Honorable Patrick Chinamasa
Minister of Finance
Ministry of Finance
6th Floor, Block B, Composite Office Building
Cnr. Samora Machel Avenue/4th Street
P/B 7705
Causeway
Harare
Republic of Zimbabwe

Re: Republic of Zimbabwe: MDTF-HRI Grant No. TF0A0939
Preparation of 2nd Additional Financing for the
Health Sector Development Support Project
Grant Agreement

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Zimbabwe ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, "World Bank"), both acting as administrator of grant funds provided by various donors ("Donors") under the Multi-Donor Trust Fund for Health Results Innovation ("MDTF-HRI") ("Trust Fund"), propose to extend to the Recipient a grant in an amount not to exceed four hundred thousand United States Dollars (U.S. $400,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the activities described in Section 2.01 of the Annex ("Activities").

The objective of the Activities is to facilitate the preparation of the proposed 2nd Additional Financing for the Health Sector Development Support Project designed to increase coverage of key maternal and child health interventions in targeted rural and urban districts of the Recipient’s territory, consistent with the Recipient’s ongoing health initiatives ("Project"), for the carrying out of which the Recipient has requested the World Bank’s financial assistance. The Activities will be carried out by Stichting Cordaid, a legal entity established and operating pursuant to its constitution (as amended through June 18, 2009) ("PIE Documentation"), as a foundation under the laws of the Kingdom of the Netherlands ("Project Implementing Entity"), and to this end, the proceeds of the Grant will be made available to the Project Implementing Entity as set forth in this Agreement and an agreement of same date as this letter agreement between the World Bank and the Project Implementing Entity ("Activities Agreement").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard
Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to perform its obligations under this Agreement in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date specified by the World Bank in accordance with Section 5.02 of the Annex to this Agreement.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Guang Zhe Chen
Country Director for Zimbabwe
Africa Region

AGREED:
REPUBLIC OF ZIMBABWE

By: MUNAMAGA
Authorized Representative

Name: HON. PATRICK ANTHONY CHINAMAGA
Title: MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT
Date: 29 OCTOBER 2015
Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.


Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions (as defined in Section 1.02(i) below) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms have the following meanings:


(c) “Districts” means the Recipient’s Districts participating in the Project.

(d) “National Health Care Waste Plan” means the Recipient’s national plan that governs how health care providers and health facility teams manage and dispose waste generated from the provision of medical services.

(e) “Operating Costs” means the expenditures incurred to finance the reasonable incremental operating costs incurred on account of the Project implementation, management and monitoring, including gas, vehicle maintenance, telephone, office equipment, office supplies, bank charges, additional staff costs, travel and supervision costs, *per diem*, but excluding the salaries and other benefits of officials and public servants of the Recipient’s civil service.


(g) “Procurement Plan” means the Recipient’s procurement plan for the Project, dated October 10, 2015, 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.

(h) “RBF Program” means Results Based Financing Program, a program financing health providers on the basis of quality and quantity of services they deliver, subject to verification by an independent agency.

(j) "Training" means the reasonable costs of training under the Project attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

Article II
Activities Execution

2.01. Description of Activities. The Activities for which the Grant is provided consist of the following parts aimed at preparing the proposed Project by:

(a) developing quality improvement guidelines and indicators for health facility teams under the RBF Program;

(b) updating of quality supervision checklists and training of District supervisors in the revised checklists;

(c) setting up an electronic system for recording quality of care supervision assessments and feedback and electronic audit system to review the comprehensiveness of supervision of clinical quality of care;

(d) updating the National Health Care Waste Plan for the Project which is set to expire in December 2015;

(e) program management and support, including updating monitoring and evaluation (M&E) indicators and the results framework; and

(f) learning and travel related expenses.

2.02. Activities Execution Generally. The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall:

(a) cause the Activities to be carried out by the Project Implementing Entity in accordance with the provisions of: (i) Article II of the Standard Conditions; (ii) the Anti-Corruption Guidelines; and (iii) this Article II;

(b) the Recipient shall take all measures required on its part to enable the Project Implementing Entity to carry out the Activities in accordance with the provisions of this Agreement and the Activities Agreement;

(c) the Recipient hereby agrees that: (i) the proceeds of the Grant shall be made directly available by the World Bank to the Project Implementing Entity, and to this end, (ii) the Project Implementing Entity shall have sole authority to request withdrawals of the proceeds of this Grant for purposes of the Activities and to
use such proceeds in accordance with the provisions of this Agreement and the Activities Agreement;

(d) the Recipient and the World Bank hereby agree that the Recipient’s obligations set forth in Sections 2.02 (Insurance), 2.04 (Use of Goods, Works and Services; Maintenance of Facilities), 2.05 (Documents; Records), 2.06 (Project Monitoring, Reporting and Evaluation), 2.07 (Financial Management; Financial Statements; Audits), and 2.09 (e) (Visits), and Article III (Withdrawal of Grant Proceeds) of the Standard Conditions shall be carried out by the Project Implementing Entity pursuant to the Activities Agreement; and

(e) the Recipient shall carry out its obligations in relation to the Activities in accordance with this Agreement and the Anti-Corruption Guidelines.

2.03. Subsidiary Agreement

(a) For purposes of the Activities, the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity on a non-reimbursable grant basis, under an agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the World Bank (“Subsidiary Agreement”), including the following: the Project Implementing Entity shall (i) carry out 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 World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines; (ii) provide, promptly as needed, the resources required for the purpose; (iii) procure the goods and services to be financed out of the Grant in accordance with the provisions of this Agreement; (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Project and the achievement of its objectives; (v) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (B) at the World Bank’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank; (vi) enable the Recipient and the World Bank to inspect the Project, its operation and any relevant records and documents; and (vii) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.

(b) The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.
2.04. **Donor Visits.** For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donor(s) to visit any part of the Recipient’s territory for purposes related to the Activities.

2.05. **Monitoring, Reporting and Evaluation.** In order to facilitate the Project Implementing Entity’s monitoring and evaluation of the progress of the Activities within the Recipient’s territory in accordance with the provisions of Section 2.06 of the Standard Conditions, the Recipient shall provide all information as the World Bank or the Project Implementing Entity may reasonably request regarding such progress.

2.06. **Procurement.** All goods and services required for the Activities and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section 2.05 of the Activities Agreement.

### Article III

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The proceeds of the Grant may be withdrawn by the Project Implementing entity in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Project Implementing Entity (including the “World Bank Disbursement Guidelines for Projects”, dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“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 USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants’ services, Operating Costs and Training</td>
<td>400,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>400,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed $40,000 equivalent may be made for payments made prior to this date but on or after September 20, 2015, for Eligible Expenditures under Category (1).

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06(c) of the Standard Conditions is February 28, 2016.
Article IV
Additional Remedies

4.01. Additional Events of Suspension. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

(a) The Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the Project Implementing Entity of its obligations under the Activities Agreement.

(b) The Project Implementing Entity has failed to perform any obligation under the Activities Agreement.

(c) IBRD or IDA has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by IBRD or IDA, or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA (including as administrator of funds provided by another financier), as a result of: (i) a determination by IBRD or IDA that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.

(d) IBRD or IDA has suspended in whole or in part the right of the Project Implementing Entity to make withdrawals under any agreement with IBRD or with IDA because of a failure by the Project Implementing Entity to perform any of its obligations under such agreement or any other agreement with IBRD or IDA.

(e) As a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Project Implementing Entity will be able to perform its obligations under the Activities Agreement.

(f) The PIE Documentation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Activities Agreement.

(g) The World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.
A representation made by the Project Implementing Entity in or pursuant to the Activities Agreement, or any representation or statement furnished by the Project Implementing Entity and intended to be relied upon by the World Bank in making the Grant, was incorrect in any material respect.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until receipt by the Bank of the following:

(a) a written opinion satisfactory to the World Bank of counsel or a competent official satisfactory to the World Bank showing, that the execution and delivery of the Activities Agreement and the Subsidiary Agreement on behalf of the Project Implementing Entity have been duly authorized or ratified by all necessary corporate action, and that said agreements are legally binding upon the Project Implementing Entity in accordance with its terms; and

(b) if World Bank so requests, evidence satisfactory to the World Bank that the condition of the Project Implementing Entity, as represented or warranted to the World Bank at the date of the Activities Agreement, has undergone no material adverse change after such date.

5.02. Except as the Recipient and the World Bank shall otherwise agree, the Legal Agreements shall enter into effect on the date upon which the World Bank dispatches to the Recipient and Project Implementing Entity notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.03. The Legal Agreements and all obligations of the parties under them shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient and the Project Implementing Entity of such later date.

Article VI
Recipient's Representative; Addresses

6.01. Recipient's Representative. Subject to the provisions of Section 2.02(b) and 3.01(c) of this Agreement, the Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its minister responsible for finance.
6.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Minister of Finance  
Ministry of Finance  
6th Floor, Block B, Composite Office Building  
Cnr. Samora Machel Avenue/4th Street  
Harare  
Republic of Zimbabwe

Facsimile:  
263-4-796563

6.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable: INTBAFRAD  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391
APPENDIX
Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. The term “Project”, whenever used in the Standard Conditions, is modified to read “Activities” (and related text adjusted for grammatical correctness accordingly).

2. The term “Project Report”, whenever used in the Standard Conditions, is modified to read “Activities Report”.

3. A new definition is added in alphabetical order to the Appendix as follows (and the subsequent definitions are renumbered accordingly):

   “Legal Agreement” means either of the Grant Agreement or the agreement between the World Bank and the entity designated to be responsible for implementing the Activities; and “Legal Agreements” means, collectively, both said agreements.

4. The term “Grant Agreement”, whenever used in Sections 4.06, 5.01, 6.02, 7.04 and 7.05 of the Standard Conditions, is modified to read “Legal Agreements”.

5. The term “Grant Agreement”, whenever used in Section 5.02 of the Standard Conditions, is modified to “any Legal Agreement”.

\[\text{Signature}\]