OFFICIAL DOCUMENTS

CREDIT NUMBER 6199-NI

Financing Agreement

(Integrated Public Provision of Health Care Services Project)

between

REPUBLIC OF NICARAGUA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
CREDIT NUMBER 6199-NI

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the REPUBLIC OF NICARAGUA ("Recipient") and the 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) apply to and form 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 a credit, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in the amount of sixty million Dollars (US$60,000,000) (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 III of Schedule 2 to this Agreement.

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

2.04. The Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.

2.05. The Interest Charge is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum; on the Withdrawn Credit Balance.
2.06. The Payment Dates are March 1 and September 1 in each year.

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

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient, through MOH, shall carry out: (a) Parts 1 and 2 of the Project; and (b) Part 3 of the Project, with the assistance of the Coordinating Authority; in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of namely that the Operational Manual has been adopted by the Recipient, through MOH, in a manner satisfactory to the Association, in accordance with Section 1.E of Schedule 2 to the Financing Agreement.

4.02. For purposes of Section 10.05 (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 Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is the Minister of Finance and Public Credit.

5.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient’s address is:

Ministerio de Hacienda y Crédito Público
Avenida Bolívar, Frente a la Asamblea Nacional
Managua, Nicaragua; and
(b) The Recipient’s Electronic Address is:

Facsimile:
011 (505) 2222-3033

5.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association’s address is:

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

(b) the Association’s Electronic Address is:

Telex: Facsimile: E-mail:
248423 (MCI) 1-202-477-6391 ysakho@worldbank.org
AGREED as of the Signature Date.

REPUBLIC OF NICARAGUA

By

[Signature]

Authorized Representative

Name: Ivan Acosta
Title: Minister of Finance
Date: April 2, 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Luis F. Constantino
Title: Country Manager
Date: April 2, 2018
SCHEDULE 1

Project Description

The objective of the Project is to extend the coverage and improve the quality of care for the most prevalent health conditions with an emphasis on vulnerable groups.

The Project consists of the following parts:

Part 1: Results Based Financing for Quality Improvement in Prevention and Provision of Health Care Services to the Poorest 66 Municipalities

Improving the quality of health care services in selected municipalities through financing of Capitation Payments to Selected Municipal Health Networks.

Part 2: Support to the Implementation of National Health Strategies for the Provision of Quality Health Services under the MOSAFC

Supporting the implementation of the Recipient’s national strategies aimed at improving the quality of health care provision nationwide particularly oriented to vulnerable population groups, including:

(a) implementation of the national chronic disease strategy, through, inter alia: (i) the dissemination of the strategy and the update of the pertinent norms, guidelines and technical documents; (ii) the carrying out the first survey of risk factors to establish a baseline for monitoring progress; (iii) the acquisition of medical supplies, medical and non-medical equipment, including information technology equipment to fill the existing gaps in the primary and secondary levels of care; and (iv) the design and implementation of the required technology to monitor and follow-up on the implementation of the Borrower’s municipal quality health care plans;

(b) strengthening of MOH’s capability to prepare and respond to epidemics and epidemiological alerts, through, inter alia: (i) the provision of support to the national entomological surveillance program for the prevention of climate-sensitive diseases; (ii) the carrying out of the national immunization program; and (iii) the implementation of national medical waste and water quality management programs;

(c) implementation of the national program for the inclusion of holistic medicine and traditional therapeutic medicines, through, inter alia: (i) the provision of support to the holistic management of pain though the use of natural medicine and complementary therapy clinics at the primary care level; (ii) the carrying out of training activities for health personnel; (iii) the strengthening of municipal offices of natural medicine and
complementary therapies; (iv) the acquisition of general equipment and furniture for the natural medicine clinics; and (v) the strengthening of the existing research strategy in this area;

(d) implementation of the national intersectoral adolescent health strategy for the prevention or delay of adolescent parenthood with emphasis on the concepts of agency and prevention of gender based violence;

(e) expanding the health care coverage in the Borrower’s Caribbean coast; and

(f) carrying out of cross-strategy investments, including: (i) provision of support to training programs for health workers; (ii) repair and maintenance of medical equipment; and (iii) the consolidation of health information systems of MOH.

Part 3. Provision of Contingency Financing in case of a Public Health Alert or Public Health Emergency

Providing contingency financing in the case of an eligible Public Health Alert or a Public Health Emergency.

Part 4: Project Management

Strengthening of MOH’s capacity for administering, implementing, supervising and evaluating Project activities, including support for the carrying out of external audits.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall, through MOH, maintain, at all times during the implementation of the Project, competent personnel required for Project implementation, in adequate numbers, including, but not limited to: (a) one financial management specialist; (b) three financial analysts; (c) two procurement specialists; and (d) four procurement analysts, all with qualifications, experience and terms of reference acceptable to the Association, as further detailed in the Operational Manual.

2. The Recipient shall maintain, at all times during the implementation of the Project, relevant committees, councils and units within MOH, as further described in the Operational Manual, including a project technical committee (the “Project Technical Committee”), which shall be responsible for, inter alia, overall coordination of Project activities.

3. By no later than six (6) months after the Effective Date, the Recipient shall amend the PAHO MoU, and thereafter carry out Part 2(b)(ii) of the Project in accordance with the PAHO MoU.

4. By no later than six (6) months after the Effective Date, the Recipient shall, through MOH appoint, and thereafter maintain, throughout Project implementation, a Project Verification Commission, with composition, qualifications, experience, and terms of reference satisfactory to the Association, for purposes of the verification and third-party, independent certification of the activities being carried out under Parts I of the Project, as further detailed in the Operational Manual. The Project Verification Commission shall include representatives of the Technical Council, the Citizen Council and an External Independent Certification Institution.

5. The Recipient shall cause the Project Verification Commission to carry out, throughout Project implementation, verification and certification exercises of relevant activities under Part I of the Project, including spot checks, verification of data provided and records kept by Selected Municipal Health Networks, all in accordance with the provisions of the Operational Manual.

B. Performance Agreements

1. For purposes of implementing Part I of the Project, the Recipient, through MOH, shall:
(a) enter into an agreement, under terms and conditions satisfactory to the Association, with each Selected SILAIS ("Performance Agreement"), which shall include, inter alia, the Selected SILAIS' obligation to:

(i) carry out Part 1 of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the Operational Manual, Safeguard Instruments and the provisions of the Anti-Corruption Guidelines;

(ii) promptly transfer the funds received as Capitation Payments to the Selected Municipal Health Networks in accordance with: (A) the rural population of each selected municipality; (B) the relevant per capita amount agreed with each Selected Municipal Health Network; and (C) Section III.C of Schedule 2 to this Agreement;

(iii) enter into separate Municipal Agreements with each Selected Municipal Health Network, as per Section I.C of Schedule 2 to this Agreement;

(iv) guarantee the delivery of the health services by the Selected Municipal Health Networks;

(v) supervise and monitor the performance of the health services delivered by the Selected Municipal Health Networks;

(vi) keep records of the health services provided by the Selected Municipal Health Networks; and

(vii) compile progress reports on the achievement of the performance indicators and goals set out in each Municipal Agreement: and

(b) exercise its rights and carry out its obligations under each Performance Agreement in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

2. Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, suspend, terminate, waive or otherwise fail to enforce any Performance Agreement or any provision thereof.

3. In the case of any conflict between the terms of any Performance Agreement and those of this Agreement, the terms of this Agreement shall prevail.
C. Municipal Agreements

1. For purposes of implementing Part 1 of the Project, the Recipient shall cause the SILAIS to:

(a) enter into an agreement, under terms and conditions satisfactory to the Association, with each Selected Municipal Health Network ("Municipal Agreements"), setting forth, inter alia:

(i) the obligation of the SILAIS to transfer the pertinent Capitation Payments to the relevant Selected Municipal Health Networks on a per capita basis to finance the delivery of health services;

(ii) the obligation of the Selected Municipal Health Networks to: (A) carry out Part 1 of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the Operational Manual, Safeguard Instruments and the provisions of the Anti-Corruption Guidelines; (B) provide health services and meet the performance indicators and goals specified in the relevant Municipal Agreement; and (C) keep records of the health services provided and progress reports on the achievement of the performance indicators and goals set out in the applicable Municipal Agreement; and

(iii) the performance indicators and the correspondent Performance Goals; and

(b) exercise its rights and carry out its obligations under each Municipal Agreement in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

2. Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall cause the SILAIS to not abrogate, amend, suspend, terminate, waive or otherwise fail to enforce any Municipal Agreement or any provision thereof.

3. In the case of any conflict between the terms of any Municipal Agreement and those of this Agreement, the terms of this Agreement shall prevail.
D. CEMED Agreement

1. For purposes of implementing Part 2(f)(ii) of the Project, the Recipient, through MOH, shall, not later than six (6) months after the Effective Date, amend the CEMED Agreement and thereafter make part of the proceeds of the Financing available to the CEMED under such agreement, under terms and conditions satisfactory to the Association, which shall include inter alia, the obligation of CEMED to:

(a) carry out Part 2(f)(ii) of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the Operational Manual, Safeguard Instruments and the provisions of the Anti-Corruption Guidelines;

(b) maintain policies and procedures adequate to enable the Recipient to monitor and evaluate, in accordance with the Project indicators set forth in the Operational Manual, the progress of the Project and the achievement of its objectives;

(c) enable the Recipient and the Association to inspect the activities under Part 2(f)(ii) of the Project, its operation and relevant records and documents; and

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

2. The Recipient shall exercise its rights and carry out its obligations under the CEMED Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce the CEMED Agreement or any of its provisions.

E. Operational Manual

1. The Recipient shall carry out the Project in accordance with the terms of the Operational Manual, which shall include, inter alia:

(a) the detailed description of Project implementation activities, their sequencing, timetable, benchmarks and the institutional arrangements of the Project;
(b) the criteria, costing mechanism, detailed rules and procedures for transfers of the Capitation Payments by MOH (through SILAIS) to the Selected Municipal Health Networks;

(c) details of the contents and procedures for the carrying out of all financial audits and social consultations;

(d) a detailed description of all the health services;

(e) description of Outputs to be financed under the Project, unit of measurement and unit costs, as well as the verification mechanism for achievement of Outputs;

(f) the list of Selected SILAIS and Selected Municipal Health Networks that will participate in the Project;

(g) the model form for the Performance Agreement and Municipal Agreement;

(h) the Project administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures (including all pertinent standard documents and model contracts in relation thereto);

(i) the Safeguard Instruments;

(j) the plan for the monitoring and supervision of the Project, including all environmental, Project progress and social aspects in relation thereto; and

(k) the performance indicators and Performance Goals to evaluate the performance of the Project.

2. Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, suspend, terminate, waive or otherwise fail to enforce the Operational Manual or any provision thereof.

3. In the case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

F. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the Safeguard Instruments, in a manner satisfactory to the Association.

2. The Recipient shall ensure that any terms of reference for any consultancies related to technical assistance or capacity building under the Project shall be satisfactory
to the Association following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the applicable Safeguard Instruments, as applied to the advice conveyed through such technical assistance and/or capacity building activities.

3. The Recipient shall ensure that each contract for civil works under the Project includes the obligation of the relevant contractor and any sub-contractors to comply with the relevant provisions of the Safeguard Instruments applicable to such civil works commissioned/awarded pursuant to said contract.

4. The Recipient shall maintain, and publicize the availability of, grievance redress mechanisms to hear and determine fairly and in good faith, and in accordance with the Safeguard Instruments, all complaints raised in relation to the implementation of the Safeguard Instruments by Project affected persons, Indigenous Peoples or other relevant communities, and take all measures necessary to implement the determinations made under such grievance redress mechanisms in a manner acceptable to the Association.

5. The Recipient shall not assign, amend, abrogate or waive, or permit to be assigned, amended, abrogated, or waived, any provision of the Safeguard Instruments, whether in whole or in part, except as the Association shall otherwise agree in writing.

6. In the case of any inconsistency between the provisions of the Safeguard Instruments and those of this Agreement, the provisions of this Agreement shall prevail.

G. Public Health Alert and Public Health Emergency under Part 3 of the Project

1. In an event of a Public Health Alert, or a Public Health Emergency, the Recipient shall: (a) clearly establish a causal relationship between the relevant Public Health Alert or the Public Health Emergency and the need to withdraw the proceeds of the Financing to be allocated to Category (4) of the table in Section III of this Schedule; (b) designate the entity to be responsible for coordinating Part 3 of the Project ("Coordinating Authority"), with terms of reference and resources to be found acceptable to the Association; (c) prepare and furnish to the Association a list of potential Emergency Recovery and Rehabilitation Subprojects, including a procurement plan and a proposed flow of funds, and the implementation arrangements, all acceptable to the Association.

2. The Recipient shall exchange views with the Association on the proposed Emergency Recovery and Rehabilitation Subprojects, and shall thereafter adopt, and carry out the activities under such list, as agreed with the Association.
3. Prior to implementing the Emergency Recovery and Rehabilitation Subprojects, the Recipient shall carry out all fiduciary, social and environmental assessments required by the Association (under terms of reference satisfactory to the Association and with scope and detail satisfactory to the Association) and prepare and implement all plans required by the Association (under terms of reference satisfactory to the Association and with scope and detail satisfactory to the Association).

4. An investment activity shall only be included in the pertinent Emergency Recovery and Rehabilitation Subproject if it is initiated in response to a Public Health Alert, or a Public Health Emergency.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient, through MOH, shall furnish to the Association each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in US$)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Capitation Payments under Part 1 of the Project</td>
<td>14,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Output-based disbursements under Part 2(f)(i) of the Project</td>
<td>3,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, consultants’ services, Training and Operating</td>
<td>42,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Financing Allocated (expressed in US$)</td>
<td>Percentage of Expenditures to be Financed (inclusive of Taxes)</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>-------------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>Costs under Part 2 (except Part 2(f)(i)) and Part 4 of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Eligible Expenditures for a Public Health Alert or Public Health Emergency under Part 3 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>60,000,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

(a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed twelve million Dollars US$12,000,000 may be made for payments made prior to this date but on or after December 7, 2017 but in no case earlier than twelve (12) months from the date of this Agreement for Eligible Expenditures under Category (3); or

(b) under Category (4) unless the Recipient has provided a letter to the Association including: (i) evidence, satisfactory to the Association, that a Public Health Alert, or a Public Health Emergency has occurred; (ii) legal evidence, satisfactory to the Association, of the declaration of a Public Health Alert, or a Public Health Emergency; (iii) designation of, terms of reference for, and resources to be allocated to, the entity to be responsible for coordinating and implementing Part 3 of the Project ("Coordinating Authority"); (iv) a list of the goods, works, consulting services and Operating Costs proposed to be financed under Category (4) of the Project to address the needs of the Public Health Alert, or a Public Health Emergency (including a procurement plan) acceptable to the Association; (v) the estimated funds needs flow; and (vi) the assessments and plans that the Association may require under Section I.G.3 of Schedule 2 to this Agreement.
2. The Closing Date is August 30, 2023.

C. **Capitation Payments and Reduction in Amounts Disbursed under Category (1)**

1. Under Category (1), withdrawals from the Financing Account shall be made in accordance with the Disbursement and Financial Information Letter, upon submission by the Recipient, through MOH, to the Association of the reports specified below, each in form and substance satisfactory to the Association.

   (a) Prior to the first withdrawal, the Recipient shall submit to the Association a cash flow forecast for the first two Reporting Periods of the calendar year in which the Effective Date falls, in respect to the Capitation Payments that will be transferred to the Selected Municipal Health Networks during said first two Reporting Periods, all in accordance with the Disbursement and Financial Information Letter.

   (b) Prior to all subsequent withdrawals covering each Reporting Period during Project implementation, the Recipient shall submit to the Association: (i) a cash flow forecast for the next Reporting Period, in respect to the Capitation Payments that will be transferred to the Selected Municipal Health Networks during said Reporting period, all in accordance with the Disbursement and Financial Information Letter; and (ii) evidence, satisfactory to the Association, of the Capitation Payments transferred to the Selected Municipal Health Networks during the previous Reporting Period are in accordance with the requirements defined in the Disbursement and Financial Information Letter.

2. In connection with the foregoing:

   (a) If the Association shall determine, based on the evidence referred to in Section C.1. above, and the relevant Certified Documentation, as applicable that not all the Performance Goals have been attained during the respective Reporting Period, then, the withdrawn amount of the Financing shall be calculated and reduced in accordance with the provisions included in the Disbursement and Financial Information Letter.

   (b) The Association may, after consultation with, and by notice to the Recipient; (i) cancel any amount of the Financing, in whole or in part, under Category (1) and withheld pursuant to paragraph C.2(a) above; or (ii) may reallocate such amount so withheld, in whole or in part, to Categories (2) and (3), as applicable.

3. Notwithstanding the provisions of paragraphs 1 and 2 above, the Association shall not be required to make any Financing withdrawal under Category (1) if the
Recipient shall have failed to furnish to the Association, within the period of time specified in Section II of this Schedule, any of the audit reports required to be furnished to the Association pursuant to the Disbursement and Financial Information Letter.

D. **Output based disbursements under Category (2)**

Under Category (2), withdrawal from the Financing Account shall be made for training programs under Part 2(f)(i) of the Project, upon submission by the Recipient of the pertinent Certified Documentation, acceptable to the Association, confirming achievement of the respective Output.

**Section IV. Other Undertakings**

No later than six (6) months after the Effective Date, the Recipient, through MOH, shall appoint and, thereafter maintain, at all times during Project implementation, independent auditors, with terms of reference acceptable to the Association.
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 March 1 and September 1:</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing on September 1, 2023 to and including March 1, 2043</td>
<td></td>
</tr>
<tr>
<td>and on September 1, 2043, to and ending on March 1, 2048</td>
<td>3.40%</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 3.05 (b) of the General Conditions.
APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

2. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.

3. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.

4. “Capitation Payments” means the financial resources transferred by the Recipient to Selected Municipal Health Networks calculated as an annual average per capita amount determined to be the equivalent in Córdobas to US$ 5.05 needed to ensure the access of population in selected municipalities to the health care services.

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

6. “CEMED” means Centro de Mantenimiento de Equipos Médicos, the Recipient’s Maintenance Center for Medical Equipment, created pursuant to the CEMED’s Legislation.

7. “CEMED Agreement” means the agreement entered into between the Recipient and CEMED, dated August 20, 2015 as amended to the date of this Agreement, referred to in Section I.D of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to CEMED.

8. “CEMED’s Legislation” means the Recipient’s Decree No. 19-92, dated March 20, 1992 and published in the Official Gazette No. 65 on April 3, 1992 which, inter alia, established CEMED and governs CEMED’s activities.

10. “Citizen Council” means the council comprised of representatives of hospitals, MOH, health technical officials, and community representatives, established within each SILAIS, to oversee the relationship between the SILAIS and Selected Municipal Health Networks and local communities.

11. “Coordinating Authority” means the entity or entities designated by the Recipient and approved by the Association pursuant to Section I.G.1(b) of Schedule 2 to this Agreement, to be responsible for coordinating Part 3 of the Project.

12. “Emergency Recovery and Rehabilitation Subproject” means an investment activity under Part 3 of the Project, consisting of a combination of works, goods or technical advisory services, aimed at responding to damage caused by a Public Health Alert, or Public Health Emergency.

13. “Environmental Management Plan” or “EMP” means the Recipient’s environmental management plan adopted and published in the MOH’s website and the Association’s external website on December 7, 2017, satisfactory to the Association, addressing the technical specifications of the structural design of “Las Minas” Hospital located in the Recipient’s North Caribbean Region, as the same may be amended, supplemented or otherwise modified from time, to time with the prior written agreement of the Association.

14. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s environmental management framework for the Project, adopted and published on the MOH’s website on December 6, 2017 and in the Association’s external website on December 7, 2017, satisfactory to the Association, addressing the environmental, health and safety and social requirements of the Project, including the procedures to prepare the Hospital Waste Management Plan, as the same may be amended, supplemented or otherwise modified from time, to time with the prior written agreement of the Association.

15. “External Independent Certification Institution” means an institution, acceptable to the Association, responsible for external certification of activities under Part 1 of the Project, referred to in Section I.A.4 of Schedule 2 to this Agreement.


17. “Hospital Waste Management Plans” means the plans to be prepared for the management of hospital waste under the Project.
18. "Indigenous Peoples" means a social group of people with a distinct social and cultural identity that makes them vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (a) a collective attachment to geographically distinct habits or 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) an indigenous language often different from the official language of the country or region language; and (d) presence of customary, cultural, economic, social or political institutions that are separate from those of the dominant society and culture.

19. "Indigenous Peoples Plan" or "IPP" means the Recipient’s Indigenous Peoples Plan for the Project, adopted and published on the MOH’s website on December 6, 2017 and in the Association’s external website on December 7, 2017, satisfactory to the Association, addressing the Indigenous Peoples safeguard requirements of the Project, as the same may be amended, supplemented or otherwise modified from time to time with the prior written agreement of the Association.

20. "MOH" or "Ministry of Health" means Ministerio de Salud, the Recipient’s Ministry of Health, and any successor thereto.

21. "MOSAFC" means Modelo de Salud Familiar y Comunitario, the Recipient’s Community and Family Health Model, which includes the set of principles, regulations, plans, programs and instruments for the health promotion, protection, recovery and rehabilitation referred to under Title VII of Law No. 423.

22. "Municipal Agreements" means each of the agreements referred to in Section I.C.1 of Schedule 2 to this Agreement.

23. "Official Gazette" means the Recipient’s official gazette (La Gaceta).

24. "Operational Manual" means the Recipient’s manual satisfactory to the Association, referred to in Section I.A.1 of Schedule 2 to the Financing Agreement, as the same may be further updated/amended from time to time with the prior approval of the Association.

25. "Outputs" means any of the outputs of the training programs under Part 2(f)(i) of the Project, as the detailed description, unit of measurement and unit costs for such outputs are set forth in the Operational Manual.

27. "PAHO MoU" means the memorandum of understanding entered into by MOH and PAHO, referred to in Section I.A.3 of Schedule 2 to this Agreement, dated September 20, 2013 and amended as the date of this Agreement.

28. "Performance Agreements" means each of the agreements referred to in Section I.B.1 of Schedule 2 to this Agreement.


31. "Project Technical Committee" means the Recipient’s committee referred to in Section I.A.2 of Schedule 2 to this Agreement, and any successor thereto.

32. "Project Verification Commission" means a commission composed by one representative of each of the Technical Council, Citizen Council and the External Independent Certification Institution.

33. "Public Health Alert" means an alert (alerta sanitaria) declared by the MOH in accordance with articles 395 and 396 of the Executive Regulation of Law No. 423 and the applicable legislation of the Recipient.

34. "Public Health Emergency" means an emergency (emergencia sanitaria) declared by the MOH in accordance with article 21 of Law No. 423 and chapter I of title XVII of the Executive Regulation of Law No. 423.

35. "Reporting Period" means a calendar semester for purposes of Section IV of Schedule 2 to this Agreement and the Disbursement and Financial Information Letter.

36. "Safeguard Instruments" means, collectively, the ESMF, the IPP, the EMP and the Hospital Waste Management Plans”.

37. "Selected Municipal Health Networks" means the municipal level health networks of the MOH selected pursuant to the criteria set forth in the Operational Manual.

38. "Selected SILAIS" means any of the SILAIS of the Recipient that participate in the Project selected pursuant to the criteria set forth in the Operational Manual.

39. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.
40. "SILAIS" means *Sistema Local de Atención Integral en Salud*, any deconcentrated administrative and operative unit of the MOH responsible for the development of health in a specific territory of the Recipient, and consisting of health units and centers, local hospitals, and SILAIS' administrative offices, created pursuant to the Law No. 423.

41. "Technical Council" means a council within MOH, comprised of the Recipient's Minister of Health, each of directors of MOH and a representative of the health workers federation, which is responsible for overseeing the performance of the technical units of MOH.