Financing Agreement

(Health Governance and Nutrition Development Project)

between

LAO PEOPLE’S DEMOCRATIC REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 13, 2015
FINANCING AGREEMENT

AGREEMENT dated August 17, 2015, entered into between LAO PEOPLE'S DEMOCRATIC REPUBLIC ("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 grant and a credit (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule I to this Agreement ("Project"):  

(a) an amount equivalent to nine million four hundred thousand Special Drawing Rights (SDR 9,400,000) ("Grant"); and

(b) an amount equivalent to nine million four hundred thousand Special Drawing Rights (SDR 9,400,000) ("Credit").

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Payment Dates are May 15 and November 15 in each year.
2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollars.

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 its Ministry of Health ("MOH") 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 Effectiveness Deadline is the date ninety (90) 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. The Recipient’s Representative is its Minister at the time responsible for finance.
5.02. The Recipient’s Address is:

Ministry of Finance
23rd Singha Road
Saysettha District
Vientiane
Lao PDR

Facsimile:

856-21-412142

5.03. The Association’s Address is:

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

Facsimile:

1-202-477-6391
AGREED at Vientiane, Lao People's Democratic Republic, as of the day and year first above written.

LAO PEOPLE'S DEMOCRATIC REPUBLIC

By

[Signature]
Authorized Representative

Name: [Signature]
Title: [Signature]

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: [Signature]
Title: [Signature]
SCHEDULE 1

Project Description

The objective of the Project is to help increase coverage of reproductive, maternal and child health, and nutrition services in target areas in the Recipient’s territory.

The Project consists of the following parts:

Part 1: Health Sector Governance Reform

1.1 (a) Development, implementation and maintenance of an improved health management information system of the MOH; and (b) technical support, capacity building and training for MOH staff at the central, provincial and district levels in the use of such system.

1.2 Development and implementation of improved business processes for the notification of births, and training for MOH staff in the use of such system.

Part 2: Service Delivery

2.1 Carrying out of a program of activities designed to strengthen the Recipient’s health system management at the central level to support and oversee the implementation of decentralized health and nutrition service delivery.

2.2 Carrying out of a program of activities designed to strengthen: (a) the Recipient’s health system administration, management, financial management, and monitoring and evaluation at the provincial level; and (b) the delivery of reproductive, maternal and child health, and nutrition services at the provincial, district, village and health facility level in Target Provinces.

Part 3: Nutrition Social and Behavioral Change Communication

3.1 Development of an integrated national strategy and implementation plan for social and behavioral change communication to improve nutrition.

3.2 Implementation of the strategy developed under Part 3.1 at the national level and at the village level in selected priority districts, including development and production of marketing and communication tools and materials, and facilitation of training and communication sessions at the village level with a focus on sanitation, personal and environmental hygiene, maternal and child health, and/or other determinants of health and nutrition.
Part 4: Project Management, Monitoring and Evaluation

4.1 Provision of technical and operational assistance for the day-to-day coordination, administration, procurement, financial management, environmental and social safeguards management, and monitoring and evaluation of the Project, including the development of checklists for supervision of health facilities, the conduct of third-party verifications of the achievement of Disbursement Linked Indicators, and the carrying out of financial audits of the Project.

4.2 Provision of technical assistance for capacity building of MOH staff at the provincial and district level for the monitoring and reporting of Disbursement Linked Indicators, capacity building of MOH staff at the national, provincial and district level for health program planning and implementation, and carrying out of studies and surveys necessary to inform the implementation of Project activities.

Part 5: Contingent Emergency Response

Provided of immediate response to an Eligible Crisis or Emergency, as needed.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Ministry of Health

The Recipient shall establish by not later than the Effective Date, and thereafter maintain throughout the Project implementation period, a National Program Coordination Office (“NPCO”) at the MOH with a mandate and resources satisfactory to the Association, including a Program Director supported by staff in numbers and with terms of reference and qualifications satisfactory to the Association, which shall be responsible for, inter alia: (a) the overall administration of the Project, including the preparation of Annual Work Plans and Budgets and approval of the Project Operations Manual; (b) the overall implementation of Project activities and achievement of DLIs at the national level with the support of MOH technical departments and those PHOs and DHOs participating in the Project; (c) the overall administration of financial management, procurement, environmental and social safeguards management, and communication of all Project activities; (d) the overall monitoring, evaluation and reporting of Project activities and DLIs; and (e) reporting to Technical Working Groups on the implementation of Project activities and the achievement of DLIs.

2. Provincial Health Offices

The Recipient shall maintain, throughout the Project implementation period, Project implementation staff at the PHO of each Target Province in numbers and with terms of reference, qualifications and resources satisfactory to the Association, which shall be responsible for, inter alia: (a) the implementation of Project activities and achievement of DLIs at the provincial level; (b) the monitoring and reporting to the MOH of Project activities and achievement of DLIs at the provincial level; and (c) the provision of technical support to DHOs in the implementation of Project activities at the district level and village level.

3. District Health Offices

The Recipient shall maintain, throughout the Project implementation period, Project implementation staff at each DHO participating in the Project in numbers and with terms of reference, qualifications and resources satisfactory to the Association, which shall be responsible for, inter alia: (a) the implementation of Project activities at the district and village level and reporting to the PHO on said
activities; and (b) the supervision and provision of technical support to health facilities in their delivery of reproductive, maternal and child health, and nutrition services.

B. Memoranda of Understanding

1. To facilitate the carrying out of Part 2.2 of the Project, the Recipient shall make part of the proceeds of the Financing allocated from time to time to Category (1) of the table set forth in Section IV.A.2 of this Schedule available to the Target Provinces under a memorandum of understanding between the Recipient and each Target Province, under terms and conditions satisfactory to the Association ("Memorandum of Understanding"), each of which shall include, inter alia, the following:

   (a) the DLIs, DLI Targets, DLI Values and DLI Target Achievement Dates for the respective Target Province for each of the Provincial Level DLIs, including baseline data;

   (b) the respective Target Province’s obligation to comply with the relevant provisions of the Project Operations Manual, including the verification protocol containing the technical standards and arrangements and procedures for the monitoring, reporting and verification of DLIs; and

   (c) the Recipient’s obligation to provide all such resources as may be necessary for the respective Target Province to carry out aforesaid responsibilities, all in accordance with the provisions of this Agreement.

2. The Recipient shall exercise its rights under the Memoranda of Understanding 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, the Recipient shall not assign, amend, abrogate or waive any of the Memoranda of Understanding or any of their provisions.

C. Project Operations Manual

1. The Recipient shall prepare and adopt the Project Operations Manual, in form and substance satisfactory to the Association, and thereafter ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Operations Manual as agreed with the Association.

2. Unless the Association otherwise agrees in writing, the Recipient shall not amend, abrogate or waive any provision of the Project Operations Manual.
3. In the case of any conflict between the provisions of the Project Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

D. Annual Work Plans and Budgets

The Recipient shall:

(a) prepare, not later than February 15 of each year, an annual work plan and budget (“Annual Work Plan and Budget”) for the Project for the following Fiscal Year, in a manner and substance satisfactory to the Association, covering the activities and expenditures proposed for the subsequent year of Project implementation, and the source(s) of financing of such activities and expenditures; which plan and budget shall be of such scope and detail as the Association shall have reasonably requested; and

(b) thereafter implement the activities under the Project during the relevant Fiscal Year in accordance with such plan and budget as agreed with the Association.

E. Anti-Corruption

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

F. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Safeguard Instruments.

2. The Recipient shall ensure that the activities under the Project do not involve, or result in, any land acquisition or displacement of persons.

3. Without limitation on paragraph 2 above or the provisions of Section IV of this Schedule, any activities involving the acquisition of land or the displacement of persons shall not be eligible to be carried out or financed under the Project.

4. Whenever an additional or revised ECOP is required for any proposed activity under the Project, the Recipient shall:

(a) prior to the commencement of such activity, proceed to have such ECOP:

(i) prepared in accordance with the provisions of the Association’s environmental and social safeguards policies; (ii) furnished to the Association for review and approval, and ensure that the Association has notified the Recipient in writing of its no-objection thereto; and (iii)
thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association; and

(b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ECOP.

5. The Recipient shall ensure that any studies and technical assistance activities to be supported by the Project are carried out under terms of reference satisfactory to the Association and are consistent with, and pay due attention to, the Association’s environmental and social safeguard policies.

6. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association, as part of the Project Reports, consolidated reports on the status of compliance with the Safeguard Instruments, giving details of:

(a) measures taken in accordance with the said instruments;

(b) conditions, if any, which interfere or threaten to interfere with the implementation of the said measures; and

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

7. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the Safeguard Instruments unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the Safeguard Instruments.

8. In the case of any conflict between the provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

G. DLI Monitoring and Reporting

1. The Recipient shall, not later than November 30, 2015, appoint, and thereafter maintain throughout the Project implementation period, an independent academic institution, with terms of reference and qualifications satisfactory to the Association and procured in accordance with the provisions of Section III of this Schedule, for the purpose of carrying out independent verifications of the status of achievement of DLI Targets in accordance with the verification protocol and procedures set out in the Project Operations Manual.

2. Without limitation on its other reporting obligations under this Agreement, the Recipient shall: (a) not later than December 18, 2015 for Year 0, and not later
than September 1 of each subsequent Year during the Project implementation period, furnish reports to the Association on the status of achievement of the relevant DLI Targets; and (b) not later than December 18, 2015 for Year 0, and not later than September 1 of each subsequent Year during the Project implementation period, furnish to the Association the reports of the independent academic institution referred to in paragraph 1 above, all in accordance with the verification protocol and procedures set out in the Project Operations Manual.

H. **Contingent Emergency Response**

1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project ("Emergency Response Part"), the Recipient shall:

   (a) prepare and furnish to the Association for its review and approval, an Emergency Response Manual ("ERM") which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any special institutional arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for the Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) application of the Safeguard Instruments and any other relevant safeguard instruments to the Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response Part;

   (b) afford the Association a reasonable opportunity to review the proposed ERM;

   (c) promptly adopt the ERM for the Emergency Response Part as accepted by the Association;

   (d) ensure that the Emergency Response Part is carried out in accordance with the ERM; provided, however, that in the event of any inconsistency between the provisions of the ERM and this Agreement, the provisions of this Agreement shall prevail; and

   (e) not amend, suspend, abrogate, repeal or waive any provision of the ERM without the prior written approval by the Association.
2. The Recipient shall undertake no activities under the Emergency Response Part unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) the Recipient has ensured the preparation and disclosure of all safeguard instruments as may be required for said activities in accordance with the ERM, the Association has approved all said instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.

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 and specified in the Project Operations Manual. Each Project Report shall cover the period of six (6) months of the Fiscal Year, 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: (a) on or about the date twenty four (24) months after the Effective Date, prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Part A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objectives during the period following such date; and (b) review with the Association such mid-term report, on or about the date forty-five (45) days after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Association’s views on the matter.
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 Reports, not later than forty five (45) days after the end of each six (6) months of the Fiscal Year, interim unaudited financial reports for the Project covering that period, 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. 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.

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 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 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 additional provisions set out in paragraph 3 of this Section III.B; (b) Shopping; and (c) Direct Contracting.

3. Additional NCB Provisions. The procurement procedure to be followed for National Competitive Bidding shall be based on the public bidding procurement method as defined in the Decree No. 03/PM on Government Procurement of Goods, Construction, Maintenance and Services, dated January 9, 2004 and the Implementing Rules and Regulations, dated March 12, 2004 as amended on May 5, 2009; provided that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following additional provisions:

(a) Eligibility: The eligibility of bidders to participate in a procurement process and to be awarded a contract financed by the Association shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines.

(b) Domestic Preference: No domestic preference may be applied in bid evaluation on the basis of bidder nationality, the origin of goods, services or labor, and/or preferential programs.

(c) Registration and Inclusion in the Reference List of Suppliers/Contractors: Registration and inclusion in the reference list shall not be used as a basis for or as a substitute for assessing the bidders' qualifications.

(d) Bidding Documents: Procuring entities shall use the appropriate standard bidding documents acceptable to the Association, which documents shall be prepared to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.

(e) Bid Opening: All bids must be opened in public immediately at on the deadline set for the bid submission at the date, time and place stipulated in the tender documents. Bids shall be opened in public, that is, the
bidders or their representatives may attend the bid opening. The tender committee shall announce the names of the bidders and the price offered by each bidder. A record of the bid opening shall be prepared and shall contain the names of the bidders, bid price, discounts and the names of persons in attendance and the organizations they represent.

(f) Rejection of Bids and Re-bidding: All bids (or the sole bid if only one bid is received) shall not be rejected, negotiations shall not take place at any time with a bidder, the procurement process shall not be cancelled, or new bids shall not be solicited without the Association's prior written concurrence.

(g) Contract Modifications: With respect to contracts subject to the Association's Prior Review, the Recipient shall obtain the Association's no objection before agreeing to: (i) a material extension of the stipulated time for performance of a contract; (ii) any substantial modification of the contract scope of services or other significant changes to the terms and conditions of the contract; (iii) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (iv) the proposed termination of the contract. A copy of all signed contract amendments shall be provided to the Association for its record.

(h) Bid and Contract Securities: All bid and contract securities shall be in the format specified in the bidding documents.

(i) Fraud and Corruption: To be deemed acceptable by the Association, the bidding documents and contract shall include provision(s) stating the Association's policy to sanction firms or individuals found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

(j) Inspection and Audit Rights: In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.
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) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Single-source Selection of consulting firms; (e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) 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. Procurement of Emergency Expenditures under the Emergency Response Part

Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for activities included in the Emergency Response Part shall be procured in accordance with the procurement methods and procedures set forth in the ERM.

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 Credit 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>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) Eligible Expenditure Programs under Part 2 of the Project</td>
<td>6,900,000</td>
<td>6,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consultants’ services, Training and Workshops, and Operating Costs under Parts 1, 3 and 4 of the Project</td>
<td>2,500,000</td>
<td>2,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Emergency Expenditures under Part 5 of the Project</td>
<td>0</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>9,400,000</td>
<td>9,400,000</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, except that withdrawals up to an aggregate amount not to exceed SDR 3,760,000 may be made for payments made prior to this date but on or after October 1, 2014, for Eligible Expenditure Programs under Categories (1) or (2) subject to the requirements referred to in paragraph (b) below;

   (b) for Eligible Expenditure Programs under Category (1), unless and until the Recipient has:

   (i) prepared and adopted the chapter of the Project Operations Manual related to Part 2 of the Project, in form and substance satisfactory to the Association;
(ii) furnished evidence satisfactory to the Association in accordance with the verification protocol set forth in the Project Operations Manual that the Recipient has achieved the respective DLI Targets set forth in Schedule 4 to this Agreement against which withdrawal is requested, including, without limitation, that in respect of DLI Targets for Provincial Level DLIs, that a Memorandum of Understanding has been duly executed, in form and substance satisfactory to the Association, between the Recipient and the respective Target Province to which the respective DLI Target applies; and

(iii) complied with the additional instructions referred to in Section IV.A of this Schedule, including furnished to the Association the applicable interim unaudited financial reports documenting the incurrence of Eligible Expenditure Programs during the respective Fiscal Year up to the date against which withdrawal is requested; or

(c) for Emergency Expenditures under Category (3), unless and until the Association is satisfied that all of the following conditions have been met in respect of said expenditures:

(i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has ensured that all safeguards instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Sections I.F and I.H of this Schedule;

(iii) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.H of this Schedule, for the purposes of said activities; and

(iv) the Recipient has adopted the ERM, in form and substance acceptable to the Association, and the provisions of the ERM remain - or have been updated in accordance with the provisions
of Section I.H of this Schedule so as to be appropriate for the inclusion and implementation of the Emergency Response Part.

2. Notwithstanding the provisions of Parts A and B.1(b) of this Section, the amount of the Financing to be withdrawn upon the verified achievement of any DLI Target shall correspond to the DLI Value of such DLI Target as set forth in Schedule 4 to this Agreement.

3. Notwithstanding the provisions of Part B.1(b) of this Section, if the Association shall determine, based on the evidence furnished by the Recipient under Part B.1 of this Section, that:

   (a) any DLI Target has been partially achieved, provided that, at a minimum, the Minimum DLI Result has been achieved or exceeded, the Association may in its sole discretion authorize the withdrawal of a portion of the amount of the Financing then allocated to said DLI Target, calculated on a pro rata basis in respect of the level of partial achievement of said DLI Target; and

   (b) any DLI Target has not been fully achieved by its DLI Target Achievement Date, the Association may in its sole discretion, by notice to the Recipient:

      (i) withhold in whole or in part the amount of the Financing allocated to such DLI Target;

      (ii) disburse in whole or in part the withheld amount of the Financing allocated to such DLI Target at any later time prior to the Closing Date if and when the Association shall be satisfied that the DLI Target for any subsequent Fiscal Year (if applicable) under the same DLI has been fully achieved;

      (iii) reallocate in whole or in part any withheld amount of the Financing allocated to such DLI Target; and/or

      (iv) cancel in whole or in part any withheld amount of the Financing allocated to such DLI Target.

4. The Closing Date is December 31, 2020.
Section V. **Other Undertakings**

The amounts of the Grant allocated under each Category shall be disbursed before the amounts of the Credit allocated under such Category.
**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 May 15 and November 15, commencing November 15, 2021 to and including May 15, 2053</td>
<td>1.5625%</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.
<table>
<thead>
<tr>
<th>DLIs</th>
<th>Year 0</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central Level DLI 1:</strong> Percentage of HMIS data reports from the Target Provinces provided on time and fully completed in accordance with the National Guidelines for DHIS2 Implementation</td>
<td>DLI Target: (1) National Guidelines on DHIS2 Implementation approved by MOH Steering Committee; and (2) Baseline established for April 1, 2015 – June 30, 2015 on the completeness and timeliness of data entry reports</td>
<td>DLI Target: Average percentage of HMIS data reports from all Target Provinces provided on time and fully completed in accordance with the National Guidelines for DHIS Implementation increased by 10% over baseline</td>
<td>DLI Target: Average percentage of HMIS data reports from all Target Provinces provided on time and fully completed in accordance with the National Guidelines for DHIS Implementation increased by 20% over baseline</td>
<td>DLI Target: Average percentage of HMIS data reports from all Target Provinces provided on time and fully completed in accordance with the National Guidelines for DHIS Implementation increased by 30% over baseline</td>
<td>DLI Target: Average percentage of HMIS data reports from all Target Provinces provided on time and fully completed in accordance with the National Guidelines for DHIS Implementation increased by 40% over baseline</td>
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<td>DLI Value: SDR 90,000</td>
<td>DLI Value: SDR 90,000</td>
<td>DLI Value: SDR 90,000</td>
<td>DLI Value: SDR 90,000</td>
<td>DLI Value: SDR 90,000</td>
<td>DLI Value: SDR 90,000</td>
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<tr>
<td><strong>Central Level DLI 2:</strong> Number of Target Provinces which have two quarters’ stock of Essential Family Planning and Nutrition Commodities</td>
<td>DLI Target: (1) MOH committee established to forecast and monitor the supply of Essential Family Planning and Nutrition Commodities in all Target Provinces</td>
<td>DLI Target: Details of stock availability of Essential Family Planning and Nutrition Commodities in all Target Provinces</td>
<td>DLI Target: 4 Target Provinces have 2 quarters’ stock of Essential Family Planning and Nutrition Commodities available every</td>
<td>DLI Target: 8 Target Provinces have 2 quarters’ stock of Essential Family Planning and Nutrition Commodities available every</td>
<td>DLI Target: 12 Target Provinces have 2 quarters’ stock of Essential Family Planning and Nutrition Commodities available every</td>
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<td>Disbursement Linked Indicators with DLI Targets and DLI Values</td>
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<td><strong>DLIs</strong></td>
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<td><strong>Year 4</strong></td>
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<tr>
<td>Commodities; and (2) List of Essential Family Planning and Nutrition Commodities approved by MOH committee</td>
<td>recorded by MOH quarter of the Year DLI Value: SDR 1,060,000</td>
<td>quarter of the Year DLI Value: SDR 1,040,000</td>
<td>quarter of the Year DLI Value: SDR 0</td>
<td>quarter of the Year DLI Value: SDR 0</td>
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<tr>
<td><strong>DLI Value:</strong> SDR 30,000</td>
<td><strong>Central Level DLI 3:</strong> Number of Target Provinces in which the number of health centers without a community midwife has been reduced</td>
<td>DLI Target: Baseline for number of health centers with no community midwife in each Target Province established</td>
<td>DLI Target: 4 Target Provinces report 20% reduction from baseline DLI Value: SDR 140,000</td>
<td>DLI Target: 6 Target Provinces report 40% reduction from baseline DLI Value: SDR 140,000</td>
<td>DLI Target: 8 Target Provinces report 60% reduction from baseline DLI Value: SDR 0</td>
</tr>
<tr>
<td><strong>DLI Value:</strong> SDR 140,000</td>
<td><strong>Central Level DLI 4:</strong> Number of women in Target Provinces who receive free maternity health care services</td>
<td>DLI Target: Government decree issued for the implementation of guidelines for the nationwide provision of free maternity health</td>
<td>DLI Target: Baseline for number of women receiving free maternal health care services in Target Provinces established</td>
<td>DLI Target: 10% increase over baseline DLI Value: SDR 0</td>
<td>DLI Target: 20% increase over baseline DLI Value: SDR 0</td>
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</tbody>
</table>
### Disbursement Linked Indicators with DLI Targets and DLI Values

<table>
<thead>
<tr>
<th>DLIs</th>
<th>Year 0</th>
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<tbody>
<tr>
<td>care services</td>
<td>DLI Value: SDR 720,000</td>
<td>DLI Value: SDR 280,000</td>
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</tbody>
</table>

#### Provincial Level DLIs

<table>
<thead>
<tr>
<th>Provincial Level DLI 1: Number of women who deliver with a skilled birth attendant at home or at a health facility</th>
<th>DLI Target per Target Province: Target Province Baseline established</th>
<th>DLI Target per Target Province: 10% increase over Target Province Baseline</th>
<th>DLI Target per Target Province: 20% increase over Target Province Baseline</th>
<th>DLI Target per Target Province: 30% increase over Target Province Baseline</th>
<th>DLI Target per Target Province: 40% increase over Target Province Baseline</th>
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<tbody>
<tr>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 0</td>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 0</td>
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</table>
### Disbursement Linked Indicators with DLI Targets and DLI Values

<table>
<thead>
<tr>
<th>DLIs</th>
<th>Year 0</th>
<th>Year 1</th>
<th>Year 2</th>
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</thead>
<tbody>
<tr>
<td><strong>Provincial Level DLI 2:</strong> Number of pregnant women who receive 4 Antenatal Care Contacts</td>
<td>DLI Target per Target Province: Target Province Baseline established</td>
<td>DLI Target per Target Province: 10% increase over Target Province Baseline</td>
<td>DLI Target per Target Province: 20% increase over Target Province Baseline</td>
<td>DLI Target per Target Province: 30% increase over Target Province Baseline</td>
<td>DLI Target per Target Province: 40% increase over Target Province Baseline</td>
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<tr>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
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<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
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<tr>
<td><strong>Provincial Level DLI 3:</strong> Number of new women aged 15-49 years adopting long term methods of family planning</td>
<td>DLI Target per Target Province: Target Province Baseline established</td>
<td>DLI Target per Target Province: 10% increase over Target Province Baseline</td>
<td>DLI Target per Target Province: 20% increase over Target Province Baseline</td>
<td>DLI Target per Target Province: 30% increase over Target Province Baseline</td>
<td>DLI Target per Target Province: 40% increase over Target Province Baseline</td>
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<tr>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
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<td>DLIs</td>
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<td>SDR 500,000</td>
<td>Provinces of SDR 500,000</td>
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<tr>
<td>Provincial Level DLI 4: Number of children under 5 years who receive nutrition counselling and an updated growth chart in accordance with MOH guidelines</td>
<td>DLI Target per Target Province: Health facility staff in selected priority districts trained in nutrition counselling in accordance with MOH guidelines</td>
<td>DLI Target per Target Province: Target Province Baseline established</td>
<td>DLI Target per Target Province: 10% increase over Target Province Baseline</td>
<td>DLI Target per Target Province: 20% increase over Target Province Baseline</td>
<td>DLI Target per Target Province: 30% increase over Target Province Baseline</td>
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<tr>
<td>DLI Value per Target Province:</td>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
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<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
</tr>
<tr>
<td>Provincial Level DLI 5: Number of villages in Zones 2 and 3 with health centers in which Integrated Outreach Sessions are conducted at least four times during the Year</td>
<td>DLI Target per Target Province: Target Province Baseline established</td>
<td>DLI Target per Target Province: 10% increase over Target Province Baseline</td>
<td>DLI Target per Target Province: 20% increase over Target Province Baseline</td>
<td>DLI Target per Target Province: 30% increase over Target Province Baseline</td>
<td>DLI Target per Target Province: 40% increase over Target Province Baseline</td>
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<tr>
<td>DLI Value per Target Province:</td>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
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<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
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</table>
## Disbursement Linked Indicators with DLI Targets and DLI Values

<table>
<thead>
<tr>
<th>DLIs</th>
<th>Year 0</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
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</thead>
<tbody>
<tr>
<td>Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
<td>Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
<td>As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 500,000</td>
<td>As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 0</td>
<td>As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 0</td>
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</tbody>
</table>

### Provincial Level DLI 6: Percentage of health centers and district hospitals in the Target Provinces which score more than 50% on the Standard Supervisory Checklist for every quarter of the Year

- **DLI Target per Target Province:**
  - Training of at least 1 PHO staff of each Target Province in the use of Standard Supervisory Checklists completed
- **DLI Value per Target Province:**
  - As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 140,000

- **DLI Target per Target Province:**
  - Training of at least 2 health facility staff in each district of each Target Province in the use of Standard Supervisory Checklists completed; and
- **DLI Value per Target Province:**
  - (2) Standard Supervisory Checklist scores for all health centers and district hospitals in each Target Province for 2 quarters of the Year completed and recorded by PHO

- **DLI Target per Target Province:**
  - 30% of health centers and district hospitals in Target Province score more than 50% on the Standard Supervisory Checklist for every quarter of the Year
- **DLI Value per Target Province:**
  - As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 670,000

- **DLI Target per Target Province:**
  - 50% of health centers and district hospitals in Target Province score more than 50% on the Standard Supervisory Checklist for every quarter of the Year
- **DLI Value per Target Province:**
  - As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 0

- **DLI Target per Target Province:**
  - 70% of health centers and district hospitals in Target Province score more than 50% on the Standard Supervisory Checklist for every quarter of the Year
- **DLI Value per Target Province:**
  - As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 0
<table>
<thead>
<tr>
<th>DLIs</th>
<th>Year 0</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
</tr>
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<tbody>
<tr>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 670,000</td>
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<tr>
<td>Proincial Level DLI 7: Percentage increase in Target Province non-salary health recurrent expenditure allocated to the districts</td>
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<td>DLI Target per Target Province: Target Province Baseline established</td>
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<td>DLI Target per Target Province: Target Province Baseline</td>
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<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 140,000</td>
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<tr>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 430,000</td>
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<tr>
<td>DLI Target per Target Province: 5% increase over Target Province Baseline</td>
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<tr>
<td>DLI Target per Target Province: 10% increase over Target Province Baseline</td>
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<tr>
<td>DLI Target per Target Province: 15% increase over Target Province Baseline</td>
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<td>DLI Target per Target Province: 20% increase over Target Province Baseline</td>
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<tr>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 0</td>
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<tr>
<td>DLI Value per Target Province: As set out in the Project Operations Manual up to a maximum total DLI Value for all Target Provinces of SDR 0</td>
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APPENDIX

Definitions

1. "Annual Work Plan and Budget" means the Recipient’s annual work plan and budget for the Project for the following Fiscal Year, referred to in Section I.D of Schedule 2 to this Agreement; and “Annual Work Plans and Budgets” means, collectively, more than one such plan and budget.

2. “Antenatal Care Contact” means the delivery of a package of antenatal health and nutrition services by a skilled birth attendant in accordance with guidelines developed by the MOH Maternal and Child Health Center.


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

5. “Central Level DLIs” means, collectively, the DLIs set to be achieved by the Recipient at the national level, as set forth in the table in Schedule 4 to this Agreement; and “Central Level DLI” means, individually, any of them.


7. “DHIS2” means the MOH web-based health management and information system.

8. “DHO” means a District Health Office of the MOH, responsible for health management activities in the respective district of the Recipient’s territory.

9. “Disbursement Linked Indicator” and the acronym “DLI” means any one of the indicators set out in the table in Schedule 4 to this Agreement; and “DLIs” means, collectively, all such DLIs.

10. “DLI Target” means the annual target set to be achieved under each DLI as set forth in the table in Schedule 4 to this Agreement.

11. “DLI Target Achievement Date” means, with regard to each DLI Target, the end of the Fiscal Year during which the relevant DLI Target is set to be achieved as set forth in the table in Schedule 4 to this Agreement.
12. "DLI Value" means the total amount of the Financing allocated to each DLI Target as set forth in the table in Schedule 4 to this Agreement, as such amount may be reallocated in whole or in part among the DLI Targets or among the Categories by notice by the Association from time to time.

13. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

14. "Eligible Expenditure Programs" means MOH's budget lines consisting of Chapter 10 (wages and salaries for MOH staff), as set forth in the Project Operations Manual, which are required to support implementation of Part 2 of the Project.


16. "Emergency Response Manual" and the acronym "ERM" means the plan referred to in Section I.H of Schedule 2 to this Agreement, to be adopted by the Recipient for the Emergency Response Part in accordance with the provisions of said Section.

17. "Emergency Response Part" means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 5 of the Project.

18. "Environmental Code of Practice" and "ECOP" mean the Recipient's code dated March 1, 2015 and each subsequent code to be prepared by the Recipient pursuant to Section I.F.4 of Schedule 2 to this Agreement, satisfactory to the Association, setting out measures and procedures to avoid, minimize and/or mitigate any adverse environmental, social, health and safety impacts that may result from the implementation of the Project; as said code(s) may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to such code(s).

19. "Essential Family Planning and Nutrition Commodities" means those family planning and nutrition commodities identified by the MOH, and set out in a standard list of itemized commodities and their respective stock quantities to be available in each Target Province in order to provide two calendar quarters' consumption, to be developed by the MOH under Part 2 of the Project based on international best practice.

20. "Ethnic Group Development Plan" means the Recipient's plan dated March 1, 2015, satisfactory to the Association, setting out measures and procedures to be implemented in the carrying out of the Project in areas where Ethnic Groups are
residing, cultivating, hunting and carrying out other similar social activities, which including special planning measures or actions to be undertaken aimed at ensuring that through informed consultation the Ethnic Groups receive the benefits from the Project in a culturally compatible manner acceptable to them, and do not suffer adverse effects as a result of the implementation of the Project; as said plan may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to such plan.

21. “Ethnic Groups” means, for purposes of the Project, the social groups residing or engaged in livelihood activities in provinces participating in the Project, each of which possesses a distinct social and cultural identity that makes it vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (a) a close attachment to ancestral territories and to the natural resources in these areas; (b) self-identification and identification by others as members of a distinct cultural group; (c) a language, often different from the Lao language; (d) presence of customary social and political institutions; and (e) primarily subsistence-oriented production.

22. “Fiscal Year” and the acronym “FY” means the Recipient’s fiscal year, which commences on October 1 and closes on September 30 of each year.


24. “Integrated Outreach Session” means the delivery of a package of health and nutrition services, including nutrition counselling, to pregnant women and children under 5 years by health facility staff in accordance with MOH guidelines.

25. “Memorandum of Understanding” means a memorandum of understanding to be entered into between the Recipient and a Target Province, and referred to in Section I.B of Schedule 2 to this Agreement, for the purpose of carrying out Part 2.2 of the Project, as such memorandum of understanding may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such memorandum of understanding; and “Memoranda of Understanding” means, collectively, all such Memoranda of Understanding between the Recipient and the Target Provinces.

26. “Minimum DLI Result” means a baseline result of at least sixty percent (60%) of a DLI Target for those DLI Targets that are scalable.

27. “Ministry of Health” and the acronym “MOH” means the Recipient’s Ministry of Health, or any successor thereto.
28. "MOH Steering Committee" means a committee established within MOH, chaired by the Minister of Health and comprising Vice Ministers and representatives of MOH departments, which is responsible for overseeing and providing guidance on the implementation of health sector reform activities at the policy and strategic level.

29. "National Guidelines on DHIS2 Implementation" means the guidelines to be developed under Part 2 of the Project for the implementation of DHIS2, setting out the rules and procedures for the reporting of health management data by health facilities, including timing, content and format requirements.

30. "National Program Coordination Office" and the acronym "NPCO" means the unit within MOH, referred to in Section I.A.1 of Schedule 2 to this Agreement, which shall be responsible for, inter alia, the overall implementation of Project activities and the achievement of DLIs at the national level.

31. "Operating Costs" means the reasonable costs incurred by the Recipient, based on Annual Works Plans and Budgets approved by the Association, for the day-to-day coordination, administration and supervision of Project activities, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, Project-related meeting expenses, Project-related travel, subsistence and lodging expenses, and other administrative costs directly related to the Project, but excluding salaries, bonuses, fees and honoraria or equivalent payments of members of the Recipient’s civil service.

32. "PHO" means a Provincial Health Office of the MOH, responsible for health management activities in the respective province of the Recipient’s territory.


34. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated May 11, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

35. "Project Operations Manual" means the Recipient’s manual referred to in Section I.C of Schedule 2 to this Agreement, in form and substance satisfactory to the Association, containing detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project at the central, provincial, district, village and health facility level; (ii) disbursement and
financial management; (iii) procurement; (iv) environmental and social safeguards management; (v) monitoring, evaluation, reporting and communication; (vi) a verification protocol containing the technical standards and arrangements and procedures for the monitoring, reporting and verification of DLIs; (vii) details of the Eligible Expenditure Programs, including eligible MOH budget lines and a negative list of any excluded budget lines; and (viii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as said manual may be modified from time to time with the prior written approval of the Association; and such term includes any schedules, annexes and attachments to the Project Operations Manual.

36. “Provincial Level DLIs” means, collectively, the DLIs set to be achieved by each Target Province, as set forth in the table in Schedule 4 to this Agreement; and “Provincial Level DLI” means, individually, any of them.

37. “Safeguard Instruments” means the Environmental Code of Practice(s) and the Ethnic Group Development Plan.

38. “Standard Supervisory Checklist” means the checklist, to be developed under Part 4 of the Project, to assist in monitoring and recording the delivery and availability of maternal and child health and nutrition services at the health facility level according to standardized guidelines, including, inter alia, the physical state of facilities, the availability of essential medicines, the supply of essential equipment, the availability of adequate medical staff, and the maintenance of health records.

39. “Target Province Baseline” means a Target Province’s baseline data for a respective Provincial Level DLI as set out in the Project Operations Manual and the respective Target Province’s Memorandum of Understanding.

40. “Target Provinces” means, unless otherwise agreed with the Association in writing, collectively, the provinces of Oudomxai, Phongsaly, Luang Namtha, Bokeo, Xienkhouang, Luang Prabang, Houaphan, Sayaboury, Savannakhet, Champasak, Saravan, Sekong, Attapue, and Xaysomboun in the Recipient’s territory, or any successor(s) thereto; and “Target Province” means, individually, any one of them.

41. “Technical Working Groups” means the Recipient’s Technical Working Groups established to support coordination within the health sector and comprising representatives of relevant MOH stakeholders and development partners, which are responsible for providing advice to MOH on the implementation of reforms to the Recipient’s health sector, including those arising from the implementation of Project activities.
42. "Training and Workshops" means the reasonable costs incurred by the Recipient for training and workshops under the Project, based on Annual Work Plans and Budgets approved by the Association, and directly attributable to seminars, workshops and study tours, along with travel and subsistence allowances for training participants, course fees, services of trainers, rental of training facilities, preparation, acquisition, distribution and reproduction of training materials, and other activities directly related to course preparation and implementation.

43. "Year 0" means the calendar year commencing on the date that is 12 months prior to the Effective Date and ending on the Effective Date, and each subsequent Year referred to in Schedule 4 to this Agreement means one Fiscal Year following the preceding year.

44. "Zone 2" means the geographic area within a Target Province that is within 5 to 10 kilometers distance of a health center.

45. "Zone 3" means the geographic area within a Target Province that is more than 10 kilometers distance from a health center.