Financing Agreement
(Additional Financing for Health Rapid Results Project)
between

REPUBLIC OF SOUTH SUDAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 09-05-2014
AGREEMENT dated May 9, 2014, entered into between REPUBLIC OF SOUTH SUDAN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement).

The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant and a credit (collectively, “Financing”) in the following amounts to assist in financing the project described in Schedule 1 to this Agreement (“Project”):

(a) an amount equivalent to sixteen million three hundred thousand Special Drawing Rights (SDR 16,300,000) (“Grant”); and

(b) an amount equivalent to six million six hundred thousand Special Drawing Rights (SDR 6,600,000) (“Credit”).

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. The Recipient’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is Minister of Finance, Commerce, Investment and Economic Planning.

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

2.05. The Payment Dates are April 15 and October 15 in each year.

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

2.07. The Payment Currency is United States Dollars.

**ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Health in accordance with the provisions of Article IV of the General Conditions.

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

**ARTICLE IV — EFFECTIVENESS; TERMINATION**

4.01. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

4.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Recipient’s Representative is its Minister of Finance, Commerce, Investment and Economic Planning.

5.02. The Recipient’s Address is:

Ministry of Finance, Commerce, Investment and Economic Planning
P.O. Box 80, Juba
Republic of South Sudan
5.03. The Association’s Address is:

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

Cable: Telex: Facsimile:

INDEVAS 248423 (MCI) 1-202-477-6391
Washington, D.C.
AGREED at **May 9, 2014**, as of the day and year first above written.

**REPUBLIC OF SOUTH SUDAN**

By

Authorized

Name: **Aggrey Isaac Salum**

Title: **Minister**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By

Authorized Representative

Name: **Bella Bird**

Title: **Country Director**
SCHEDULE 1

Project Description

The objectives of the Project are: (i) to improve the delivery of High Impact Primary Health Care Services in Upper Nile and Jonglei states; and (ii) to strengthen the coordination, monitoring and evaluation capacities of the Ministry of Health.

The Project consists of the following parts:

Part A: Delivery of High Impact Primary Health Care Services

Delivery of High Impact Primary Health Care Services through health facilities as well as outreach activities to improve primary health care service delivery.

Part B: Development of the Capacity of the Ministry of Health

Strengthening the capacity of the Ministry of Health to: (i) manage the provision of primary health care services including planning, implementing, monitoring and managing grants and performance-based contracts, through provision of goods, services, technical assistance, and Workshops and Training required for the purpose; and (ii) monitor and evaluate the progress made towards the achievement of agreed targets in the health sector and ensure the availability of independent and credible data on health sector performance.
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. Project Steering Committee

In order to ensure the proper implementation of the Project, the Recipient shall, at all times during Project implementation, maintain within the Ministry of Health a Project Steering Committee, with composition, resources and functions satisfactory to the Association, as set forth in the Project Implementation Manual, for purposes of providing overall strategic guidance for and oversight to the Project.

2. Project Management Unit

The Recipient shall, at all times during the implementation of the Project, maintain within the Ministry of Health, a Project Management Unit (PMU) with adequate staff, including a Project manager, financial management specialist, procurement officer, health planner, environmental specialist, and monitoring and evaluation specialist, and with resources and terms of reference satisfactory to the Association.

B. Implementation Arrangements

1. Project Implementation Manual

(a) The Recipient shall carry out the Project in accordance with the provisions of a manual satisfactory to the Association (the “Project Implementation Manual”), which shall include, inter alia, provisions on the following: (i) activities for sustained achievement of the Project’s objectives; (ii) fiduciary arrangements, including disbursement, financial management and procurement; (iii) institutional administration, and coordination arrangements governing the day-to-day execution of the Project; (iv) monitoring, evaluation, reporting, and communication; (v) the Environmental and Social Management Framework; (vi) the Health Care Waste Management Plan; (vii) the Financial Procedures Manual; and (viii) such other administrative, financial, technical, environmental, and organizational arrangements and procedures as shall be required for the implementation of the Project.
The Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual without the prior written agreement of the Association; provided, however, that in the event of any conflict between the provisions of the Project Implementation Manual and this Agreement, the provisions of this Agreement shall prevail.

2. Annual Work Plan and Budget

(a) The Recipient shall prepare and furnish to the Association for its approval, not later than July 1 of each year during the implementation of the Project, a proposed annual work plan and budget containing all activities proposed to be carried out under the Project in the following Fiscal Year.

(b) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed annual work plan and budget, and thereafter to implement the Project or cause it to be implemented with due diligence in accordance with such annual work plan and budget as shall have been approved by the Association ("Annual Work Plan").

3. Training Plan

(a) The Recipient shall, not later than November 1 of each year during Project implementation, starting in calendar year 2014, furnish to the Association for approval, a training plan for the Project, each said plan to include, inter alia: (i) the training activities proposed to be carried out under the Project during the twelve (12) months immediately following the presentation of each said plan, beginning on January 1 of that calendar year; (ii) the proposed participants in such training and the criteria; (iii) the proposed providers and location of such training; and (iv) the budget for such period.

(b) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed training plan, and thereafter shall implement the training plan with due diligence, and in accordance with such budget as shall have been approved by the Association.

C. Coordination and Service Delivery Organization

1. To facilitate the implementation of the Project in each of the Participating States, the Recipient shall enter into, and thereafter maintain throughout the implementation of the Project, a separate delegated contract management agreement (the "Contract Management Agreement") for each Participating State
in form and substance satisfactory to the Association with a contract management agency (the "Coordination and Service Delivery Organization") selected in accordance with Section III of Schedule 2 to this Agreement, pursuant to which the Coordination and Service Delivery Organization shall be responsible for the implementation of Part A of the Project in each Participating State. The same Coordination and Service Delivery Organization shall operate in both Participating States under two separate agreements.

2. Each Contract Management Agreement shall include the following provisions:

(a) the obligation of the Coordination and Service Delivery Organization to:

(i) carry out its activities under the Contract Management Agreement with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association and, without limitation to the generality of the foregoing, in accordance with the provisions of the Health Care Waste Management Plan, the ESSAF, the ESMP, the Anti-Corruption Guidelines applicable to recipients of Grant proceeds, and the Project Implementation Manual; and

(ii) maintain adequate policies and procedures to enable it monitor and evaluate the progress of the activities carried out under the Contract Management Agreement in accordance with indicators acceptable to the Association; and

(b) the right of the Recipient and the Association to:

(i) request an audit of the financial statements of the activities carried out under the Contract Management Agreement by independent auditors acceptable to the Association in accordance with consistently applied auditing standards acceptable to the Association and the prompt transmission of the financial statements as so audited to the Recipient and the Association;

(ii) inspect the activities carried out under the relevant Contract Management Agreement, and any relevant records and documents; and

(iii) obtain all such information as the Recipient or the Association shall reasonably request relating to the foregoing to be prepared and furnished to the Recipient and the Association.
3. The Recipient shall exercise its rights and carry out its obligations under each Contract Management 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 in writing, the Recipient shall not assign, amend, abrogate or waive any Contract Management Agreement or any of its provisions.

D. Anti-Corruption

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

E. Safeguards

1. Implementation of those activities under the Project that require the adoption and implementation of an environmental and social management plan (ESMP) shall not commence unless and until: (a) such ESMP: (i) has been prepared, in accordance with the Environmental and Social Screening and Assessment Framework ("ESSAF"); and (ii) has been approved by the Association in writing and publicly disclosed as required by the ESSAF; and (b) such activities are thereafter carried out in accordance with the provisions of the ESMP.

2. The Recipient shall ensure that the Project is carried out in accordance with such the ESSAF and the Health Care Waste Management Plan ("HCWMP").

3. The Recipient shall ensure that the Project Reports referred to Section II.A.1 of this Schedule include adequate information on monitoring the measures defined in the ESSAF, HCWMP and any ESMP prepared pursuant to Section I.E.1 of this Schedule.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Midterm Review; Completion Report

1. 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 acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
2. **Mid-Term Review**

The Recipient shall:

(a) not later than eleven (11) months after the Effective Date of this Agreement, prepare under terms of reference satisfactory to the Association, and furnish to the Association, a report integrating the results of the monitoring and evaluation activities and setting out the measures recommended to ensure the efficient carrying out of the Project and achievement of the objectives thereof during the period following such date; and

(b) the Recipient and the Association shall review the report referred to in the preceding paragraph (a) one month after receiving such report (or by such later date as the Association shall request) and, thereafter, the Recipient shall take all measures required to ensure the efficient completion of the Project and the achievement of the Project’s objectives, based on the conclusions and recommendations of the said report and the Association’s views on the matter.

B. **Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report not 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 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 months after the end of such period.

4. Without limitation to the provisions of Section 1.A.2 of Schedule 2 to this Agreement, the Recipient shall retain the services of the financial management specialist recruited for the Original Project or such other financial management specialist with qualifications, experience and terms of reference acceptable to the
Association, to support the financial management aspects of the Project, and such other functions as set forth in the Project Implementation Manual.

5. The Recipient shall engage, not later than six months after the Effective Date, the external auditor referred to in Section 4.09(b) of the General Conditions in accordance with Section III of Schedule 2 of this Agreement and pursuant to terms of reference satisfactory to the Association.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, 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, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, 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, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding in accordance with the Recipient's applicable legal framework consisting of the Interim Public Procurement and Disposal Regulations dated June 29, 2006, provided that such procedures comply with the provision of Section I and paragraphs 3.3 and 3.4 of the Procurement Guidelines; (b) Shopping; (c) Procurement under Framework Agreements in accordance with
procedures which have been found acceptable to the Association; (d) Direct Contracting; (e) Procurement from UN Agencies; and (f) Limited International Bidding.

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection based on Consultants’ Qualifications; (c) Single-source Selection of consulting firms; (d) Selection of Individual Consultants; (e) Single-source procedures for the Selection of Individual Consultants; (f) Selection under a Fixed Budget; and (g) Least Cost Selection.

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 Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, consultants’ services, non-consulting-services, Workshops and Training, and Operating Costs for the Project</td>
<td>13,700,000</td>
<td>6,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Refund of Preparation Advance</td>
<td>2,600,000</td>
<td></td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>16,300,000</td>
<td>6,600,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
   (a) for payments made prior to the date of this Agreement.
   (b) unless and until each of the two Contract Management Agreements has been entered into by the parties thereto, and all conditions precedent to the effectiveness of each such contract has been met.

2. The Closing Date is October 31, 2015.
**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 April 15 and October 15</td>
<td></td>
</tr>
<tr>
<td>commencing April 15, 2024, to and including October 15, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing April 15, 2034, to and including October 15, 2053</td>
<td>2%</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


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


4. “Contract Management Agreement” means a delegated contract management agreement entered into between the Coordination and Service Delivery Organization and the Recipient, in accordance with the guidelines, terms and conditions set forth in the Project Implementation Manual and pursuant to Section I.C.1 of Schedule 2 to this Agreement.

5. “Coordination and Service Delivery Organization” has the meaning given to such term in Section I.C.1 of Schedule 2 to this Agreement.


7. “Environmental and Social Management Plan” or “ESMP” means any environmental and social management plan, acceptable to the Association and consistent with the ESSAF – as may be adopted for the purposes of the Project pursuant to Section I.E.1 of Schedule 2 to this Agreement – which gives details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the ESSAF under the Project along with the procedural and institutional measures needed to implement such actions, measures and policies; and the term “ESMPs” means, collectively, all such plans.

8. “Environmental and Social Screening and Assessment Framework” or “ESSAF” means the environmental and social screening and assessment framework, referred to Section I.E.1 of Schedule 2 to this Agreement, adopted by the Recipient on August 2, 2012, giving details of a program of actions, measures and policies designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental and social impacts or reduce such impacts to acceptable levels.

10. "Health Care Waste Management Plan" or "HCWMP" means the plan for the management of hazardous health care and medical waste under the Project, to be adopted under the Project and referred to Section I.E.2 of Schedule 2 to this Agreement, which was prepared and adopted by the Recipient and disclosed on February 10, 2014.

11. "High Impact Primary Health Care Services" means a set of health interventions including: (a) child health services: immunization, vitamin A supplementation, promotion of adequate infant and young child feeding and caring behaviors, and use of long lasting insecticide treated nets; (b) maternal health services: antenatal care, including home-based lifesaving skills and intermittent preventive treatment, skilled delivery, postnatal care, family planning; and (c) basic curative services: treatment of malaria, acute respiratory infections, diarrhea, tuberculosis, and HIV testing and treatment in major urban sites.


13. "MOH" or "Ministry of Health" means the Recipient's Ministry responsible for health, and any successor thereto.

14. "Operating Costs" means the incremental expenditures incurred by the Recipient in the implementation of the Project, on account of office supplies, office rent, communication and insurance charges, maintenance of office equipment, vehicle operations and maintenance costs, utilities, travel and travel allowances, and salaries of locally contracted employees, but excluding salaries of officials of the Recipient's civil service.

15. "Original Project" means the Project described in the financing agreement dated April 20, 2012, between the Recipient and the Association, and referred to in the preamble to this Agreement.

16. "Participating States" means the Recipient's states of Upper Nile and Jonglei or such other state as may be deemed eligible in terms of the Project Implementation Manual and added to the list of participating states by mutual agreement between the Recipient and the Association.

17. "PFMU" means Project Financial Management Unit in MoFCIEP.
18. "PMU" or "Project Management Unit" is the unit in the Ministry of Health responsible for the supervision, management, monitoring and coordination of the Project.

19. "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 December 14, 2013, on behalf of the Recipient on December 14, 2013.


21. "Procurement Plan" means the Recipient's procurement plan for the Project, dated February 13, 2014, 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.

22. "Project Implementation Manual" means the manual adopted by the Recipient on August 2, 2012, setting out details of all procedures, guidelines, timetables and criteria, including administrative, financial, procurement, monitoring and evaluation, technical and organizational arrangements, guidelines and procedures as shall be required for the Project, as the same may be amended from time to time with the prior written approval of the Association, and such term includes any schedules to the Project Implementation Manual.

23. "State" means the second tier of government in the Recipient's administrative system as set forth under Article 163 of the Transitional Constitution of the Republic of South Sudan of July 2011, as may be amended from time to time.

24. "Training Plan" means a training plan and associated budget prepared annually by the Recipient for the Project and approved by the Association in accordance with Section I.B.3 of Schedule 2 to this Agreement.

25. "Workshops and Training" means the reasonable costs for the following expenditures, based on a Training Plan, incurred in providing training or workshops: travel by participants and presenters to the training or workshop site, per diem allowances of such persons during the training or workshop, honoraria for the presenters, rental of facilities, materials, supplies and translation and interpretation services.