Package of Activities, respectively, to be delivered under a Health Subproject; (B) the methodology for calculating the unit price to be paid for said Minimum Package of Activities and said Complementary Package of Activities, respectively, to be delivered under a Health Subproject, which unit price shall be calculated on the basis of a methodology acceptable to the Association ("Unit Price"), said methodology designed to ensure that the Unit Price: (aa) does not exceed the reasonable cost of said Minimum Package of Activities and said Complementary Package of Activities, respectively, to be delivered and financed under the PBF Grant; and (bb) is scaled to reflect the quality of said Minimum Package of Activities and said Complementary Package of Activities, respectively, delivered; and the conditions of the locations where said Minimum Package of Activities and/or said Complementary Package of Activities, respectively, are/is delivered; (C) the procedures for the evaluation and updating of the Unit Price for said Minimum Package of Activities and said Complementary Package of Activities, respectively; (D) the procedures for approval, monitoring and evaluation of each Health Subproject and for granting of a PBF Grant, including, the designation of the Recipient's team to be responsible for the verification of the quality and quantity of said Minimum Package of Activities and said Complementary Package of Activities, respectively, delivered under each Health Subproject ("Health Verification Team"); and (E) a model form of agreement for the provision of a PBF Grant ("PBF Grant Agreement"); and (F) model Performance Frameworks for provision of PBF Capacity Development Grants ("PBF Manual").

(b) The Recipient: (i) shall ensure that the Project is carried out in accordance with the Implementation Manual and the PBF Manual, respectively, as shall have been
approved by the Association (collectively, "Project Implementation Manual"); and (ii) except as the Association shall otherwise agree, shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, said Project Implementation Manual, or any provision thereof.

(c) In the event of any conflict between the provisions of the Project Implementation Manual on the one hand, and those of this Agreement on the other hand, the latter shall prevail.

2. Annual Work Plan and Budget

(a) The Recipient shall, through the Ministry of Health and Population, prepare and furnish to the Association not later than November 30 of each Fiscal Year beginning Fiscal Year 2015, during the implementation of the Project, a work plan and budget containing all activities proposed to be included in the Project during the following Fiscal Year, and a proposed financing plan for expenditures required for such activities, setting forth the proposed sources of financing.

(b) Each such proposed work plan and budget shall specify any Training activities that may be required under the Project, including: (i) the type of Training; (ii) the purpose of the Training; (iii) the personnel to be trained; (iv) the institution or individual who will conduct the Training; (v) the location and duration of the Training; and (vi) the cost of the Training.

(c) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed work plan and budget and thereafter ensure that the Project is implemented with due diligence during said following Fiscal Year in accordance with such work plan and budget as shall have been approved by the Association ("Annual Work Plan and Budget").

(d) The Recipient shall not make or allow to be made any change to the approved Annual Work Plan and Budget without the Association’s prior approval in writing.

(e) The Recipient shall, not later than one (1) month after the Effective Date, adopt the Annual Work Plan and Budget for Fiscal Year 2014.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
D. Health Subprojects under Part 1 (a) of the Project; PBF Grants

1. Eligibility. In order to ensure the proper implementation of Health Subprojects under Part 1 (a) of the Project, the Recipient shall, through the Technical PBF Unit, make PBF Grants to Health Service Providers ("HSPs") for Health Subprojects in accordance with eligibility criteria and procedures acceptable to the Association, which shall include, inter alia, the following:

(a) the Recipient, through the Technical PBF Unit, has determined on the basis of an appraisal carried out in accordance with guidelines acceptable to the Association, and elaborated in the PBF Manual, that:

(i) the proposed HSP; (A) is a legal entity and a public or a private HSP (of a Minimum Package of Activities and/or of a Complementary Package of Activities, respectively) located in a targeted area, with the organization, management, technical capacity and financial resources necessary to carry out the proposed Health Subproject; and (B) has prepared a satisfactory financing plan and budget, and a satisfactory implementation plan for the proposed Health Subproject; and

(ii) the proposed Health Subproject: (A) is technically feasible, and financially and economically sound; and (B) is in compliance with the Medical Waste Management Plan and Indigenous Peoples Plan developed for purposes of said Health Subproject and relevant sectoral, environmental, and social standards and policies; and

(b) the maximum amount of all PBF Grants for all Health Subprojects shall not exceed 100 percent of the amount of the Financing allocated under Category (1) minus the amount of other funds allocated to finance such cost.

2. PBF Grant Agreement

(a) The Recipient shall make each PBF Grant to a HSP under a PBF Grant Agreement on terms and conditions satisfactory to the Association, as further described in the PBF Manual, which shall include the following:

(i) the proceeds of the PBF Grant shall be made available to a HSP in CFA Francs, and on non-reimbursable grant terms;

(ii) a description of the Health Subproject, the applicable rates for the services included thereunder, and applicable performance indicators;
(iii) the HSP shall be required to: (A) carry out the Health Subproject with due diligence and efficiency and in accordance with sound technical, financial, administrative, and environmental practices; (B) ensure that the resources required for the Health Subproject are provided promptly as needed; (C) procure goods, non-consulting services and services required for the Health Subproject in accordance with Section III of this Schedule; (D) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Association, the progress of the Health Subproject and the achievement of its objectives; and (E) (i) 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 Health Subproject; and (ii) at the request of the Association or the Recipient, have such records audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the records as so audited to the Recipient and the Association;

(iv) the HSP shall be required to carry out the Health Subproject in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of credit proceeds other than the Recipient;

(v) the HSP shall be required to carry out the Health Subproject in accordance with the provisions of the PBF Manual;

(vi) the HSP shall be required to carry out the Health Subproject in accordance with the provisions of the Medical Waste Management Plan and any Indigenous Peoples Plan developed pursuant to the Indigenous Peoples Planning Framework for purposes of the Health Subproject;

(vii) the goods, non-consulting and consultants’ services to be financed out of the proceeds of the PBF Grant shall be used exclusively for the Health Subproject; and

(viii) the Recipient shall have the right to: (A) inspect by itself, or jointly with the Association, if the Association shall so request, the goods and sites included in the Health Subproject, the operations thereof, and any relevant records and documents; (B) obtain all information as it, or the Association, shall
reasonably request regarding the administration, operation, and financial condition of the HSP; and (C) suspend or terminate the right of the HSP to use the proceeds of the PBF Grant, or obtain a refund of all or any part of the amount of the PBF Grant then withdrawn, as the case may be, upon failure by the HSP to perform any of its obligations under the PBF Grant Agreement; and

(b) The Recipient shall exercise its rights under the PBF Grant Agreement in such manner as to protect its interests and those of the Association (including, the right to suspend or terminate the right of the HSP to use the proceeds of the PBF Grant, or obtain a refund of all or any part of the amount of the PBF Grant then withdrawn, upon the HSP’s failure to perform any of its obligations under the PBF Grant Agreement) and to accomplish the purposes of the PBF Grant, and, except as the Association 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.

E. PBF Capacity Development Subprojects under Part 1 (b) (i) of the Project; PBF Capacity Development Grants; Performance Frameworks

The Recipient shall ensure that each PBF Capacity Development Subproject under Part 1 (b) (i) of the Project is carried out in accordance with: (a) criteria, policies, procedures and guidelines stipulated in the PBF Manual; and (ii) the applicable Performance Framework. The Recipient shall not amend, abrogate, or waive, or permit to be amended, abrogated or waived, the Performance Framework, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of said PBF Capacity Development Subproject.

F. Verification

1. Internal Verification

The Recipient shall, under terms of reference acceptable to the Association and elaborated in the PBF Manual, ensure that the relevant Health Verification Team verifies on a quarterly basis: (i) the quality and quantity of the Minimum Package of Activities and/or of the Complementary Package of Activities, respectively, delivered under a Health Subproject for which a PBF Grant is requested; and (ii) the performance of implementing agencies (including Health Administration Units) under the Performance Frameworks, under Part 1 (b) (i) of the Project.
2. External Verification

The Recipient shall engage, in accordance with the provisions of Section III of this Schedule, an External Verification Agency to conduct independent verifications of: (i) the delivery of the Minimum Package of Activities and/or of the Complementary Package of Activities, respectively, by HSPs under respective Health Subprojects, under Part 1 (a) of the Project; and (ii) the performance of implementing agencies (including Health Administration Units) under the Performance Frameworks, under Part 1 (b) (i) of the Project, in accordance with terms of reference satisfactory to the Association. The Recipient shall cause the External Verification Agency to carry out, throughout Project implementation, annual independent verification exercises and to provide the Recipient with reports of such exercises, such verification to include, inter alia, community surveys, HSP spot checks, verification of data provided and records kept by HSPs in relation to Health Subprojects, and assessments of the quality of health services provided under such Health Subproject, all in accordance with the provisions of the PBF Manual.

G. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of: (a) the Medical Waste Management Plan ("MWMP"); and (b) the provisions of the Indigenous Peoples Planning Framework ("IPPF") and any Indigenous Peoples Plan ("IPP") prepared pursuant to said IPPF. To this end, the Recipient shall ensure that the following actions are taken in a manner acceptable to the Association:

   (i) If any Health Subproject would, pursuant to the IPPF, require the preparation of an IPP, the Recipient shall ensure that such IPP shall be prepared in accordance with the IPPF and furnished to the Association for review and approval, and is disclosed as required by the IPPF and approved by the Association, and thereafter adopted by the relevant HSP, prior to implementation of the Health Subproject; and

   (ii) thereafter take such measures as shall be necessary or appropriate to enable the HSP to comply with the requirements of such IPP.

2. Without limitation upon its other reporting obligations under this agreement and under Section 4.08 of the General Conditions, the Recipient shall include in the Project Reports referred to in Section II.A of this Schedule, adequate information on the status of compliance with the MWMP and the IPPF (including any IPP developed thereunder), giving details of: (a) measures taken in furtherance of such MWMP and IPPF (including any IPP developed thereunder); (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such MWMP and IPPF (including any IPP developed thereunder); and (c)
remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such MWMP and IPPF (including any IPP developed thereunder).

3. The Recipient shall afford the Association a reasonable opportunity to review the reports prepared under paragraph 2 of this Part G, and thereafter shall carry 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 MWMP and IPPF (including any IPP developed thereunder).

H. Project Counterpart Funds; Project Counterpart Funds Account

1. The Recipient shall open, and thereafter maintain, at all times during the implementation of the Project, in a financial institution and on terms and conditions acceptable to the Association, a Project Counterpart Funds Account, into which all counterpart funds required for the Project shall be deposited and maintained until required to pay for Eligible Expenditures.

2. Without limitation upon the provisions of Section 4.03 of the General Conditions, the Recipient shall deposit into the Project Counterpart Funds Account the following amounts in CFA Francs not later than the dates indicated next to each amount:

<table>
<thead>
<tr>
<th>Amount (in CFA Francs)</th>
<th>Date not later than which the amount shall be deposited in the Project Counterpart Funds Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,000,000,000</td>
<td>Effective Date</td>
</tr>
<tr>
<td>10,000,000,000</td>
<td>April 30, 2015</td>
</tr>
<tr>
<td>12,500,000,000</td>
<td>April 30, 2016</td>
</tr>
<tr>
<td>12,500,000,000</td>
<td>April 30, 2017</td>
</tr>
<tr>
<td>5,000,000,000</td>
<td>April 30, 2018</td>
</tr>
</tbody>
</table>

3. The Recipient shall ensure that all amounts deposited in the Project Counterpart Funds Account shall be used exclusively to pay for Eligible Expenditures.

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 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each
Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall, not later than forty-five (45) days prior to the mid-term review referred to in paragraph 3 of this Section II.A, furnish to the Association for comments, a report, in such detail as the Association shall reasonably request, on the progress of the Project, and giving details of the various matters to be discussed at such review.

3. The Recipient shall, not later than thirty (30) months after the Effective Date, undertake, in conjunction with all agencies involved in the Project, a comprehensive mid-term review of the Project during which it shall exchange views with the Association and implementing agencies generally on all matters relating to the progress of the Project, the performance by the Recipient of its obligations under this Agreement and the performance by said implementing agencies, having regard to the performance indicators referred to in paragraph 1 of this Section II.A.

4. Following the mid-term review, the Recipient shall act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may be required in furtherance of the objective of the Project.

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. The Recipient shall prepare and furnish to the Association 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 (1) Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

4. The Recipient shall, not later than three (3) months after the Effective Date: (i) acquire in accordance with the provisions of Section III of Schedule 2 to this Agreement, and thereafter install, appropriate financial management/accounting
software to facilitate the proper maintenance of its financial management system referred to in Part B.1 of this Section II; and (ii) provide financial management Training for staff involved in financial management of the Project, under terms of reference acceptable to the Association.

5. To facilitate the carrying out of independent audits under Part B.3 of this Section II, the Recipient shall, not later than three (3) months after the Effective Date, appoint an external auditor, in accordance with the provisions of Section III.C of Schedule 2 to this Agreement.

6. Procurement Audit

Without limitation upon the provisions of Part B.3 of this Section II, the Recipient shall, in each Fiscal Year ("FY") beginning FY2015, carry out under terms of reference satisfactory to the Association, an audit of contracts procured in the preceding FY and furnish said audit to the Association not later than six (6) months after the end of the FY to which said audit relates.

Section III. Procurement

A. General

1. Goods and Non-consulting Services. All goods 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 method(s) or method(s) of review by the Association of particular contracts, refer to the corresponding method(s) 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 and Non-consulting Services

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

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used
for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, (subject to the following exception, namely, that the Recipient shall use the standard bidding documents of the Association or other bidding documents agreed with the Association prior to their use); (b) Shopping; (c) Direct Contracting; (d) Procurement under Public Private Partnership Arrangements in accordance with procedures which have been found acceptable to the Association; (e) Community Participation procedures which have been found acceptable to the Association; (f) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; (g) Procurement from United Nations agencies; and (h) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association.

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 under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

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.

E. Specific Procurement Covenants

1. The Recipient shall, not later than twelve (12) months after the Effective Date, provide Training for the Project’s procurement staff, under terms of reference acceptable to the Association.

2. The Recipient shall, not later than six (6) months after the Effective Date, update, for purposes of the Project, its procurement filing and record keeping system, in form and substance acceptable to 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 Financing 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 Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) PBF Grants under Part 1 (a) of the Project</td>
<td>4,900,000</td>
<td>8%</td>
</tr>
<tr>
<td>(2) PBF Capacity Development Grants under Part 1 (b) (i) of the Project</td>
<td>500,000</td>
<td>8%</td>
</tr>
<tr>
<td>(3) Goods, non-consulting services, consultants’ services, Training and Operating Costs under Parts 1(b)(ii) and 2 of the Project</td>
<td>1,200,000</td>
<td>8%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>6,600,000</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 for payments made prior to the date of this Agreement.

2. The Closing Date is June 28, 2019.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each June 15 and December 15:</td>
<td></td>
</tr>
<tr>
<td>commencing June 15, 2019 to and including December 15, 2028</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing June 15, 2029 to and including December 15, 2038</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions


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

3. "CFA Franc" means the franc of the Central Africa Economic and Monetary Community, whose common central bank is the Bank of Central African States.

4. "Complementary Package of Activities" means the secondary package of health services defined in the PBF Manual and pursuant to which a PBF Grant shall be made under Part 1 (a) of the Project.


6. "External Verification Agency" means the entity referred to in Section I.F.2 of Schedule 2 to this Agreement.

7. "Fiscal Year" or "FY" means the Recipient’s twelve month period starting January 1 and ending December 31 of the same year.

8. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010 with the modifications set forth in Section II of this Appendix.

9. "Grant Agreement" means the agreement dated the same date as this Agreement, between the Recipient and the World Bank, acting as administrator of the Multi-Donor Trust Fund for Health Results Innovation TF Number 070955, providing for the Grant.

10. "Grant" means an aggregate amount of ten million United States Dollars (US$10,000,000), to be provided by the World Bank, acting as administrator of the Multi-Donor Trust Fund for Health Results Innovation TF Number 070955, to assist in financing the Project.

11. "Health Administration Unit" means the Recipient’s health district or regional health directorate at the central, departmental and administrative levels, respectively, and "Health Administration Units" mean, collectively, two or more such health districts and/or regional health directorates.
12. "Health Service Provider" or "HSP" means an entity to which or for whose benefit a PBF Grant is made or proposed to be made for delivery of a Health Subproject and which is a party to a PBF Grant Agreement, and "Health Service Providers" or "HSPs" means, collectively, two or more such entities.

13. "Health Subproject" means a specific development project for the delivery of a Minimum Package of Activities or a Complementary Package of Activities, as the case may be, to be carried out by a Health Service Provider under Part I (a) of the Project utilizing the proceeds of a PBF Grant, and "Health Subprojects" mean, collectively, two or more such specific development projects.

14. "Health Verification Team" means the team referred to in Section I.F.1 of Schedule 2 to this Agreement, and "Health Verification Teams" mean, collectively, two or more such teams.

15. "ICT" means information and communications technology.

16. "Implementation Manual" means the manual referred to in sub-paragraph 1 (a) (i) of Section I.B of Schedule 2 to this Agreement.

17. "Indigenous Peoples Plan" or "IPP" means the Recipient's plan, prepared and implemented in accordance with the IPPF and the provisions of Section I.G. of Schedule 2 to this Agreement.

18. "Indigenous Peoples Planning Framework" or "IPPF" means the framework of the Recipient disclosed in country and in the Association's InfoShop on November 13, 2013, said framework prepared and implemented in accordance with the provisions of Section I.G. of Schedule 2 to this Agreement.

19. "Medical Waste Management Plan" or "MWMP" means the Recipient's plan, disclosed in-country on November 7, 2013, and in the Association's InfoShop on October 9, 2013, setting out measures to be taken for management and safe handling of medical waste under the Project, as the same may be modified from time to time in accordance with the written agreement of the Association, and such term includes any annexes or schedules to said plan.

20. "Minimum Package of Activities" means a basic package of preventive and curative health services as defined in the PBF Manual and pursuant to which a PBF Grant shall be made under Part I (a) of the Project.


22. "National PNDS Steering Committee" means the Recipient's committee referred to in Section I.A.3 of Schedule 2 to this Agreement.
23. "Operating Costs" means the incremental expenses incurred on account of Project implementation, based on the Annual Work Plan and Budget approved by the Association pursuant to Section I.B.2 of Schedule 2 to this Agreement, and consisting of expenditures for office supplies, vehicle operation and maintenance, maintenance of equipment, document duplication/printing, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, travel and per diem, and salaries of Project staff, but excluding the salaries of the Recipient’s civil service, meeting and other sitting allowances and honoraria to said staff.


25. "PBF Capacity Development Grant" means a grant made or proposed to be made out of the proceeds of the Financing, by the Recipient, through the Technical PBF Unit, to select departments within the Ministry of Health and Population, or the Health Administration Unit(s), or the Health Verification Team(s), or civil society organization(s), and/or the Technical PBF Unit, as the case may be, in each case pursuant to a Performance Framework, to finance the costs of a PBF Capacity Development Subproject under Part 1 (b) (i) of the Project.

26. "PBF Capacity Development Subproject" means specific capacity development activities to be carried out by select departments within the Ministry of Health and Population, or the Health Administration Unit(s), or the Health Verification Team(s), or civil society organization(s), and/or the Technical PBF Unit, as the case may be, under Part 1 (b) (i) of the Project, utilizing the proceeds of a PBF Capacity Development Grant.

27. "PBF Grant" means a grant made or proposed to be made out of the proceeds of the Financing to a Health Service Provider to finance a Health Subproject; and "PBF Grants" means, collectively, two or more such grants.

28. "PBF Grant Agreement" means an agreement between the Recipient and a Health Service Provider, providing for a PBF Grant, and "PBF Grant Agreements" mean, collectively, two or more such agreements.

29. "PBF Manual" means the manual referred to in sub-paragraph I (a) (ii) of Section I.B of Schedule 2 to this Agreement.

30. "Performance Framework" means each framework agreement entered into between the Recipient, through the Technical PBF Unit, and select departments within the Ministry of Health and Population, or the Health Administration Unit(s), or the Health Verification Team(s), or civil society organization(s), and/or the Technical PBF Unit, as the case may be, under Section I.E of Schedule 2 to this Agreement, and pursuant to which a PBF Capacity Development Grant is made or proposed to be made by the Recipient, through
the Technical PBF Unit, to said select departments within the Ministry of Health and Population, or the Health Administration Unit(s), or the Health Verification Team(s), or civil society organization(s), and/or the Technical PBF Unit, as the case may be, and "Performance Frameworks" mean, collectively, two or more such framework agreements.


32. "Procurement Plan" means the Recipient's procurement plan for the Project, dated November 13, 2013 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.

33. "Project Counterpart Funds Account" means the account to be established and maintained by the Recipient in accordance with the provisions of Section I.H of Schedule 2 to this Agreement.

34. "Technical PBF Unit" means the Recipient's unit established within MoHP and referred to in Section I.A.2 of Schedule 2 to this Agreement.

35. "Training" means the costs associated with training, workshops and study tours provided under the Project, based on the Annual Work Plan and Budget approved by the Association pursuant to Section I.B.2 of Schedule 2 to this Agreement, consisting of reasonable expenditures (other than expenditures for consultants' services) for: (a) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.
Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

[Set forth here any project-specific modifications to the General Conditions.]

1. Section 3.02 is modified to read as follows:

“Section 3.02. Service Charge and Interest Charge

(a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

3. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

4. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”

5. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

6. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).]

1 These modifications will only apply to credits to countries that receive IDA financing on blend or hardened terms (i.e. with a 25 year maturity/5 year grace period) and that are approved by the Executive Directors on or after July 1, 2011.