OFFICIAL DOCUMENTS

GRANT NUMBER D265-MZ

Financing Agreement

(Mozambique Primary Health Care Strengthening Program)

between

REPUBLIC OF MOZAMBIQUE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
GRANT NUMBER D265-MZ

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF MOZAMBIQUE ("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) 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 grant, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to fifty-seven million Special Drawing Rights (SDR 57,000,000) ("Financing"), to assist in financing the program described in Schedule 1 to this Agreement ("Program").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.

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 Payment Dates are May 15 and November 15 in each year.

2.05. The Payment Currency is Dollar.

ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the objective of the Program. To this end, the Recipient shall carry out the Program through MISAU in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.
ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, a situation has arisen, which shall make it improbable that the Program, or a significant part of it, will be carried out.

4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreements is July 31, 2018.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01 The Additional Condition of Effectiveness consists of the following, namely the GFF Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness have been fulfilled.

5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

5.03. 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 VI — REPRESENTATIVE; ADDRESSES

6.01. Except as provided in Section 2.02 of this Agreement, the Recipient’s Representative is its ministry of economy and finance.

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

(a) the Recipient’s address is:

Ministry of Economy and Finance  
Praça da Marinha Popular  
Av. 10 de Novembro nº 929  
Maputo, Caixa Postal 272  
Republic of Mozambique; and

(b) the Recipient’s Electronic Address is:

Facsimile: E-mail: 
+258 21313747 benedita.banze@mef.gov.mz
6.03. 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 m.lundell@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF MOZAMBIQUE

By

[Signature]

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: MARK LUNDELL
Title: COUNTRY DIRECTOR
Date: February 12, 2018
SCHEDULE 1

Program Description

The objective of the Program is to improve the utilization and quality of
reproductive, maternal, child, and adolescent health and nutrition services, particularly in
underserved areas.

The Program consists of the following activities:

1. enhancing coverage, access, and quality of primary health care services, including
   high-impact supply and demand-side interventions, with a focus on underserved
   areas;

2. strengthening the health system for improved stewardship, financial sustainability,
   expenditure efficiency and equity and gender responsiveness of service delivery,
   together with improved civil registration and vital statistics systems; and

3. enabling MISAU to effectively manage the implementation of the Investment
   Case, through technical assistance, capacity building, monitoring and evaluation,
   and coordination of the activities of health partners.
SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems Assessment

Notwithstanding the provisions of Article V of the General Conditions, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Association including those set forth in the ESSA ("Program Fiduciary, Environmental and Social Systems Assessment") which are designed to ensure that:

(a) the Financing proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

(b) the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. On-financing Arrangements

(a) To facilitate the carrying out of the Program, the Recipient shall make the proceeds of the Financing available to institutions and entities involved in Program implementation in accordance with the Recipient’s standard arrangements for health sector financing.

(b) In the event that any provision of this Agreement, including the instructions that the Association shall have specified by notice to the Recipient pursuant to Section IV.A.1 of this Schedule, were to be found inconsistent with the Recipient’s standard arrangements for health sector financing, the provisions of this Agreement and related instructions shall prevail.

(c) The Recipient shall protect its own interests and the interests of the Association while implementing the on-financing arrangements, in order to accomplish the purposes of the Financing.
C. Program Institutions

(a) MISAU

(i) The Recipient’s MISAU shall be responsible for the overall implementation of Program activities at all times during the implementation of the Program and the Recipient shall take or cause to be taken, all actions, including, the provision of funding, personnel and other resources to enable MISAU to perform its respective functions under the Program.

(ii) The Recipient shall ensure that MISAU causes DPS and SDSGCAS to implement Program activities at the local level and that DPS and SDSGCAS are maintained at all times during the implementation of the Program with mandate, staffing and resources satisfactory to the Association, including trained accounting technicians in SDSGCAS. The Recipient shall ensure that each DPS and each SDSGCAS shall: (i) carry out its activities under the Program with due diligence and efficiency and in accordance with the Program Fiduciary, Environmental and Social Management Systems Assessment, the Anti-corruption Guidelines, and the Program Operations Manual; (ii) maintain policies and procedures adequate to enable it to monitor and evaluate the progress of its activities under the Program and the achievement of the Program’s objective; (iii) enable the Recipient (and the Association, if the Association shall so request) to inspect the activities within each Program DPS’ and SDSGCAS’ jurisdiction, its operation and any relevant records and documents; (iv) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association may reasonably request relating to the foregoing; (v) monitor implementation activities to be carried out under the Program; and (vi) ensure that procurement is carried out in a timely fashion, in accordance with the Program Operations Manual and this Agreement, as applicable.

(iii) The Recipient shall ensure that MISAU works in close cooperation with other relevant ministries, agencies and departments, and ensure that they are assigned with technical, social and environmental safeguards, fiduciary and other responsibilities for implementing the Program, with all powers, functions, institutional capacity and staffing acceptable to the Association and with resources adequate to fulfill their respective functions under the Program.
(b) Program Management Unit

The Recipient shall maintain a program management unit within DPC to provide administrative and logistical support to the Program. The Recipient shall appoint not later than ninety (90) days after the Effective Date, and thereafter maintain, at all times during the implementation of the Program, the following specialists to strengthen the management capacity of the program management unit: (i) a Program manager; (ii) a senior procurement specialist; (iii) a financial management specialist; (iv) two (2) procurement assistants; (v) two (2) financial management assistants; and (vi) an administrative assistant.

(c) Consultative Council and Technical Council

(i) The Recipient shall maintain, at all times during the implementation of the Program, a consultative council and a technical council with a mandate, composition and resources satisfactory to the Association.

(ii) The consultative council shall be chaired by the Minister of MISAU and shall, *inter alia*, analyze and issue opinions on key policies and strategies of MISAU and its subordinate institutions, including annual plans and budgets, health projects, implementation progress of key programs, and annual plans.

(iii) The technical council shall be chaired by the Permanent Secretary of MISAU and shall, *inter alia*, deliberate on technical issues pertaining the activities of MISAU, including analyzing the sector’s annual report, issuing opinions and recommendations on project proposals in the sector or subsectors, policy and strategy documents of the sector, and monitoring of the annual plan and budget of the sector.

D. Program Operations Manual

(a) Without limitation of the generality of Part A of this Section I, the Recipient shall prepare, in form and substance satisfactory to the Association no later than three (3) months after the Effective Date, an operations manual containing detailed institutional, administrative, financial, environmental and social, technical and operational guidelines and procedure for the implementation of the Program, and thereafter, carry out the Program in accordance with such operations manual, as shall have been approved by the Association (“Program Operations Manual”).
(b) The Recipient shall not amend, abrogate or suspend, or permit to be amended, abrogated, or suspended, any provision of the Program Operations Manual, without the prior written agreement of the Association. Notwithstanding the foregoing, if any provision of the Program Operations Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

E. DLR Verification Arrangements

1. During the implementation of the Program, an Independent Verification Agent, appointed under terms of reference acceptable to the Association, shall verify the data and other evidence supporting the achievement of one or more Disbursement Linked Results under Categories (1), (2), (3), (4), (8), (9), (10) and (11) as set forth in the table in Section IV.A.2. of this Schedule 2 and recommend corresponding payments to be made, as applicable.

2. The Recipient shall: (a) ensure that the Independent Verification Agent carries out verification process(es) in accordance with the Verification Protocol agreed with the Association; and (b) submit to the Association the corresponding verification reports in a timely manner and in form and substance satisfactory to the Association.

3. In the event there is a need for verification services prior to the appointment of the Independent Verification Agent in accordance with paragraph 1 above, the Recipient shall put in place adequate interim arrangement satisfactory to the Association and approved in writing by the Association for verification of the DLRs.

4. The Recipient's Tribunal Administrativo will verify the data and other evidence supporting the achievement of one or more Disbursement Linked Results under Categories (5), (6) and (7) as set forth in the table in Section IV.A.2. of this Schedule 2 and recommend corresponding payments to be made, as applicable.

5. The achievement of one or more Disbursement Linked Results under Categories (4) and (10) as set forth in the table in Section IV.A.2. of this Schedule 2 will also be verified through surveys to be carried out by a qualified entity to be selected competitively in a manner satisfactory to the Association.

F. Additional Program Implementation Arrangements

The Recipient shall carry out the Program Action Plan, or cause the Program Action Plan to be carried out, in accordance with the schedule set out in said Program Action Plan in a manner satisfactory to the Association.
Section II. Excluded Activities

The Recipient shall ensure that the Program excludes any activities which:

A. in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

B. involve either: (a) contracts exceeding twenty-five percent of the total Program expenditure; or (b) the procurement of: (1) works, estimated to cost USD50,000,000 equivalent or more per contract; (2) goods, estimated to cost USD30,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost USD20,000,000 equivalent or more per contract; or (4) consulting services, estimated to cost USD15,000,000 equivalent or more per contract, whichever is lower; or

C. involve non-performance based salary payments; or

D. involve construction of new “level three” or “level four” health facilities and hospital as described in Ministerial Diploma no. 127/2002, of July 31 2002, or health centers that would be classified as category A or category A+ under Decree 54/2015, of December 31.

Section III. Program Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association:

(i) each Program Report not later than two (2) months after the end of each calendar semester, covering the period covered by such report;

(ii) unaudited budget execution reports for the economic and social plan not later than two (2) months after the end of each calendar quarter, covering period covered by such report;

(iii) annual accounts of the health economic and social plan audited by the Recipient’s Tribunal Administrativo not later than twelve (12) months after the end of each Fiscal Year, covering the Fiscal Year; and

(iv) a procurement audit to assess contracting, and efficiency and effectiveness of expenditures for achieving intended purposes under terms of reference satisfactory to the Association, audited by an independent auditor acceptable to the Association not later than twelve (12) months after the end of each Fiscal Year.
Section IV. Withdrawal of Financing Proceeds

A. General

1. 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: (a) repay the Preparation Advance; and (b) finance the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table in paragraph 2 of this Part A.

2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the Disbursement Linked Indicators as applicable) ("Category"), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Financing to each Category:
<table>
<thead>
<tr>
<th>Category (including Disbursement Linked Indicator as applicable)</th>
<th>Disbursement Linked Result (as applicable)</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Disbursement Calculation Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) DLI #1: The Recipient has increased the percentage of Institutional Deliveries in 42 Lagging Districts.</td>
<td>The Recipient has met the following percentages of Institutional Deliveries in 42 Lagging Districts. DLR#1: 66.8% [FY 2018] DLR#1: 69.2% [FY 2019] DLR#1: 71.2% [FY 2020] DLR#1: 73.1% [FY 2021] DLR#1: 74.9% [FY 2022] (Baseline: 66.1%)</td>
<td>Total of SDR 5,700,000, of which: SDR 2,066,250 is allocated in FY 2018; SDR 1,710,000 in FY 2019; SDR 1,353,750 in FY 2020; SDR 285,000 in FY 2021; and SDR 285,000 in FY 2022.</td>
<td>FY2018 - No scalability FY2019 - FY Allocated Amount x [Actual Achievement up to DLR 1.2 – DLR 1.1] / [DLR 1.2 – DLR 1.1] + undisbursed amount from previous targets met FY2020 - FY Allocated Amount x [Actual Achievement up to DLR 1.3 – DLR 1.2] / [DLR 1.3 – DLR 1.2] + undisbursed amount from previous targets met FY2021 - FY Allocated Amount x [Actual Achievement up to DLR 1.4 – DLR 1.3] / [DLR 1.4 – DLR 1.3] + undisbursed amount from previous targets met FY2022 - FY Allocated Amount x [Actual Achievement up to DLR 1.5 – DLR 1.4] / [DLR 1.5 – DLR 1.4] + undisbursed amount from previous targets met.</td>
</tr>
<tr>
<td>(2) DLI #2: The Recipient has increased the percentage of Sexual and Reproductive Health Services (information and contraceptive methods)</td>
<td>The Recipient has met the following percentages of Sexual and Reproductive Health Services (information and contraceptive methods) DLR#2: 53.5% [FY 2018] DLR#2: 60% [FY 2019] DLR#2: 66.50% [FY 2020] DLR#2: 73% [FY 2021] DLR#2: 80% [FY 2022] (Baseline: 47%)</td>
<td>Total of SDR 3,491,250, of which: SDR 1,068,750 is allocated in FY 2018; SDR 712,500 in FY 2019; SDR 641,250 in FY 2020; SDR 712,500 in FY 2021, and; SDR 356,250 in FY 2022.</td>
<td>Same as DLI1 mutatis mutandis</td>
</tr>
</tbody>
</table>
| (3) DLI#3: The Recipient has increased Couple Years of Protection | The Recipient has met the following targets for Couple Years of Protection.  
DLR#3.1: 2,135,012 [FY 2018]  
DLR#3.2: 2,370,046 [FY 2019]  
DLR#3.3: 2,582,068 [FY 2020]  
DLR#3.4: 2,740,751 [FY 2021]  
DLR#3.5: 2,800,000 [FY 2022]  
(Baseline: 1,722,692) | Total of SDR 2,992,500, of which:  
SDR 1,282,500 is allocated in FY 2018;  
SDR 997,500 in FY 2019;  
SDR 356,250 in FY 2020; and  
SDR 356,250 in FY 2021. | Same as DLI 1 mutatis mutandis |
| (4) DLI#4: The Recipient has increased the percentage of children between 0-24 months of age receiving the Nutrition Intervention Package in the 6 provinces with the highest prevalence of chronic malnutrition (Cabo Delgado, Manica, Nampula, Niassa, Tete and Zambézia) | The Recipient has met the following targets for expanding the Nutrition Intervention Package:  
DLR#4.1.1: The Recipient has trained at least 6 trainers (1 per province), 100% of district nutrition representatives, and 30% of Community Health Workers and volunteers in the targeted provinces on the NIP [FY 2018]  
(Baseline: 0)  
DLR#4.1.2: The Recipient has finalized the Monitoring and Evaluation System [FY 2018]  
(Baseline: 0)  
DLR#4.2: The Recipient has ensured that 30% of children are benefiting from the NIP [FY 2019]  
DLR#4.3: The Recipient has ensured that 75% of nutrition sites meet the minimum standard of | Total of SDR 6,768,750, of which:  
SDR 2,137,500 is allocated in FY 2018 (SDR 1,425,000 for DLR#4.1.1, and SDR 712,500 for DLR#4.1.2)  
SDR 1,068,750 in FY 2019;  
SDR 1,353,750 in FY 2020;  
SDR 2,066,250 in FY 2021; and  
SDR 142,500 in FY 2022. | FY2018 - No scalability.  
FY2019 - FY Allocated Amount x [Actual Achievement up to DLR 4.2 – Baseline] / [DLR 4.2 – Baseline] + undisbursed amount from previous targets met  
FY2020 - FY Allocated Amount x [Actual Achievement up to DLR 4.3 – Baseline] / [DLR 4.3 – Baseline] + undisbursed amount from previous targets met  
FY2021 - FY Allocated Amount x [Actual Achievement up to DLR 4.4 – DLR 4.2] / [DLR 4.4 – DLR 4.2] + undisbursed amount from previous targets met  
FY2022 - FY Allocated Amount x [Actual Achievement up to DLR 4.5 – DLR 4.3] / [DLR 4.5 – DLR 4.3] + undisbursed amount from previous targets met |
quality as determined in accordance with Section 1.E.5 of Schedule 2 to this Agreement. [FY 2020]

DLR#4.4: The Recipient has ensured that 70% of children are benefitting from NIP. [FY 2021]

DLR#4.5: The Recipient has ensured that 90% of nutrition sites meet the minimum standard of quality as determined in accordance with Section 1.E.5 of Schedule 2 to this Agreement. [FY 2022]

(Baseline: 0 for DLRs 4.2, 4.3, 4.4, and 4.5)

| (5) DLI#5: The Recipient has increased the Domestic Health Expenditures as a percentage of total Domestic Government Expenditures. | DLR#5.1: Actual internal Domestic Health Expenditure as a percentage of total Domestic Government Expenditure at least 8.5% [FY 2018] | Total of SDR 6,127,500, of which:

SDR 1,674,375 is allocated in FY 2018;
SDR 1,603,125 in FY 2019;
SDR 1,603,125 in FY 2020; and
SDR 1,246,875 in FY 2021. |
<p>| DLR#5.2: Actual internal health expenditure as a percentage of total Domestic Government Expenditure at least 8.5% [FY 2019] | DLR#5.3: Actual internal health expenditure as a percentage of total Domestic Government Expenditure at least 9% [FY 2020] |
| DLR#5.4: Actual internal health expenditure as a percentage of total Domestic Government Expenditure at least 9.5% [FY 2021] | Same as DLI 1 mutatis mutandis |</p>
<table>
<thead>
<tr>
<th>(Baseline: 7.9%)</th>
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<tbody>
<tr>
<td><strong>(6) DLI#6: The Recipient has increased health expenditures in historically Undererved Areas</strong></td>
<td><strong>FY2018</strong> - No scalability</td>
</tr>
<tr>
<td><strong>DLR#6.1.1: Actual provincial expenditures in the Undererved Provinces from the Sub-Account Resources to US$9 million [FY 2018]</strong></td>
<td><strong>FY2019</strong> - 6.2.1: Allocated Amount x [Actual achievement up to DLR 6.2.1 – DLR 6.1.1] + undischased amount from previous targets met</td>
</tr>
<tr>
<td>(Baseline: 0)</td>
<td></td>
</tr>
<tr>
<td><strong>DLR#6.1.2: Actual District expenditures in the Undererved Districts from the Sub-Account Resources to US$4 million [FY 2018]</strong></td>
<td>6.2.2: Allocated Amount x [Actual achievement up to DLR 6.2.2 – DLR 6.1.2] + undischased amount from previous targets met</td>
</tr>
<tr>
<td>(Baseline: 0)</td>
<td></td>
</tr>
<tr>
<td><strong>DLR#6.1.3: Domestic Health Expenditures for the Undererved Areas maintained as a share of domestic provincial and district expenditures [FY 2018]</strong></td>
<td>6.2.3: Non-scalable</td>
</tr>
<tr>
<td>(Baseline: Domestic Health Expenditure for the Undererved Provinces was 36.6% of total provincial expenditures in 2015)</td>
<td><strong>FY2020</strong> - 6.3.1: Allocated Amount x [Actual achievement up to DLR 6.3.1 – DLR 6.2.1] + undischased amount from previous targets met</td>
</tr>
<tr>
<td>(Baseline: Domestic Health Expenditure for the Undererved Districts was 19.5% of total district expenditures in 2015)</td>
<td>6.3.2: Allocated Amount x [Actual achievement up to DLR 6.3.2 – DLR 6.2.2] + undischased amount from previous targets met</td>
</tr>
<tr>
<td><strong>DLR#6.2.1: Cumulative provincial expenditures in the Undererved Provinces from the Sub-Account Resources to US$18 million [FY 2019]</strong></td>
<td>6.3.3: Non-scalable</td>
</tr>
<tr>
<td>(Baseline: 0)</td>
<td><strong>FY2021</strong> - 6.4.1: Allocated Amount x [Actual achievement up to DLR 6.4.1 – DLR 6.3.1] + undischased amount from previous targets met</td>
</tr>
<tr>
<td><strong>Total of SDR 6,198,750, of which:</strong></td>
<td>6.4.2: Allocated Amount x [Actual achievement up to DLR 6.4.2 – DLR 6.3.2] + undischased amount from previous targets met</td>
</tr>
<tr>
<td>SDR 1,603,125 is allocated in FY 2018 (SDR 356,250 for DLR#6.1.1; SDR 334,375 for DLR#6.1.2; and SDR 712,500 for DLR#6.1.3);</td>
<td>6.4.3: Non-scalable</td>
</tr>
<tr>
<td>SDR 1,603,125 in FY 2019 (SDR 356,250 for DLR#6.2.1; SDR 334,375 for DLR#6.2.2; and SDR 712,500 for DLR#6.2.3);</td>
<td></td>
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<tr>
<td>DLR#6.2.2: Cumulative district expenditures in the Underserved Districts from the Sub-Account Resources to US$8 million [FY 2019]</td>
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<td>(Baseline: 0)</td>
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<thead>
<tr>
<th>DLR#6.2.3: Domestic Health Expenditures for the Underserved Areas maintained as a share of domestic provincial and district expenditures [FY 2019]</th>
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</thead>
<tbody>
<tr>
<td>(Baseline: Same as 6.1.3)</td>
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</table>

<table>
<thead>
<tr>
<th>DLR#6.3.1: Cumulative provincial expenditures in the Underserved Provinces from the Sub-Account Resources to US$27 million [FY 2020]</th>
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<tbody>
<tr>
<td>(Baseline: 0)</td>
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<thead>
<tr>
<th>DLR#6.3.2: Cumulative district expenditures in the Underserved Districts from the Sub-Account Resources to US$12 million [FY 2020]</th>
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<tbody>
<tr>
<td>(Baseline: 0)</td>
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</table>

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<thead>
<tr>
<th>DLR#6.3.3: Domestic Health Expenditures for the Underserved Areas maintained as a share of domestic provincial and district expenditures [FY 2020]</th>
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<tbody>
<tr>
<td>(Baseline: Same as 6.1.3)</td>
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</table>

<table>
<thead>
<tr>
<th>DLR#6.4.1: Cumulative provincial expenditures in the Underserved Provinces from the Sub-Account</th>
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<tbody>
<tr>
<td>Resources to US$36 million [FY 2021] (Baseline:0)</td>
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<tr>
<td>(7) DLI#7: The Recipient has increased the number of Technical Health Personnel assigned to the Primary Health Care Network</td>
</tr>
<tr>
<td>(8) DLI#8: The Recipient has demonstrated that District/Rural Hospitals received performance-based allocations in</td>
</tr>
</tbody>
</table>
accordance with a minimum of two scorecard assessments in the previous Fiscal Year

| DLR#8.2: The Recipient has demonstrated that 30% of District/Rural Hospitals receive performance-based allocations in accordance with a minimum of two scorecard assessments in the previous Fiscal Year [FY 2018] |
| SDR 855,000 in FY 2020; and SDR 1,781,250 in FY 2021. |

(DLJ#9: The Recipient has demonstrated that Rural Health Centers in Priority Districts received performance-based allocations in accordance with a minimum of two scorecard assessments with community consultation in the

| DLR#9.1: The Recipient has designed and piloted health center performance scorecards with community consultations in at least 10% of health centers in Priority Districts, receiving financial allocations according to their performance [FY 2018] |
| SDR 2,137,500 is allocated in FY 2018; SDR 1,781,250 in FY 2019; SDR 1,211,250 in FY 2020; SDR 1,425,000 in FY 2021; and SDR 783,750 in FY 2022. |
| DLR#9.2: The Recipient has demonstrated that 20% of Rural Health Centers in Priority Districts receive performance-based |

| Total of SDR 7,338,750, of which: |
| Same as DLJ 1 mutatis mutandis |
| previous Fiscal Year. | allocations according to at least two scorecard assessments with community consultations in the last fiscal year [FY 2019]  
DLR#9.3: The Recipient has demonstrated that 30% of Rural Health Centers in Priority Districts receive performance-based allocations according to at least two scorecard assessments with community consultations in the last fiscal year [FY 2020]  
DLR#9.4: The Recipient has demonstrated that 40% of Rural Health Centers in Priority Districts receive performance-based allocations according to at least two scorecard assessments with community consultations in the last fiscal year [FY 2021]  
DLR#9.5: 50% of Rural Health Centers in Priority Districts receive performance-based allocations according to at least two scorecard assessments with community consultations in the last fiscal year [FY 2022]  
(Baseline: 0) |  |
| (10) DLR#10: The Recipient has increased the number of trained and active APEs | The Recipient has achieved the following targets:  
DLR#10: 4,723 APEs trained and active  
(Baseline: 3,380 APEs) | SDR 712,500 | No scalability |
<table>
<thead>
<tr>
<th>(11) DLI#11: The Recipient has increased the percentage of deaths certified in health facilities with data on cause of death, coded per ICD 10, reported in SISMA, and filed in the civil registry.</th>
<th>Total of SDR 3,776,250, of which:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Recipient has achieved the following targets: DLR#11.1: 100% of hospitals and 50% of health centers use MGDH to generate information on causes of death [FY 2018]</td>
<td>SDR 1,068,750 is allocated in FY 2018; SDR 1,425,000 in FY 2019; SDR 712,500 in FY 2020; SDR 356,250 in FY 2021; and SDR 213,750 in FY 2022.</td>
</tr>
<tr>
<td>DLR#11.2: 100% of the health centers use MGDH to generate information on the causes of death [FY 2019]</td>
<td></td>
</tr>
<tr>
<td>(Baseline for DLRs 11.1 and 11.2: 70% of hospitals, 0% of health centers)</td>
<td></td>
</tr>
<tr>
<td>DLR#11.3: 70% of certified deaths coded per ICD-10, reported in SISMA, and sent to the Civil Registry [FY 2020]</td>
<td></td>
</tr>
<tr>
<td>(Baseline: 0)</td>
<td></td>
</tr>
<tr>
<td>DLR#11.4: 85% of certified deaths coded per ICD-10, reported in SISMA, and sent to the Civil Registry [FY 2021]</td>
<td></td>
</tr>
<tr>
<td>(Baseline: 0)</td>
<td></td>
</tr>
<tr>
<td>DLR#11.5: 100% of certified deaths coded per ICD-10, reported in SISMA, and sent to the Civil Registry [FY 2022]</td>
<td></td>
</tr>
<tr>
<td>(Baseline: 0)</td>
<td></td>
</tr>
</tbody>
</table>

| FY2018 | No scalability |
| FY2019 | FY Allocated Amount x [Actual Achievement up to DLR 11.2 – DLR 11.1] / [DLR 11.2 – 11.1] + undisbursed amount from previous targets met |
| FY2020 | FY Allocated Amount x [Actual Achievement up to DLR 11.3 – Baseline] / [DLR 11.3 – Baseline] + undisbursed amount from previous targets met |
| FY2021 | FY Allocated Amount x [Actual Achievement up to DLR 11.4 – DLR 11.3] / [DLR 11.4 – DLR 11.3] + undisbursed amount from previous targets met |
| FY2022 | FY Allocated Amount x [Actual Achievement up to DLR 11.5 – DLR 11.4] / [DLR 11.5 – DLR 11.4] + undisbursed amount from previous targets met |
B. Withdrawal Conditions; Withdrawal Period

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

   (a) for purposes of Section 2.03 of the General Conditions, for DLRs achieved prior to the Signature Date; and

   (b) for any DLR, until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved and verified, all in accordance with the Verification Protocol.

2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw: (i) an amount not to exceed twenty-five percent of the Financing as an advance; provided, however, that if the DLRs in the opinion of the Association, are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advance to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.

3. Notwithstanding the provisions of Part B.1(b) and Part A.2 of this Section, after the first year’s target for any DLI has been met, disbursements will be scalable in proportion to DLR achievement. DLRs will only be paid if they are validated for the year in which corresponding prices are due or thereafter.

4. Notwithstanding the provisions of Part B.1(b), Part B.2 and Part A.2 of this Section, if any of the DLRs under any Category has not been achieved by the date by which the said DLR is set to be achieved, except for the first year, the Association may, by notice to the Recipient authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the formulas set out in Part A.2 of this Section.
5. The Closing Date is December 31, 2022.

Section V. Other Undertakings

The Recipient shall not report as Counterpart Funding any expenditures financed either by the Association or by any other health development partners.
APPENDIX

Section 1. Definitions

1. “Actual Achievement up to DLR” means the validated achievement the Recipient has attained up to the DLR in a given Fiscal Year.


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

4. “Co-financier” means the Kingdom of the Netherlands and the United States Agency for International Development.

5. “Co-financing” means, for purposes of paragraph 14 of the Appendix to the General Conditions, a committed amount of fifty-eight million Dollars (USD 58,000,000) to be provided by the Co-financiers to assist in financing the Program.

6. “Co-financing Agreements” means the agreements to be entered into between the Recipient and the Co-financiers providing for the Co-financing.

7. “Community Health Workers” or “APEs” means Agentes Polivalentes Elementares, the individuals selected from the community they live in and trained by MISAU to deliver health promotion, prevention and basic curative services to their communities under the technical oversight of the nearest health center.

8. “Counterpart Funding” means the amounts committed by the Recipient and recorded in its budget for each year of Program implementation to finance activities under the Program and to make them timely available to ensure adequate Program implementation.

9. “Couple Years of Protection” means the estimated protection provided by family planning services during a one-year period, based upon the volume of all modern contraceptives methods sold or distributed free of charge to users during that period.

10. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
11. "Disbursement Linked Result" or "DLR" means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.


13. "Domestic Government Expenditures" means the sum of all government expenditures on operations (funcionamento) and internal investment as reported in e-SISTAFE and the Recipient’s report on budget execution for each fiscal year.

14. "Domestic Health Expenditures" means the sum of health expenditures on operations (funcionamento) and internal investment as reported in the e-SISTAFE and the Recipient’s report on budget execution for each fiscal year.

15. "DPC" means Direcção de Planificação e Cooperação, the directorate of planning and cooperation.

16. "DPS" means the Direcção Provincial de Saúde, the Recipient’s provincial directorate of health.

17. "e-SISTAFE" means the Recipient’s integrated financial management information System.

18. “ESSA” means the environmental and social system assessment and the safeguards action plan dated October 31, 2017, built into the Program Action Plan, and applicable to the Program which assesses the Recipient’s environmental and social management systems, detailing the Program’s environmental and social benefits, risks and impacts and recommending remedial measures to strengthen the social and environmental systems performance.

19. "Fiscal Year" or "FY" means each fiscal year of the Recipient commencing on January 1 and ending on December 31.

20. "FY Allocated Amount" means the Financing amount allocated to reward the full achievement of a DLR in a given Fiscal Year.


23. "GFF Grant Agreement" means the agreement to be entered into between the Recipient and the International Bank for Reconstruction and Development and the Association, both acting as administrator of funds provided by GFF, providing a grant in the amount of fifteen million Dollars (USD 15,000,000) to the Recipient to assist in financing the Program; as such agreement may be amended from time to time. The term "GFF Grant Agreement" includes all appendices, schedules and agreements supplemental to the GFF Grant Agreement.

24. "Hospital Data Management Module" or "MGDH" means a module, that is part of the SISMA, dedicated to record hospital data on several domains including deaths that occur in a health facility.

25. "ICD 10" means the international classification of diseases (10th revision).

26. "Independent Verification Agent" means the verification agent referred to in Section I.E.1 of Schedule 2 to this Agreement.

27. "Institutional Delivery" means a child birth taking place in a public health facility, usually attended by a health professional.

28. "Investment Case” means the Recipient’s program for enhanced delivery of priority reproductive, maternal, newborn, child and adolescent health and nutrition services approved on April 2017.

29. “Lagging Districts” means the districts described as such in the Investment Case.


32. “Nutrition Intervention Package” or “NIP” means the basic nutrition intervention package comprising seven key interventions as detailed in the Program Operations Manual.

33. "Preparation Advance" means the advance referred to in Section 2.05 (a) of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement to be signed on behalf of the Association and on behalf of the Recipient.

34. “Primary Healthcare Network” means all the health facilities classified as Rural Health Centers and Urban Health Centers excluding health posts.
35. "Priority Districts" means the districts described as such in the Investment Case.

36. "Program Action Plan" means the Recipient's plan dated November 15, 2017, and referred to in Section I.F of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.

37. "Program Operations Manual" means the manual for the Program referred to in Section I.D. of Schedule 2 to this Agreement, adopted by the Recipient to facilitate the fiduciary and coordination mechanisms under the Program, as the same may be amended from time with the prior written approval of the Association.


39. "Secondary Schools" means educational facilities providing secondary level general education comprising students in grades 8 through 12 that are provided with sexual and reproductive health information and contraceptive methods, based on visits by health professionals, at least monthly.

40. "SDSGCAS" means Serviços Distritais de Saúde, Género, Criança e Acção Social, the Recipient’s District Directorates for Health, Gender, Children and Social Action.

41. "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.

42. "SISMA" means MISAU’s health information system.

43. "Sub-Account Resources" means the channeling of the Financing to a sub-account of the treasury single account of the Recipient.

44. "Technical Health Personnel" means all health trained professionals in the special health regime career (Regime Especial de Saúde).

45. "Underserved Areas" means Underserved Districts and Underserved Provinces.

46. "Underserved Districts" means the twenty-eight (28) districts with low per capita health expenditure as identified in the Program Operations Manual.

47. "Underserved Provinces" means the three (3) provinces with low per capita health expenditure as identified in the Program Operations Manual.

49. "Verification Protocol" means the protocol set forth in the Program Operations Manual as agreed with the Association, setting forth actions and mechanisms required for verifying the achievement of DLRs, and referred to in Section I.E.2 of Schedule 2 to this Agreement as the same may be amended from time to time with prior written approval of the Association.