Global Financing Facility
Grant Agreement
(Nigeria Basic Healthcare Provision Fund Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as an Implementing Agency of the Multi-Donor Trust Fund for the
Global Financing Facility in Support of Every Woman Every Child)
AGREEMENT dated as of the Signature Date, entered into between the FEDERAL REPUBLIC OF NIGERIA ("Recipient"); and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as an implementing agency of the Multi-Donor Trust Fund for the Global Financing Facility in Support of Every Woman Every Child ("GFF").

The Recipient and the World Bank hereby agree as follows:

**Article I**
**Standard Conditions; Definitions**


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 objectives of the project described in Schedule I to this Agreement ("Project"). To this end, the Recipient shall carry out the Project through NHIS, NPHCDA and FMOH at the federal level and SPHCDAs and SSHIAs at the state level 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 not to exceed 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 The Additional Condition of Effectiveness are as follows, namely that, the Recipient has adopted the BHCPF Operational Manual in accordance with the provisions of Section II.A of Schedule 2 to this Agreement.

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

Article V
Recipient's Representative; Addresses

5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the federal ministry responsible at the time for finance.
5.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Federal Ministry of Finance  
Ahmadu Bello Way  
Central Business District  
Abuja, Nigeria  

Facsimile:  
234 9 6273609

5.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Telex: Facsimile:  
248423 (MCI) or 1-202-477-6391  
64145 (MCI)
AGREED as of the Signature Date.

FEDERAL REPUBLIC OF NIGERIA

By

[Signature]

Authorized Representative

Name: ZAINAB SHAMSUNA AHMED (MRS)

Title: HONOURABLE MINISTER OF FINANCE

Date: NOVEMBER 6, 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as Implementing Agency of the Multi-Donor Trust Fund for the Global Financing Facility in Support of Every Woman Every Child)

By

[Signature]

Authorized Representative

Name: Rachid Benmessaoud

Title: COUNTRY DIRECTOR FOR NIGERIA

Date: 25-Oct-2018
SCHEDULE 1

Project Description

The objective of the Project is to establish the accreditation, verification and payment mechanisms for the operationalization of the Basic Health Care Provision Fund (BHCPF) in the Participating States.

The Project consists of the following parts:

Part 1: Strengthening Primary Health Care Services through the BHCPF

(a) Financing service delivery through fee-for-service approach: Delivering high impact maternal and child health services through the provision of the Performance Grants to eligible accredited public and private primary care providers in rural areas.

(b) Financing service delivery through decentralized facility financing: Delivering a high impact maternal and child health services through provision of Block Grants to eligible public sector public health care facilities.

Part 2: Strengthening Health Management Systems for the BHCPF Implementation

(a) Strengthening the capacity of the Secretariat of the BHCPF’s National Steering Committee through, inter alia: (i) provision of Operating Costs of the Secretariat; (ii) technical assistance and capacity building to monitor and coordinate the activities of the implementing institutions at the federal and state level; (iii) developing and piloting a verifiable payment system and information communications system for the BHCPF; and (iv) hiring of external auditors for the Project.

(b) Strengthening the capacity of NPHCDA and NHIS in implementing Part 1 of the Project.

(c) Strengthening the capacity of SSHIAs and SPHCDAs through, inter alia: (i) implementation of a pilot supervisory system to improve the quantity and quality of care provided under the Project; (ii) operational support for the implementation of Part 1 of the Project; and (iii) technical assistance for accrediting health facilities and verifying and processing disbursements under Part 1 of the Project.

(d) Providing operational support to the relevant Federal and State agencies for verifying payments made under Part 1 of the Project.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

Institutional Arrangements at the Federal Level

A. National Steering Committee (NSC)

The Recipient shall maintain, throughout the implementation of the Project, a National Steering Committee (NSC) of the BHCPF with functions, composition and resources satisfactory to the World Bank and as further elaborated in the BHCPF Operational Manual.

B. Secretariat of the NSC

The Recipient shall ensure that the NSC shall maintain, throughout the implementation of the Project, a Secretariat (also functioning as the Project coordinating unit) with functions, status, staffing and resources satisfactory to the World Bank and as further elaborated in the BHCPF Operational Manual.

C. Federal Project Financial Management Division (FPFMD)

The Recipient shall retain, throughout the implementation of the Project, staff from the accounting and internal audit units of the FPFMD, in adequate numbers and with qualifications and terms of reference satisfactory to the World Bank, to be responsible for the overall financial management of the Project in accordance with the provisions of this Agreement and the BHCPF Operational Manual including, but not limited to the preparation of budgets, monthly reports, interim unaudited financial reports, and annual financial statements.

D. Project Implementation Units

The Recipient shall, no later than commencing any of the Project activities, establish Project implementation units, each in NHIS and NPHCDA, and thereafter maintain them throughout the implementation of the Project, with functions, staffing and resources satisfactory to the World Bank and as further elaborated in the BHCPF Operational Manual.
Institutional Arrangements at the State Level

E. State Steering Committees

The Recipient shall ensure that each Participating State shall maintain throughout the implementation of the Project, steering committee at the state level with functions, composition and resources satisfactory to the World Bank ("State Steering Committee") and as further elaborated in the BHCPF Operational Manual.

F. State Primary Health Care Development Agencies and State Social Health Insurance Agencies

The Recipient shall ensure that each Participating State shall maintain, throughout the implementation of the Project, a SPHCDA and SSHIA tasked with implementing its functions under the Project as elaborated in the BHCPF Operational Manual.

G. State Project Financial Management Units

The Recipient shall ensure that each Participating State shall maintain, throughout the implementation of the Project, a Project financial management unit with functions, status, composition and resources satisfactory to the World Bank and as elaborated in the BHCPF Operational Manual.

Section II. Implementation Arrangements

A. BHCPF Operational Manual

1. The Recipient shall adopt and cause the Participating States to adopt the BHCPF Operational Manual in form and substance satisfactory to the World Bank, containing detailed arrangements and procedures for

   (a) institutional coordination and day-to-day execution of the Project;
   (b) disbursement and financial management, including disbursement conditions and procedures for payments of the Performance Grants and Block Grants and the Eligible Expenditures to be financed by the Block Grants;
   (c) verification protocol and procedures for the payments of the Performance Grant and Block Grants;
   (d) procurement, environmental and social safeguards management;
(e) eligibility criteria for selecting Beneficiaries under Part I of the Project; and

(f) such other administrative, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the BHCPF Operational Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the BHCPF Operational Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the BHCPF Operational Manual or any of its provisions without prior approval in writing by the World Bank.

B. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

C. Anti-Corruption

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

D. Environmental & Social Safeguards Instruments

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the HCWMP, and shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the HCWMP or any of its provisions without prior approval in writing by the World Bank, subject to the same approval and disclosure requirements as applicable to the adoption of the HCWMP.

E. Performance Grants and Block Grants

1. The Recipient shall ensure that each Participating State make each Performance Grant and each Block Grant under a Sub-grant Agreement between the Participating State and the respective Beneficiary, on terms and conditions satisfactory to the World Bank, which, \emph{inter alia}, shall include the following:
(a) the amount of the Performance Grant/Block Grant provided to the Beneficiary; the outputs and performance targets to be achieved; disbursement conditions; and the Eligible Expenditures to be financed;

(b) the obligation of the Beneficiary to:

(i) carry out the Subproject with due diligence and efficiency, and in accordance with sound technical, engineering, environmental, social, financial and managerial practices, and in accordance with the provisions of the BHCPF Operations Manual and the Health Care Waste Management Plan; and

(ii) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures related to the Subproject;

(c) the requirement that the goods, works, and services to be financed out of the proceeds of the Performance Grant/Block Grants shall be procured in accordance with the provisions of this Agreement, and shall be used exclusively in the carrying out of the Subproject;

(d) the obligation of the Beneficiary to:

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

(ii) at the World Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank.

(e) the right of the Recipient, to:

(i) inspect by itself, or jointly with the World Bank, if the World Bank shall so request, the goods and sites included in the Subproject, the operations thereof and any relevant records and documents;

(ii) obtain all information as it, or the World Bank, shall reasonably request regarding the administration, operation and financial conditions of the Subproject and the Beneficiary; and
(iii) suspend or terminate the right of any Beneficiary to use the proceeds of the Performance Grant/Block Grant, or obtain a refund of all or any part of the amount of the Performance Grant/Block Grant then withdrawn, upon failure by the Beneficiary to perform any of its obligations under the Sub-grant Agreement.

2. The Recipient shall, and shall ensure that the Participating States, exercise their respective rights and perform their respective obligations under the Sub-grant Agreements in such manner as to protect the interests of the Recipient, the Participating States and the World Bank, and to accomplish the purposes of the Performance Grant/Block Grants, and, except as the World Bank shall otherwise agree, the Recipient shall ensure that it and the Participating States shall not assign, amend, abrogate or waive any Sub-grant Agreement or any provision thereof.

F. Verification Arrangements

Recipient shall cause the Participating States to ensure that the payments of the Performance Grants and Block Grants provided under Part 1 of the Project are verified using protocols detailed in the BHCPF Operational Manual prior to submission of any payment requests to the SPFMU.

Section III. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

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 calendar year, and shall be furnished to the World Bank not later than forty-five (45) 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 (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall prepare and furnish to the World Bank interim unaudited financial reports for the Project, not later than forty-five (45) days after the end of
each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project 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 Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

4. Without limitation to the provisions of paragraphs 1 through 3 of this Part B, the Recipient shall, not later than nine (9) months after the end of each Fiscal Year, or such later date as the World Bank may agree, furnish to the World Bank the annual state audit report prepared by the respective Participating State's Auditor General.

Section IV. Procurement

All goods, works, non-consulting services and consulting 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 the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated July 4, 2018, provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

Section V. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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:
Percentage of Amount of the Expenditures to be Grant Allocated Financed
Category (expressed in USD) (inclusive of Taxes)

(1) Performance Grants and Block Grants under Part I of the Project 17,000,000 100%
(2) Goods, works, non-consulting services, consultants’ services (including audits), Operating Costs, and Training under Part 2 of the Project. 3,000,000 100%
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 for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2022.
APPENDIX


2. “Basic Health Care Provision Fund” or “BHCPF” means the fund established by the National Health Act.

3. “Beneficiary” means a private or public health care facility eligible to receive a Performance Grant under Part 1(a) of the Project, or a public sector health care facility eligible to receive a Block Grant under Part 1(b) of the Project, all in accordance with the provisions of this Agreement and the eligibility criteria set out in the BHCPF Operational Manual, and the term “Beneficiaries” means the plural thereof.

4. “BHCPF Operational Manual” means the manual to be adopted by the Recipient pursuant to the provisions in Section II.A of Schedule 2, and as revised from time to time with the prior written approval of the World Bank.

5. “Block Grant” means a grant provided or to be provided to an eligible Beneficiary who shall have met the section criteria set out in the BHCPF Operational Manual for carrying out Part 1(b) of the Project pursuant to the terms and conditions of the Sub-grant Agreement (as defined below); and the term “Block Grants” means the plural thereof.

6. “Category” means a category set forth in the table in Section V, Part A, paragraph 2 of Schedule 2 to this Agreement.

7. “Federal Ministry of Finance” and the acronym “FMOF” mean the Recipient’s federal ministry responsible for finance and any successor thereto.

8. “Federal Ministry of Health” and the acronym “FMOH” mean the Recipient’s federal ministry responsible for health and any successor thereto.

9. “Fiscal Year” or the acronym “FY” means the Recipient’s fiscal year commencing January 1 and ending December 31 in each year.

10. “FPFMD” means the Federal Project Financial Management Division of the Recipient’s Office of the Accountant General which is responsible for the financial management aspects of the Project, and any successor thereto.

11. “Health Care Waste Management Plan” or “HCWMP” means the plan prepared by the Recipient and publicly disclosed on March 26, 2018, setting out the
12. "MOBNP" means the Recipient's Ministry of Budget and National Planning and any successor thereto.

13. "National Health Act" means an Act to provide a framework for the regulation, development and management of a national health system and set standards for rendering health services in the Federation established under Act. No. 8 on October 31, 2014.

14. "National Steering Committee" means the national steering committee established under the Recipient's BHCPF.

15. "NHIS" means the Recipient's National Health Insurance Scheme and any successor thereto.

16. "NPHCDA" means the Recipient's National Primary Health Care Development Agency and any successor thereto.

17. "Operating Costs" means the operating costs incurred for the purposes of the implementation of the Project including maintenance of vehicles and equipment, fuel, office supplies, utilities, consumables, rental charges, bank charges, advertising expenses, travel, per diems, accommodation, and salaries of selected support staff, but excluding salaries of consultants and salaries of officials of the Recipient's civil service.

18. "Participating Health Facility" means a primary health care facility, a general hospital or a secondary hospital within the jurisdiction of each Participating State, selected to participate under Part 1 of the Project.

19. "Participating State" means each of Abia State, Niger State and Osun State of the Recipient and which has respectively entered into a Sub-grant Agreement with the Recipient, in accordance with Section II, Part E of Schedule 2 to this Agreement for the purpose of carrying out its Respective Parts of the Project.

20. "Performance Grant" means a grant provided or to be provided to an eligible Beneficiary who shall have met the section criteria set out in the BHCPF Operational Manual for carrying out Part 1(a) of the Project pursuant to the terms and conditions of the Sub-grant Agreement (as defined below); and the term "Performance Grants" means the plural thereof.

21. "Procurement Plan" means the Recipient's procurement plan for the Project, dated July 4, 2018, as the same shall be updated from time to time.

23. "Respective Part of the Project" means, in respect of each Participating State, the activities approved for inclusion in the Project and to be carried out within the Participating State's jurisdiction.

24. "Secretariat" means the secretariat established under the Recipient's National Steering Committee, and with the responsibilities set out in Section I.B. of Schedule 2 to this Agreement.

25. "SMOF" means each Participating State ministry responsible for finance and any successor thereto.

26. "SMOH" means each Participating State's ministry responsible for health and any successor thereto.

27. "SPHCDA" means the State Primary Health Care Development Agency established and operating pursuant to the laws of the respective Participating State and any successor thereto.

28. "SSHIA" means the State Social Health Insurance Agency, established and operating pursuant to the laws of the respective Participating State and any successor thereto.


30. "State Project Financial Management Unit" and the acronym "SPFMU" mean the unit within each SMOF to be maintained in accordance with the provisions of Section 1, Part F of Schedule 2 to this Agreement.

31. "State Project Steering Committee" means the committee to be maintained by each Participating State in accordance with the provisions of Section 1, Part D of Schedule 2 to this Agreement.

32. "Sub-grant Agreement" means the agreement entered into or to be entered into between the Participating States and each Beneficiary regarding the provision of a Performance Grant and a Block Grant under Part 1 of the Project and as referred to in Section IV.B. of Schedule 2 to this Agreement.

33. "Subproject" means the Project activities to be carried out under Part 1 of the Project.
34. "Training" means the reasonable costs associated with the participation of personnel involved in Project supported training activities, workshops and study tours, including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course, workshop or study tour preparation and implementation.