Amended and Restated Financing Agreement

(Health Sector Performance Enhancement Project/
Maternal and Newborn Health Performance-Based Financing Project)

between

KINGDOM OF LESOTHO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 10 January, 2013
AMENDED AND RESTATED FINANCING AGREEMENT

AGREEMENT dated 10 January, 2014, entered into between the KINGDOM OF LESOTHO ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS under an agreement dated April 18, 2013, between the Recipient and the Association (Agreement), the Association agreed to provide the Recipient with a credit of seven million eight hundred thousand Special Drawing Rights (SDR 7,800,000) as set forth in Section 2.01 of the Agreement, to assist in financing the Project described in Schedule 1 to the Agreement.

The Recipient and the Association hereby agree as amend and restate the Agreement 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 seven million eight hundred thousand Special Drawing Rights (SDR 7,800,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Payment Dates are February 1 and August 1 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.

2.08. The Payment Currency is the 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 in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — TERMINATION

4.01. The provisions set forth in this Amended and Restated Financing Agreement shall become effective as of the date of signature.

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 the Recipient’s minister at the time responsible for finance.

5.02. The Recipient’s Address is:

Ministry of Finance
P.O. Box 395
Maseru, 100
Lesotho

Cable address: FINMIN
Facsimile: 266 22 310 157

5.03. The Association’s Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391

Washington, D.C.
AGREED at Mapetla, Lesotho, as of the day and year first above written.

KINGDOM OF LESOTHO

By

[Signature]

Authorized Representative

Name: Kohanya Sekhamane

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Janet K. Entwistle

Title: Country Representative
SCHEDULE 1

Project Description

The objectives of the Project are: (i) to increase utilization and improve quality of primary health services in selected districts in the Recipient’s territory with a particular focus on maternal and child health, TB and HIV; (ii) improve contract management of select public private partnerships (PPPs); and (iii) in the event of an Eligible Crisis or Emergency, provide immediate and effective response to said Eligible Crisis or Emergency.

The Project consists of the following parts:

Part A: Improving Health Service Delivery through Performance-Based Financing

1. **Provision of Performance-Based Financing.** Carrying out of specific development projects, through the provision of performance based grants, made out of, *inter alia*, the proceeds of the Financing, to Health Facilities, to deliver Health Service Packages in the Selected Districts.

2. **Performance-Based Financing Implementation and Supervision Support.** Carrying out of a program of activities aimed at supporting the implementation and supervision of the performance-based financing scheme. Such activities include: (a) training to strengthen the capacity of the Health Facilities in the efficient and effective provision of Health Service Packages and of the Recipient’s staff working in the health sector in the efficient and effective management of the delivery of Health Service Packages; (b) developing, monitoring and evaluating the provision of Health Service Packages in Selected Districts, including through verification of Health Service Packages delivered, and surveys of the recipients of Health Service Packages; and (c) supporting coordination efforts among local, district and central stakeholders.

Part B: Capacity Building Support to the Ministry of Health

1. **Training Health Care Providers.** Supporting capacity building training activities for (i) doctors, nurse anesthetists, village health workers and midwives in the delivery of maternal and newborn health services, including EmONC; (ii) health center nurses on completing internal requisition vouchers and accurate recording of medicines on internal requisition vouchers; (iii) district pharmacists on appropriate forecasting, consumption and requisition mechanisms for drugs and medical supplies; and (iv) MOH financial management and procurement staff to further build capacity.

2. **Improving Monitoring and Evaluation Capacity.** Strengthening the Recipient’s health management information system (HMIS) and building the capacity of MOH personnel in monitoring and evaluation at the central and district levels.
3. Carrying out a program of activities to strengthen the capacity of the MOH, including: (a) strengthening procurement capacity and streamlining of procurement procedures; (b) aligning the MOH annual joint review with health sector strategic objectives; and (c) improving the integration of the QMMH network into the health system, through the acquisition of goods and equipment.

Part C: Enhance PPP management capacity within Government of Lesotho

1. Strengthening the capacity for management and oversight of the QMMH network PPP and other existing health PPPs, through the provision of technical advisory services.

Part D: Contingent Emergency Response Component

1. Carrying out a program designed for immediate response to an Eligible Crisis or Emergency.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. National Sexual and Reproductive Health Steering Committee
   (a) The Recipient shall maintain throughout the period of Project implementation, the NSRHSC, whose mandate, composition and resources shall be satisfactory to the Association, to be responsible for, *inter alia*, overseeing the implementation of the Project, provide guidance to the PBF Unit, and provide policy direction.
   (b) Without limitation to the provisions of paragraph (a) immediately above, the NSRHSC shall be chaired by the Recipient’s Director General for Health Services, and be comprised of, *inter alia*, representatives of key directorates of the MOH, the Recipient’s ministry in charge of planning, the Recipient’s ministry in charge of finance as well as the Christian Health Association of Lesotho.

2. Sexual and Reproductive Health Technical Working Group
   (a) The Recipient shall maintain throughout the period of Project implementation, the SRHTWG, whose mandate, composition and resources shall be satisfactory to the Association, to be responsible for, *inter alia*, operational and technical oversight of the Project, provide guidance to the PBF Unit, and approve the Annual Work Programs.
   (b) Without limitation to the provisions of paragraph (a) immediately above, the SRHTWG shall be chaired by the Recipient’s Director General for Health Services, and be comprised of, *inter alia*, representatives of the NSRHSC.

3. Project Implementation Unit
   The Recipient shall maintain throughout the period of Project implementation, the PBF Unit, with terms of reference and resources satisfactory to the Association, and supported by qualified and experienced staff in adequate numbers (including: (a) a PBF Unit director; (b) a finance officer; (c) a monitoring and evaluation officer; (d) a senior PBF officer; and (e) a PBF officer, with the responsibility for overall day-to-day fiduciary oversight, including implementation, monitoring, coordination of the Project.
4. **Performance Purchasing Technical Assistance**

To facilitate the implementation of Part A of the Project, the Recipient shall enter into, and thereafter maintain throughout the implementation of the Project (unless the Association agrees otherwise), a technical advisory services agreement for performance-based financing ("PBF Agency Agreement") in form and substance satisfactory to the Association with an agency ("Performance Purchasing Technical Assistance" or "PPTA") selected in accordance with Section III of Schedule 2 to this Agreement, pursuant to which the PPTA shall provide technical assistance for the implementation of Part A of the Project, including: (i) providing training and ongoing capacity building; (ii) supporting coordination efforts among local, district and central stakeholders; and (iii) developing, monitoring and evaluating the provision of Health Service Packages in Selected Districts, including through verification activities (including compliance with the Project Implementation Manual) with respect to the Health Service Packages delivered, and surveys of the recipients of the Health Service Packages.

5. **MOF**

(a) The Recipient shall at all times during the implementation of the Project, ensure that resources, satisfactory to the Association, are available to MOF Contract Management Unit for technical implementation of Part C of the Project.

(b) Without limitation to sub-paragraph (a) immediately above, the MOH will be responsible for: (i) the overall coordination and implementation of Part C of the Project, including monitoring, evaluation, reporting and communication of said Part C of the Project; and (ii) overall Project financial management (including for Parts A, B and D of the Project).

B. **Project Implementation Manual**

1. (a) For the purposes of implementing Part A.1 of the Project, the Project Implementation Manual shall include detailed procedures and guidelines pertaining to the performance-based financing scheme, which is in form and substance satisfactory to the to the Association.

(b) Without limitation upon the foregoing, the PIM shall include:

(i) a description of each Health Service Packages to be delivered under each Health Service Project;

(ii) (A) the methodology for calculating the unit price to be paid for each Health Service Packages to be delivered under each Health Service Project, each such unit price shall be
calculated on the basis of a methodology acceptable to the Association ("Unit Price"), and designed to ensure that the Unit Price:

(AA) does not exceed the reasonable cost of the Health Service Package to be delivered and financed under the PB Grant;

(BB) is scaled to reflect the quality of the Health Service Package delivered, the conditions of the locations where the Health Service Package is to be delivered, and the need to ensure a balance between the Health Service Package and other technical supports or health services that need to be made available in the Selected District concerned; and

(CC) excludes any amount of the cost of the Health Service Package which is to be financed under another source of financing and/or under another part of the Project; and

(B) the procedures for the evaluation and updating of the Unit Price for each Health Service Package;

(iii) a model form of PBF Contract for the provision of a PB Grant;

(iv) the procedures for approval, monitoring and evaluation of Health Service Projects and for granting of PB Grants; and

(v) the procedures and criteria for development and delivery of training under the Project.

2. The Recipient shall:

(a) ensure that the Project is carried out in accordance with the Project Implementation Manual, as the same may be updated from time to time with the prior written agreement of the Association;

(b) without limitation upon the foregoing, in each Fiscal Year during the Project implementation period: (i) prepare, in accordance with terms of reference satisfactory to the Association and elaborated in the Project Implementation Manual, and furnish to the Association for its review, an evaluation of the Unit Price for each Health Service Package and recommendations of any adjustment required to be made to said Unit Price to ensure that it continues to comply with the criteria set forth in Section I.B.1(b)(ii) of this Schedule 2; (ii) afford the Association a reasonable
opportunity to exchange views with the Recipient on each said evaluation and recommendation; and (iii) promptly adopt and apply such adjusted Unit Price for each Health Service Package as shall have been approved by the Association; and

(c) without limitation to the provisions of paragraphs (a) and (b) immediately above, not otherwise revise or waive any provision of the Project Implementation Manual or waive any provision of its Project Implementation Manual without the prior written agreement of the Association.

3. Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

C. Anti-Corruption

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

D. Annual Work Programs

1. Each Fiscal Year, the Recipient shall prepare a program of activities (including Training and Operating Costs) proposed for inclusion in the Project during the following Fiscal Year, including: (a) a detailed timetable for the sequencing and implementation of such activities; and (b) a proposed budget and financing plan for such activities. The Recipient shall furnish such program of activities to the Association as soon as available and in any case no later than February 28 of each year, for its review and approval by the Association; except for the program of activities for the first year of Project implementation, which shall be furnished no later than one (1) month after the Effective Date.

2. The Recipient shall exchange views with the Association on each such proposed annual work program, and shall thereafter carry out such program of activities during such following year as shall have been approved by the Association ("Annual Work Program").

3. Only those activities which are included in an Annual Work Program shall be included in the Project and eligible for financing out of the proceeds of the Financing.

4. The Recipient shall ensure that in preparing any training or workshops proposed for inclusion in the Project under an Annual Work Program it shall include in the proposed Annual Work Program: (a) the objective and content of the training or workshop envisaged; (b) the selection method of the institutions or individuals
conducting such training or workshop, and said institutions if already known; (c) the expected duration and an estimate of the cost of said training or workshops; and (d) the selection method of the personnel who will attend the training or the workshop, and said personnel if already known.

5. Annual Work Programs may be revised as needed during Project implementation subject to the Association’s prior approval.

E. Performance-Based Financing of Health Services

1. **Eligibility.** In order to ensure the proper implementation of Part A.1 of the Project, the Recipient shall make PB Grants to Health Facilities for Health Service Projects in accordance with eligibility criteria and procedures acceptable to the Association, which shall include the following:

   (a) No proposed Health Service Project shall be eligible for a PB Grants to a Health Facility unless the PPTA has determined on the basis of an appraisal carried out in accordance with guidelines acceptable to the Association, and elaborated in the PIM, that:

   (i) the proposed Health Service Project: (A) is technically feasible and economically and financially viable; and (B) complies with the Health Care Waste Management Plan; and

   (ii) the proposed Health Facility: (A) is a public or a private health service provider of Health Service Packages located in a Selected District, with the organization, management, technical capacity and financial resources necessary to carry out the proposed Health Service Project; and (B) has prepared a satisfactory business plan for the proposed Health Service Project.

   (b) The: (i) aggregate of all PB Grants made in a given Fiscal Year to Health Facilities in any Selected District shall not exceed the equivalent of $900,000; and (ii) maximum amount of each PB Grant for a Health Service Project shall not exceed 100% of the total estimated cost of the Health Service Project minus the amount of other funds allocated to finance such cost.

   (c) The following PB Grants shall be subject to the Association’s prior written approval and shall only be eligible for financing under the Financing if and to the extent approved by Association: (i) the first three (3) PB Grants, regardless of the cost thereof; and (ii) each PB Grant for an amount equivalent to $50,000 or more.
2. **PBF Contracts.** The Recipient shall make each PB Grant under a PBF Contract with the respective Health Service Provider on terms and conditions approved by the Association, which terms and conditions shall include the following:

(a) The PB Grant shall be made on a non-reimbursable grant basis.

(b) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:

(i) suspend or terminate the right of the Health Facility to use the proceeds of the PB Grant, or obtain a refund of all or any part of the amount of the PB Grant then withdrawn, upon the Health Facility’s failure to perform any of its obligations under the PBF Contract; and

(ii) require each Health Facility to:

(A) carry out its Health Service Project with due diligence and efficiency and in accordance with sound public health, environmental and social and administrative standards and practices acceptable to the Association, including in accordance with the PIM, the Health Care Waste Management Plan and the Anti-Corruption Guidelines;

(B) provide promptly, as needed, the resources required for the purpose;

(C) procure the goods and services required for the Health Service Project and to be financed out of the proceeds of the PB Grant in accordance with the provisions of 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 Service Project and the achievement of its objectives;

(E) enable the Association and/or the Recipient to inspect its facilities, operations and any records and documents relevant to the PB Grant; and prepare and furnish to the Association and the Recipient all such information as either shall reasonably request relating to the Health Service Project;
permit the Association to make the PBF Contract available to the public in accordance with the Association’s policies on access to information; and

prepare and furnish to the Recipient and the Association all such further information as the Recipient or the Association shall reasonably request relating to the foregoing.

3. The Recipient shall exercise its rights and carry out its obligations under each PBF Contract 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 PBF Contract or any of its provisions.

F. Safeguards

1. The Recipient shall, throughout the implementation of the Project, ensure that the Project shall be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Health Care Waste Management Plan.

2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association, in accordance with Section II of this Schedule 2 to this Agreement, reports on the status of compliance with the Health Care Waste Management Plan, giving details of:

(a) measures taken in furtherance of the Health Care Waste Management Plan;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Health Care Waste Management Plan; and

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the PIM. 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.

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 no 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, commencing with the Fiscal Year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

4. The Recipient shall procure, no later than one (1) month after the Effective Date, additional financial management software (TOMPRO) licenses, in accordance with the provisions of Section III of this Schedule 2 to this Agreement.

Section III. Procurement

A. General

1. Goods, Small Works and Non-consulting Services. All goods, small works, and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods, Small Works and Non-consulting Services

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

2. Other Methods of Procurement of Goods, Small Works and Non-consulting Services. The following paragraphs set forth the methods of procurement, other than International Competitive Bidding, which may be used for goods, small works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to using National Standard Bidding Documents acceptable to the Association and complying with the provisions below in (*)</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Procurement from United Nations Agencies (UNICEF)</td>
</tr>
</tbody>
</table>

(*) National Competitive Bidding may be used subject to the following: (a) use of World Bank’s Standard Bidding Documents (SBDs); (b) registration and/or classification of bidders by the Procurement Policy Advisory Department within the Recipient’s Ministry of Finance, Ministry of Public Works and Transport or any other body shall not be used as a condition of bidding; (c) preferences shall not be granted based on citizen degree of ownership and local content; (d) bracketing to provide for the rejection of bids which are in excess of 15% of the cost estimate shall not be used; (e) award of contract must be made to the lowest evaluated tender; and (f) award of contracts shall be publicly disclosed in media of wide circulation.

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 paragraphs set forth the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used:
D. Review by the Association of Procurement Decisions

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

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects”, dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Single Source Selection</td>
</tr>
<tr>
<td>(e) Selection Based on Consultant’s Qualifications</td>
</tr>
<tr>
<td>(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultants’ Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(g) Procedures set forth in paragraph 5.6 of the Consultants’ Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>Category</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(1) Goods, small works, non-consulting services and POC required for each Health Service Package provided under a Health Service Project and to be financed out of a PB Grant under Part A.1 of the Project and paid at the Unit Price for said Health Service Package</td>
</tr>
<tr>
<td>(2) Consultants services (other than under Part A.1)</td>
</tr>
<tr>
<td>(3) Training (other than under Part A.1)</td>
</tr>
<tr>
<td>(4) Operating Costs (other than under Part A.1)</td>
</tr>
<tr>
<td>(5) Refund of Preparation Advance</td>
</tr>
<tr>
<td>(6) Goods, works, and non-consulting services (except for Part A.1 of the Project)</td>
</tr>
<tr>
<td>(7) Emergency Expenditures under Part D of the Project</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></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. No withdrawal shall be made under Category (7) for Emergency Expenditures under Part C of the Project, unless the following conditions have been met, in form and substance satisfactory to the Association:

(i) the Recipient has determined that an Eligible Crisis or Emergency has occurred and has declared an emergency in accordance with its internal procedures, and furnished to the Association a request to finance such activities; and, the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has prepared and disclosed any safeguards instruments that may be required for said activities, and the Recipient has implemented any actions which are required to be taken under said instruments; and

(iii) the Recipient has adopted an immediate response operations manual, acceptable to the Association.

3. The Closing Date is June 30, 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 February 1 and August 1:</td>
<td></td>
</tr>
<tr>
<td>commencing August 1, 2023 to and including</td>
<td>1%</td>
</tr>
<tr>
<td>February 1, 2033</td>
<td></td>
</tr>
<tr>
<td>commencing August 1, 2033 to and including</td>
<td>2%</td>
</tr>
<tr>
<td>February 1, 2053</td>
<td></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

1. “Annual Work Program” means for each Fiscal Year, the work program and budget for that year approved by the Association in accordance with the provisions of Section I.D of Schedule 2 to this Agreement.


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


6. “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.

7. “Emergency Expenditure” means any of the Eligible Expenditures set forth in an immediate response operations manual, acceptable to the Association, including activities for which immediate response under Part D of the Project is requested.

8. “EmONC” means emergency obstetric and newborn care, which includes the following procedures: administration of parenteral antibiotics, oxytocic drugs, and anticonvulsants (magnesium sulphate) for pre-eclampsia/eclampsia; manual removal of retained placenta; removal of retained products of conception (manual vacuum aspiration (MVA) or dilatation and curettage (D&C)); assisted vaginal delivery (vacuum extraction or forceps delivery); and basic newborn resuscitation (bag and mask); blood transfusion; and Caesarean delivery.

9. “Fiscal Year” means April 1 to March 31.

10. “Health Care Waste Management Plan” means the Recipient’s plan for the management of medical waste under the Project, entitled “National Health Care Waste Management Plan (HCWMP)” which was prepared and adopted in 2010, and consolidated and updated in August 2012 for the purposes of the Project, and which includes recommendations regarding appropriate waste management and disposal procedures, a detailed account of the current policy framework, baseline
situation and capacity building needs, and a detailed implementation and monitoring plan.

11. “Health Facility” means a health care facility at the local/community, district or regional level (including village health workers, health centers, hospitals, district health management teams) to which the Recipient proposes to make or has made a PB Grant for a Health Service Project in accordance with the PIM.

12. “Health Service Package” means a specific package of maternal and newborn health services as well as services related to HIV and AIDS, tuberculosis and nutrition, all as further elaborated in the PIM, to be delivered by a Health Facility in a Selected District under Part A.1 of the Project.

13. “Health Service Project” means a specific development project for the delivery of Health Service Packages to be carried out by a Health Facility under Part A.1 of the Project utilizing the proceeds of a PB Grant.

14. “MOF” means the Recipient’s ministry responsible for finance, or any successor thereto.

15. “MOH” means the Recipient’s ministry responsible for health, or any successor thereto.

16. “NSRHSC” means the National Sexual and Reproductive Health Steering Committee established by the Recipient pursuant to the Recipient’s National Sexual and Reproductive Health Policy of 2009 and to be maintained in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement.

17. “Operating Costs” means, for each Annual Work Program, the reasonable costs, which shall have been agreed by the Association under said Annual Work Program for the incremental expenses incurred by the PBF Unit on account of Project implementation, consisting of: vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and "per diem" for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding regular salaries of officials of the Recipient’s civil service).

18. “POC” or “Package-related Operating Costs” means for the calculation of each Unit Price, the reasonable costs, which shall have been agreed by the Association as part of the PIM and in accordance with Section I.B.2(b) of Schedule 2 to this Agreement, for the incremental expenses incurred by a Health Facility on account of Health Service Packages, consisting of: vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing,
consumables, travel cost and *per diem* for the Health Facility's staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Health Facility and payments for overtime services performed by staff or bonuses for improved performance of staff (compared to base performance before the Health Service Project), under Health Service Projects (but excluding regular salaries of officials of the Recipient’s civil service).

19. “PBF Agency Agreement” has the meaning given to such term in Section I.A.3 of Schedule 2 to this Agreement.

20. “PBF Contract” means an agreement, to be entered into between the Recipient and a Health Facility, in accordance with the provisions of Section I.E.2 of Schedule 2 to this Agreement, pursuant to which the Recipient shall make a PB Grant.

21. “PB Grant” means a grant made or proposed to be made by the Recipient to a Health Facility out of, *inter alia*, the proceeds of the Financing to assist in financing a Health Service Project.

22. “PBF Unit” means the Project implementation unit established by the Recipient within MOH (per the MOH’s letter dated February 15, 2012 with reference H/ORG/21) and to be maintained in accordance with the provisions of Section I.A.3 of Schedule 2 to this Agreement.

23. “Performance Purchase Technical Agency” or “PPTA” has the meaning given to such term in Section I.A.4 of Schedule 2 to this Agreement.

24. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on November 26, 2012 and on behalf of the Recipient on January 29, 2013.


26. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 20, 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.

27. “Project Implementation Manual” or “PIM” means the implementation manual adopted by the Recipient, in form and substance satisfactory to the Association, for the Project which contains, *inter alia*, detailed administrative, procurement, financial management, safeguards, monitoring and evaluation procedures and arrangements for the Project, including detailed administrative, procurement,
financial management, safeguards, monitoring and evaluation procedures and arrangements for purposes of implementation of Part A.1 of the Project, which shall include the provisions set forth in Section I.B.1 of Schedule 2 to this Agreement.

28. “Selected District” means one of the following districts in the Recipient’s territory: Leribe or Quthing (or such other district as may be mutually agreed between the Association and the Recipient).

29. “Sexual and Reproductive Health Technical Working Group” or “SRHTWG” means the technical working group referred to in Section I.A.2 of Schedule 2 to this Agreement.

30. “Training” means, for each Annual Work Program, the reasonable costs, which shall have been agreed by the Association under said Annual Work Program for the training and workshops included in said Annual Work Program, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consulting services).

31. “Trust Fund Grant” means an amount of four million Dollars ($4,000,000) (TF014147) provided under the terms and conditions of the Trust Fund Grant Agreement to assist in financing the Project.

32. “Trust Fund Grant Agreement” means the agreement between the Recipient and the Bank and the Association (acting as administrators of the Multi-donor Trust Fund for Health Results Innovation), dated April 18, 2013, as amended by this Agreement, and as such may be amended from time to time.

33. “Unit Price” means, for each Health Service Package, the unit price thereof determined in accordance with the provisions of Section I.B.1(b)(ii) of Schedule 2 to this Agreement and the PIM.