Honorable Matia Kasaija  
Minister of Finance, Planning and Economic Development  
Ministry of Finance, Planning and Economic Development  
Kampala,  
Republic of Uganda  

Honorable Minister:  

Re:  
Uganda Health Systems Strengthening Project  
First Amendment to Financing Agreement Credit Number 4742-UG

We refer to the Financing Agreement for the above referenced Project between the Republic of Uganda ("Recipient") and the International Development Association ("Association") dated August 12, 2010 (Credit Number 4742-UG) ("Agreement"), and to your request dated December 30, 2014.

We are pleased to inform you that the Association hereby agrees to your request. To this effect, the Association proposes to amend the Agreement as set forth in the Attachment to this letter (Amendment).

All other provisions of the Agreement, except as herein amended, shall remain in full force and effect.

Please confirm your agreement with the proposed Amendment, on behalf of the Recipient, by countersigning and dating the two original copies of this letter and returning one countersigned and dated original letter to us. Upon receipt by the Association of the countersigned and dated original letter, this Amendment shall become effective as of the date of countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Christina Malmberg Calvo  
Country Manager for Uganda  
Africa Region
AGREED:

REPUBLIC OF UGANDA

By: 

Name: MARIA KASANA

Title: MR. ED.

Enclosures:
Amendment to the Agreement

1. Part D (Improvement of Maternal, Neonatal and Family Planning Services) of Schedule 1 (Project Description) is amended as follows:

A new sub-paragraph (3) is added to read as follows:

“(3) Provision of: (a) Voucher Subsidies to poor pregnant women so as to enhance their access to a Package of Safe Delivery Services from Health Service Providers; (b) technical advisory services for management and day-to-day implementation (including procurement, financial management, safeguards, monitoring and evaluation, and reporting aspects) of activities under sub-paragraph (3)(a) immediately above; and (c) technical assistance for independent verification of outputs under sub-paragraph (3)(a) immediately above.”

2. Section I.A (Institutional Arrangements) of Schedule 2 (Project Execution) is amended as follows:

A new sub-paragraph 2 is added to read as follows:

“2. Voucher Management Agency; Independent Verification Evaluation Agency

Without limitation upon the provisions of paragraph 1 immediately above, the Recipient shall through the Ministry of Health: (a) appoint a Voucher Management Agency, in accordance with the provisions of Section III of Schedule 2. The Voucher Management Agency shall be responsible for implementing activities under Part D(3)(a) of the Project, as elaborated in the Project Implementation Manual; and (b) appoint an Independent Verification Evaluation Agency, in accordance with the provisions of Section III of Schedule 2. The Independent Verification Evaluation Agency shall be responsible for, inter alia, verification of outputs achieved under Part D(3)(a) of the Project, as elaborated in the Project Implementation Manual.”

3. Paragraph 1 (Project Implementation Manual) of Section I.B (Project Implementation Manual and Annual Work Plan) is amended to read as follows:

“1. Project Implementation Manual

(a) To ensure the proper implementation of the Project, the Recipient shall prepare

(i) a manual for the implementation of the Project, satisfactory to the Association, said manual to include, inter alia, institutional arrangements for the management of the Project (including, inter alia, allocation of responsibilities among staff, yearly planning of activities and budget and time allocation for those activities); (ii) financial management and accounting.
Procedures, and internal control systems for the Project (including, *inter alia*, procedures for the preparation, review and approval of reports and audits and disbursement); (iii) detailed arrangements and guidelines for the overall carrying out of the Project including, *inter alia*: procurement including, arrangements for the selection of: (A) Voucher Management Agency; (B) Independent Verification Evaluation Agency; and (C) service providers and community-based distributors; preparation of Annual Work Plans; and for monitoring and evaluation; (iv) guidelines for implementation of the Health Governance Strategy and Action Plan; and (v) other implementation arrangements (including guidelines for assessing, environmental and social impacts of Project activities and designing appropriate mitigation, management, and monitoring measures in respect of said impacts, including, safe management of medical waste), all for purposes of overall implementation of the Project.

(ii) A Voucher Subsidies manual, in form and substance satisfactory to the World Bank, outlining: (A) provision of Voucher Subsidies, which shall include a detailed elaboration of, *inter alia*, the following: (A) Package of Safe Delivery Services to be delivered under Part D(3)(a) of the Project; (B) the approach for establishing and revising the reimbursement rates to be paid for the Package of Safe Delivery Services to be delivered under such Part D(3)(a) of the Project, which unit price shall be calculated on the basis of a methodology acceptable to the World Bank ("Unit Price"); (C) the procedures for the evaluation and updating of the Unit Price for each Package of Safe Delivery Services; (D) procedures for the verification and certification of outputs under Part D(3)(a) of the Project; (E) eligibility criteria and procedures for provision of, and terms and conditions for receipt of Voucher Subsidies under Part D(3)(a) of the Project; and (F) eligibility criteria and procedures for selection, appointment and termination of Health Service Providers.

(b) The Recipient shall: (i) furnish to and exchange views with the Association on such manual and such Voucher Subsidies manual promptly upon their preparation; and (ii) thereafter adopt such manual and such Voucher Subsidies manual as shall have been approved by the Association ("Project Implementation Manual"), and implement the Project in accordance with the Project Implementation Manual.

(c) Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the Project Implementation Manual or any provision thereof.
(d) In case of any conflict between the terms of the Project Implementation Manual and those of this Agreement, the terms of this Agreement shall prevail.

4. A new Section I.E is added to Schedule 2 (Project Execution) to read as follows:

"E. Verification

The Recipient shall, through the Independent Verification Evaluation Agency and in accordance with terms of reference satisfactory to the Association, conduct independent verification and certification of outputs under Part D(3)(d) of the Project, all in accordance with the provisions of the Project Implementation Manual."

5. Paragraph 2 of Section V.A (Withdrawal of the Proceeds of the Financing; General) is amended to read as follows:

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, consultant services, goods, Operating Costs and Training</td>
<td>37,517,000</td>
<td>100%</td>
</tr>
<tr>
<td>(Pro Memoria, see Agreement)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Refund of Preparation Advance</td>
<td>20,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>(3) Works, consultant services, goods, Operating Costs and Training for Parts A, B, C, D(1) and D(2) of the Project</td>
<td>46,183,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Voucher Subsidies under Part D(3)(a) of the Project</td>
<td>1,320,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Consultants’ services for program management under Part D(3)(b) of the Project</td>
<td>530,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Consultants’ services for independent verification of</td>
<td>130,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
6. Section IV.B (Withdrawal Conditions) is amended as follows:

A new paragraph 2 is added to read as follows,

"2. It is understood that no withdrawal shall be made under Category (1), for payments made on or after the date of this Amendment."

and the subsequent paragraph renumbered accordingly.

7. New paragraph 3 of Section IV.B (Withdrawal Period) is amended to read as follows:

"3. The Closing Date is June 30, 2017."

8. Section 1 of the Appendix (Definitions) to the Agreement is amended variously as follows:

(a) New paragraphs 11 and 12 are inserted to read as follows,

"11. "Health Service Provider" means a public or private entity established and operating as a health service provider in the Recipient’s territory pursuant to the Recipient’s laws; and “Health Service Providers” or “HSPs” means, collectively, two or more such entities.

12. "Independent Verification Evaluation Agency” means the agency to be appointed by the Recipient pursuant to the provisions of Section I.A.2 of Schedule 2 to this Agreement.”,

and subsequent paragraphs renumbered accordingly.

(b) A new paragraph 16 is inserted to read as follows,

"16. “Package of Safe Delivery Services” means a specific package of safe delivery services elaborated in the Project Implementation Manual, to be delivered by a Health Service Provider under Part D(3)(a) of the Project in accordance with the provisions of Section I.B.1(a)(ii) of Schedule 2 to this Agreement, and “Packages of Safe Delivery Services” means collectively, two or more such specific packages of safe delivery services.”

and subsequent paragraphs renumbered accordingly.

(c) New paragraphs 23, 24 and 25 are inserted to read as follows,
“23. "Unit Price" means for each Package of Safe Delivery Services, the unit price thereof determined in accordance with the provisions of Section 1.B.1(a.ii) of Schedule 2 to this Agreement.

24. "Voucher Management Agency" means the agency to be appointed by the Recipient pursuant to the provisions of Section 1.A.2 of Schedule 2 to this Agreement.

25. "Voucher Subsidies" means vouchers for poor pregnant women to enhance their access to Packages of Safe Delivery Services from Health Service Providers, pursuant to Part D(3)(a) of Schedule 1 to the Agreement.”