

CREDIT NUMBER 5643-TZ

Financing Agreement

(Strengthening Primary Health Care for Results Program)

between

THE UNITED REPUBLIC OF TANZANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 25 AUGUST, 2015

CREDIT NUMBER 5643-TZ

FINANCING AGREEMENT

AGREEMENT dated 25 AUGUST, 2015, entered into between THE UNITED REPUBLIC OF TANZANIA ("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) 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 credit in an amount equivalent to one hundred forty five million Special Drawing Rights (SDR 145,000,000) (variously, "Credit" and "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 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are November 1 and May 1 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 Dollars.

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 - or cause the Program to be carried out - through its MOHSW and PMO-RALG 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 Program is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
 - (a) an action has been taken or a policy has been adopted which results in any significant reversal of Program activities and/or any activity implemented pursuant to the Program Action Plan; and
 - (b) the GFF Grant Agreement, the ANIS Grant Agreement and the USAID Grant Agreement have failed to become effective by October 31, 2015, or such later date as the Association has established by notice to the Recipient, unless the Recipient has established to the satisfaction of the Association that adequate funds for the Program are available from other sources on terms and conditions consistent with its obligations under this Agreement.
- 4.02. The Additional Events of Acceleration consist of the following, namely, that any event specified in Section 4.01 of this Agreement has occurred and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.02. 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 VI — REPRESENTATIVE; ADDRESSES

6.01. Except as provided in Section 2.02 of this Agreement, the Recipient's Representative is its Minister responsible for finance.

6.02. The Recipient's Address is:

Ministry of Finance

1 Madaraka Street
P.O. Box 9111
11468 Dar es Salaam
The United Republic of Tanzania

Facsimile:

(255) 222 11 0326

6.03. 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
Washington, D.C.

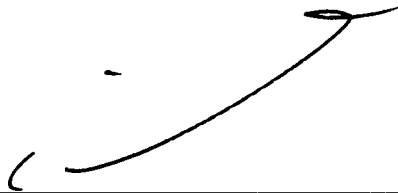
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AGREED at Dar es Salaam, The United Republic of Tanzania, as of the day and year first above written.

THE UNITED REPUBLIC OF TANZANIA

By



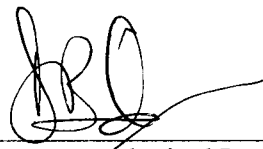
Authorized Representative

Name: DR. S.B. Likwela

Title: PERMANENT SECRETARY

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Beth Bird

Title: COUNTRY DIRECTOR

SCHEDULE 1

Program Description

The objective of the Program is to improve the quality of primary health care (PHC) services nation-wide in the Recipient's territory with a focus on maternal, neonatal and child health (MNCH) services.

The Program supports the Recipient's PHC program under the Health Sector Strategic Plan IV, including BRN in Health, and consists of, inter alia, the following activities:

1. Carrying out of activities designed to improve health workers' performance including: (i) a stepwise accreditation scheme for all PHC facilities in the Recipient's territory ("Star Rating" initiative) which has both nation-wide assessment and a subsequent facility improvement program (including incentives) to help facilities improve their performances and star ratings; (ii) implementation of the Decentralization by Devolution Policy by empowering Health Facilities to plan, budget and manage revenue in line with the Health-Cost Sharing Guidelines; (iii) performance contracts and targets at individual health worker levels; and (iv) social accountability mechanisms.
2. Carrying out of activities designed to improve the distribution of skilled PHC workers especially in Targeted Regions of the Recipient's territory including: (i) increasing PHC employment permits for such regions; (ii) engaging the private sector to provide skilled HRH for public health facilities through PPPs; (iii) redistributing health care workers within regions; and (iv) optimizing the pool of new recruits through "bonding" policy or compulsory attachments.
3. Carrying out of activities designed to improve the availability of essential medicines in PHC facilities including: (i) introducing new governance and accountability mechanisms; (ii) developing new finance and business model for Medical Stores Department (MSD); (iii) engaging private sector in procurement and distribution, (iv) implementing quality improvement initiatives for inventory management; and (v) using innovative information and communication technology to report stock-outs.
4. Carrying out of activities designed to improve the coverage and quality of MNCH along the continuum of care, with Selected Regions of the Recipient's territory receiving priority focus, including: (i) ensuring dispensaries and health centers meet Basic Emergency Obstetric and Neonatal Care (BEmONC) requirements; (ii) expanding Comprehensive Emergency Obstetric and Neonatal Care (CEmONC) to selected hospitals and health centers; (iii) strengthening the corresponding satellite blood banks which serve facilities with CEmONC; and (iv) extending

MNCH services to communities through the use of community health workers (CHWs) and awareness campaigns.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article IV 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 and the Program Action Plan (“Program Fiduciary, Environmental and Social Systems”) 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. Anti-Corruption

Without limitation on the provisions of Part A of this Section, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines.

C. On-financing Arrangements

1. 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.
2. Notwithstanding paragraph 1 above, 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 govern.
3. 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.

D. Program Institutions

Without limitation upon Part A of this Section, the Recipient shall maintain at all times during Program implementation adequate institutional arrangements - satisfactory to the Association as necessary to achieve the objectives of the Program - as further detailed in the Program Operational Manual, including the following Program Institutions:

MOHSW

- (a) The Recipient through its MOHSW 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 funds, personnel and other resources to enable the MOHSW to perform its respective functions under the Program.

PMO-RALG

- (b) The Recipient shall ensure that the MOHSW works in close collaboration with the PMO-RALG to implement Program activities, through the Regional Administrations (RAs) and LGs, at the local level and that said PMO-RALG is maintained at all times during the implementation of the Program with mandate, staffing and resources satisfactory to the Association.

RAs

- (c) To facilitate the carrying out of activities under the Program at the Regional Level, the Recipient shall maintain at all times during the implementation of the Program each Regional Administration with a composition, mandate and resources satisfactory to the Association to provide through the Regional Secretariats (RSs) technical support to LGs for the implementation of the Program, identify capacity building needs and monitor, supervise, and evaluate health services and conduct data quality audits.

LGs

- (d) To facilitate the carrying out of activities under the Program, the Recipient shall maintain at all times during the implementation of the Program each Local Government (LG) with a composition, mandate and resources satisfactory to the Association.

- (e) Without limitation upon the provision of sub-paragraph (d) immediately above, the Recipient shall ensure that each LG 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, the Anti-corruption Guidelines, and the Program Operational 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 said Program LG's 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 by the Health Facilities annually; and (vi) ensure that procurement is carried out in a timely fashion, in accordance with the Program Operational Manual and this Agreement, as applicable.

E. Program Operational Manual

1. No later than three (3) months after the Effective Date, the Recipient shall adopt a Program operational manual consisting of the RBF Operations Manual and the HBF Memorandum of Understanding both in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Program including inter alia: (a) disbursement and flow of funds arrangements; (b) institutional arrangements; (c) financial management, governance and procurement systems; (d) environmental and social management systems including the ESSA and operation of grievance redress mechanism; (e) monitoring and evaluation, reporting and communication, including Program indicators; (f) Program Action Plan; (g) detailed arrangements for verification of achievement of the DLR (including the Verification Protocol); and (h) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Program.
2. The Recipient shall: (a) furnish to and exchange views with the Association on such manual promptly upon its preparation; and (b) thereafter adopt such manual as shall have been approved by the Association (Program Operational Manual).
3. The Recipient shall ensure that the Program is carried out in accordance with the arrangements and procedures set out in the Program Operational Manual (POM) (provided, however, that in case of any conflict between the arrangements and procedures set out in the POM and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the POM or any of its provisions without prior approval in writing by the Association. Notwithstanding the foregoing, if

any provision of said Program Operational Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

F. DLR Verification Arrangements

1. The Recipient shall appoint and thereafter maintain, at all times during the implementation of the Program, the IAG, under terms of reference acceptable to the Association (Independent Verification Agent), to verify the data and other evidence supporting the achievement of one or more Disbursement Linked Results (DLRs) 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; (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 IAG 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.

G. Program Action Plan

Without limitation to the provision of Section I.D of this Schedule the Recipient shall carry out the Program Action Plan, or cause the Program Action Plan to be carried out, 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 the procurement of: (1) works, estimated to cost fifty million Dollar (USD50,000,000) equivalent or more per contract; (2) goods, estimated to cost thirty million Dollar (USD30,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost twenty million Dollar (USD20,000,000) equivalent or more per contract; or (4) consultants' services, estimated to cost fifteen million Dollar (USD15,000,000) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation; Audits

A. Program Reports

1. The Recipient shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 4.08 of the General Conditions. Each Program Report shall cover the period of one Fiscal Year, and shall be furnished to the Association not later than six (6) months after the end of the period covered by such report.
2. The Recipient shall: (a) on or about the date twenty four (24) months after the Effective Date (or such earlier or later date as agreed with the Association), prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Program during the period preceding the date of the mid-term report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Part A, and setting out the measures recommended to ensure the continued efficient carrying out of the Program and the achievement of its objectives during the period following such date; (b) undertake in conjunction with all Program Institutions a comprehensive mid-term review of the Program during which it shall exchange views with the Association and Program Institutions (including LGs) on all matters relating to the progress of the Program and the mid-term report, on or about the date one month after its submission; and (c) following the mid-term review, the Recipient shall act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Program and shall take all measures required to ensure the continued efficient implementation of the Program and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter.

B. Program Financial Audits

Without limitation on the generality of Section I.A of this Schedule 2 and Section 4.09 of the General Conditions, the Recipient shall have the 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. The audited Financial Statements for each such period shall be furnished to the Association not later than twelve (12) months after the end of such period.

C. Procurement Audit and Value for Money Audit

Without limitation upon the provisions of Part B of this Section III, the Recipient shall carry out under terms of reference satisfactory to the Association: (a) in each Fiscal Year ("FY") beginning FY2016 an audit of contracts procured in the

preceding FY and furnish said audit to the Association not later than six (6) months after the end of the FY to which said audit relates; and (b) a Value for Money Audit, such audit to be undertaken: (i) during the mid-term review referred to in paragraph.A.2 above of this Section III; and (ii) not later than six (6) months prior to the Closing Date referred to in Section IV.B.4 of this Schedule 2. To this end, the Recipient shall take all actions including the provision of funding, personnel and other resources to carry out said audits.

Section IV. Withdrawal of Financing Proceeds

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 may specify from time to time by notice to the Recipient to finance the Program Expenditures, on the basis of 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), the allocation of the amounts of the Financing to each Category, and the disbursement calculation formula for each Category (as applicable):

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Financing Allocated (expressed in SDR)	Disbursement Calculation Formula
(1) DLI #1: The Recipient has completed all Foundational Activities	<p>DLR #1: The Recipient has: (a) prepared a 5-year Capacity Building Plan for the Program; (b) prepared Data Quality Audit (DQA) tools; (c) prepared and disseminated to all LGs Financial Instructions for Health Facility accounts; (d) verified Baseline Data (for 2014) and targets for Performance Indicators; (e) prepared a list of operational Health Facilities and GPS locations; and (f) (i) completed the BEmONC and CEmONC assessment in the Five BRN RMNCH Regions; (ii) selected eight health centers in the Five BRN RMNCH Regions meeting CEMONC standards; and, (iii) ensured that at least 70 percent of health centers in the Five BRN RMNCH Regions have met BEMONC standards</p> <p>FY15/16, FY16/17</p>	7,250,000	<p>SDR 725,000 for each of the first five Foundational Activities; SDR 725,000 for completion of BEmONC and CEmONC assessment; SDR 181,250 for each health center meeting CEmONC standards, with total amount not exceeding SDR 1,450,000; SDR 20,714 for each 1% of health centers meeting BEmONC standards, with total amount not exceeding SDR 1,450,000</p>
(2) DLI 2: The Recipient has achieved all of the Program annual results in Institutional Strengthening at all levels (National, Regional, LG, and Health Facilities)	<p>DLR 2. The Recipient has achieved all Program annual results in Institutional Strengthening in each of: FY15/16, FY16/17, FY17/18, FY18/19, and FY19/20</p>	50,750,000	<p>If all the annual results in Institutional Strengthening have been achieved:</p> <p>FY15/16: SDR 10,148,600</p> <p>FY16/17, FY17/18, FY18/19, and FY19/20: Every FY, disbursement amount shall be SDR 10,150,000 plus the undisbursed amount from the previous years, with the total annual disbursement not exceeding SDR 14,500,000</p>

<p>(3) DLI 3: PHC facilities have improved MNCH service delivery and quality as per verified results and received payments on that basis each quarter</p>	<p>DLR 3: PHC facilities have achieved MNCH service performance as per verified results and received payments on that basis each quarter in each of: FY15/16, FY16/17, FY17/18, FY18/19, and FY19/20</p>	<p>21,750,000</p>	<p>Quarterly Disbursement amount= (sum of actual RBF payments in the past quarter)*1.15</p>
<p>(4) DLI 4: LGs have improved annual MNCH service delivery and quality as measured by the LG Balance Score Card (BSC)</p>	<p>DLR 4. Each LG has achieved the MNCH service performance as measured by the LGA BSC in each of: FY16/17, FY17/18, FY18/19, FY19/20</p>	<p>52,200,000</p>	<p>(a) Performance score for the past FY generated for each LG, using the LG BSC (expressed as %) (b) National weighted average (by population) of LG scores in the past FY calculated</p> <p>Every FY, disbursement shall only take place when annual LG BSC achievement has been at least 30%. Disbursement formula shall be as follows:</p> <p>FY16/17: SDR 217,500 for every 1 percentage point of achievement between 1% and 60%, SDR 246,677 for every 1 percentage point of achievement between 61% and 100% with total disbursement not exceeding SDR 26,100,000 in FY16/17</p> <p>FY17/18: SDR 186,428 for every 1 percentage point of achievement between 1% and 70%, SDR 328,903 for every 1 percentage point of achievement between 71% and 100%, with total disbursement not exceeding SDR 26,100,000 in FY17/18</p>

			<p>FY18/19: SDR 163,125 for every 1 percentage point of achievement between 1% and 80%, SDR 493,354 for every 1 percentage point of achievement between 81% and 100% , with total disbursement not exceeding SDR 26,100,000 in FY18/19</p> <p>FY19/20: SDR 145,000 for every 1 percentage point of achievement between 1% and 90%, SDR 986,707 for every 1 percentage point of achievement between 91% and 100%, with total disbursement not exceeding SDR 26,100,000 in FY19/20</p>
<p>(5) DLI 5: Regions have improved annual performance in supporting PHC services as measured by Regional BSC</p>	<p>DLR 5: The extent to which each Region has improved performance in supporting PHC service as measured by the Regional BSC in each of: FY16/17, FY17/18, FY18/19, FY19/20</p>	<p>1,750,000</p>	<p>(a) Performance score for the past FY generated for each Region, using the Regional BSC (expressed as %)</p> <p>(b) National weighted average (by population of regional scores in the past FY calculated)</p> <p>(c) Annual disbursement amount: FY16/17: SDR 7,292 for every 1 percentage point, with total disbursement not exceeding SDR 437,500 in FY16/17</p> <p>FY17/18: SDR 6,250 for every 1 percentage point, with total disbursement not exceeding SDR 437,500 in FY17/18</p> <p>FY18/19: SDR 5,469 for every 1 percentage point, with total disbursement not exceeding SDR 437,500 in FY18/19</p>

			<p>FY19/20: SDR 4,861 for every 1 percentage point, with total disbursement not exceeding SDR 437,500 in FY19/20</p>
<p>(6) DLI 6: MOHSW and PMO-RALG have improved annual PHC service performance as measured by the National BSC</p>	<p>DLR 6: The extent to which MOHSW and PMO-RALG have improved PHC performance as measured by the National BSC in each of: FY16/17, FY17/18, FY18/19, FY19/20</p>	<p>4,050,000</p>	<p>(a) Performance score for the past FY generated for MOHSW and PMO-RALG, using the National BSC (expressed as %)</p> <p>(b) Annual disbursement amount for MOHSW</p> <p>FY16/17: SDR 14,464 for every 1 percentage point, with total disbursement not exceeding SDR 867,857 in FY16/17</p> <p>FY17/18: SDR 12,398 for every 1 percentage point, with total disbursement not exceeding SDR 867,857 in FY17/18</p> <p>FY18/19: SDR 10,848 for every 1 percentage point, with total disbursement not exceeding SDR 867,857 in FY18/19</p> <p>FY19/20: SDR 9,643 for every 1 percentage point, with total disbursement not exceeding SDR 867,857 in FY19/20</p> <p>(c) Annual disbursement amount for PMO-RALG:</p> <p>FY16/17: SDR 2,411 for every 1 percentage point, with total disbursement not exceeding SDR 144,643 in FY16/17</p> <p>FY17/18: SDR 2,066 for every 1 percentage point, with total</p>

			<p>disbursement not exceeding SDR 144,643 in FY17/18</p> <p>FY18/19: SDR 1,808 for every 1 percentage point, with total disbursement not exceeding SDR 144,643 in FY18/19</p> <p>FY19/20: SDR 1,607 for every 1 percentage point, with total disbursement not exceeding SDR 144,643 in FY19/20</p>
(7) DLI 7: The Recipient has completed the annual Capacity Building Activities at all levels	The extent to which the Recipient has completed the annual Capacity Building Activities at all levels in each of: FY16/17, FY17/18, FY18/19, FY19/20	7,250,000	<p>Each FY the rate of implementation of the annual Capacity Building Plan shall be calculated. This rate shall be defined in accordance to a methodology set forth in the Program Operational Manual.</p> <p>Annual FY DLI 7 amount = SDR 18,125 per one percentage point of Capacity Building Plan implementation rate.</p>
TOTAL AMOUNT		145,000,000	

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 2.05 of the General Conditions, for payments for Program Expenditures made prior to the date of this Agreement;
 - (b) for any DLR unless and until 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, if the Association is not satisfied that any of the DLR(s) has/have been achieved by end of each Fiscal

Year or of the date by which the said DLR(s) is/are set to be achieved and/or the allocated Financing of such DLR(s) has/have not been fully withdrawn, the Association may, at any time, by notice to the Recipient, decide, in its sole discretion, to:

- (a) authorize the withdrawal of such lesser amount of respective allocated Financing allocated to any of DLR(s) which in the opinion of the Association, corresponds to the extent of achievement of said DLR(s);
 - (b) withhold all or a portion of the proceeds of the Financing then allocated to said DLR(s) until such DLR(s) is/are satisfactorily met;
 - (c) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR(s) to any other DLR(s); and/or
 - (d) cancel all or a portion of the proceeds of the Financing then allocated to said DLR(s).
3. Notwithstanding the provision of Part B.1(b) of this Section, the Recipient may, at any point in time, withdraw the proceeds of the Financing up to an aggregate amount not to exceed the equivalent of twenty five percent (25%) of the amounts of the Financing proceeds (net of any cancellations), as advance for purposes of achieving one or more DLRs for which the Recipient shall subsequently furnish the evidence referred to in Part B.1(b) of this Section; provided, however, that if by the end of the acceptable period for the verification of DLR(s) the Recipient has withdrawn amounts in excess of the allocated Financing authorized for disbursement in respect of achieved and verified DLRs, the Association shall require the Recipient to refund the amount of such excess to the Association promptly upon notice thereof by the Association, in order for the Association to proceed with its cancellation. Notwithstanding the foregoing, the Association may, at any time, in its own discretion, exercise any of the actions set forth in paragraphs (a) and/or (b) of Part B.2 of this Section in respect of any such amounts.
 4. The Closing Date is June 30, 2020.
 5. Notwithstanding the foregoing provisions of this Section IV, if at any time after the Closing Date the Recipient has failed to provide evidence satisfactory to the Association that the Withdrawn Financing Balance does not exceed the total amount of Program Expenditures paid by the Recipient, exclusive of any such expenditures financed by any other financier or by the Association or the Association under any other loan, credit or grant, the Recipient shall, promptly upon notice from the Association, refund to the Association such excess amount of the Withdrawn Financing Balance. The Association shall cancel the refunded amount of the Withdrawn Financing Balance.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each November 1 and May 1, commencing November 1, 2021, to and including May 1, 2053	1.5625%

* 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

- (1) “ANIS Grant” means an amount of \$20,000,000 to be provided by the Association to the Recipient through the ANIS Grant Agreement.
- (2) “ANIS Grant Agreement” means the agreement to be entered between the Recipient and the Association, acting as administrator of funds provided by the ANIS MDTF, providing a grant (ANIS Grant) to the Recipient to assist in financing the Program; as such agreement may be amended from time to time. The term “ANIS Grant Agreement” includes all appendices, schedules and agreements supplemental to the ANIS Grant Agreement.
- (3) “ANIS MDTF” means the Achieving Nutrition Impact at Scale Multi-Donor Trust Fund.
- (4) “Anti-Corruption Guidelines” means the Association’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012.
- (5) “Balance Score Card” or “BSC” means a multi-dimensional framework for scoring performance by Program implementers at all levels of the health system.
- (6) “Baseline Data” means the initial collection of data which serves as a basis for comparison with the subsequently acquired data.
- (7) “BEmONC” means Basic Emergency Obstetric and Neonatal Care.
- (8) “Big Results Now in Health Program” or “BRN in Health” means the Recipient’s 2015-2018 BRN in Health program which aims to accelerate the reduction of maternal and neonatal mortality through improving performance, governance and accountability in PHC.
- (9) “BRN RMNCH” means Big Results Now Reproductive, Maternal, Neonatal and Child Health work stream.
- (10) “Capacity Building Activities” means the set of activities required to build capacity for the Program outlined in the five year Capacity Building Plan.
- (11) “Capacity Building Plan” means the five year plan of activities required to build capacity for the Program.

- (12) "Category" means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
- (13) "CEmONC" means Comprehensive Emergency Obstetric and Neonatal Care.
- (14) "CHWs" means community health workers.
- (15) "Data Quality Audit" or "DQA" means the mechanism to improve the completeness and quality of DHIS2 data.
- (16) "DHIS2 data" means District Health Information System version 2 Database that is used to capture, store, and retrieve Health Data analysis and report generation.
- (17) "Decentralization by Devolution Policy" means the Recipient's policy regarding decentralization by devolution.
- (18) "Disbursement Linked Indicator" or "DLI" mean 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.
- (19) "Disbursement Linked Result" or "DLR" mean 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.
- (20) "ESSA" means the Environmental and Social System Assessment dated April 13, 2015, 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.
- (21) "Financial Instructions" means the manual for Health Facilities accounts.
- (22) "Fiscal Year" or "FY" mean the Recipient's fiscal year commencing July 1 and ending June 30 in each calendar year.
- (23) "Foundational Activities" means the set of basic activities required to establish a robust system-level framework for the Program.
- (24) "Five BRN RMNCH Regions" means the Recipient's five administrative regions selected for implementation of BRN in Health program with a focus on RMNCH.

- (25) “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
- (26) “GPS” means Global Positioning System.
- (27) “GFF” means the Global Financing Facility.
- (28) “GFF Grant” means an amount of \$40,000,000 to be provided by the Association to the Recipient through the GFF Grant Agreement.
- (29) “GFF Grant Agreement” means the agreement to be entered into between the Recipient and the Association, acting as administrator of funds provided by GFF, providing a grant (GFF Grant) 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.
- (30) “HBF Memorandum of Understanding” means the agreement between the Recipient and the development partners contributing through the Health Basket Fund, acceptable to the Association, setting forth the rules, methods, guidelines, specific development plans, standard documents and procedures to be maintained for the purpose of carrying out of the Program, and such term includes all annexes to said memorandum and its amendments, provided that they have been previously approved by the Association.
- (31) “Health Basket Fund” or “HBF” mean the pooled funding mechanism in support of the achievement of the targets of the Recipient’s health sector strategic plans.
- (32) “Health Cost-Sharing Guidelines” means the Recipient’s guidelines for health cost-sharing.
- (33) “Health Facility” or “Health Facilities” means any public or selected private health facility or facilities in the Recipient’s territory participating in the Program, as defined in the POM.
- (34) “Health Sector Strategic Plan IV” means the Recipient’s program for the 2015/16 – 2019/20 period, with a strong focus on the Big Results Now in Health (BRN in Health) Program.
- (35) “HRH” means Human Resources for Health.
- (36) “IAG” means the Recipient’s Internal Auditor General referred to in Section I.F of Schedule 2 to this Agreement.

- (37) “Independent Verification Agent” means the verification agent referred to in Section I.F.1 of Schedule 2 to this Agreement.
- (38) “Institutional Strengthening” means the minimum institutional, financial, planning and budgeting, audit, reporting and accountability standards that must be attained by the Program implementing institutions, including Health Facilities, at the National, Regional, and LG level in each FY to be eligible to receive funds under the Program, as said standards and the methodology for determining their achievement shall be defined in the POM.
- (39) “Local Government” or “LG” means any local government authority established and operating in the territory of the Recipient pursuant to the laws of the Recipient.
- (40) “LG Level” means the LGs participating in the Program.
- (41) “LG BSC” means the LG balance score card.
- (42) “Medical Stores Department” or “MSD” means the semi-autonomous national institution responsible for managing the health commodities supply chain.
- (43) “Ministry of Finance” or “MOF” mean the Recipient’s ministry responsible for finance or any successor thereto.
- (44) “Ministry of Health and Social Welfare” or “MOHSW” means the Recipient’s ministry responsible for health and social welfare or any successor thereto.
- (45) “MNCH” means maternal, neonatal and child health services.
- (46) “National BSC” means the national balance score card.
- (47) “National Level” means the PMO-RALG and MOHSW.
- (48) “Performance Indicators” means the performance indicators for the Program as defined in the POM.
- (49) “PHC” means primary health care services nation-wide in the Recipient’s territory with a focus on maternal, neonatal and child health (MNCH) services.
- (50) “Prime Minister’s Office – Regional Administration and Local Government” or “PMO-RALG” means the Prime Minister’s office for regional administration and local government or any successor thereto.
- (51) “PPPs” means Private Public Partnerships.

- (52) “Program Action Plan” means the set of priority actions agreed by the Association and the Recipient for the strengthening of the Recipient’s sectoral and institutional framework referred to in Section I.G of Schedule 2 to this Agreement, as the same may be amended from time to time with prior written approval of the Association.
- (53) “Program Fiduciary, Environmental and Social Systems” means the Recipient’s systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.
- (54) “Program Institutions” means the institutions referred to in Section I.D of Schedule 2 to this Agreement.
- (55) “Program Operational Manual” or “POM” mean the manual for the Program referred to in Section I.E. 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.
- (56) “Region” means an administrative region of the Recipient established and operating pursuant to the laws of the Recipient.
- (57) “Regional BSC” means the regional balance score card.
- (58) “RBF” means Results Based Financing.
- (59) “RBF Operations Manual” means the RBF operations manual, acceptable to the Association, setting forth the rules, methods, guidelines, specific development plans, standard documents and procedures to be maintained for the purpose of carrying out the Program, and such term includes all annexes to said manual and its amendments, provided that they have been previously approved by the Association.
- (60) “Regional Administration” means the Recipient’s local arm of the central government governing the administrative regions of the Recipient.
- (61) “Regional Level” means the administrative regions of the Recipient participating in the Program.
- (62) “Regional Secretariats” or “RSs” means the Recipient’s local arm of the Regional Administration with oversight function on local budgets and monitoring responsibilities regarding LGs.
- (63) “Selected Regions” means five regions of the Recipient’s territory that are poorly performing on maternal and neonatal mortality indicators as defined in the POM, as the same may be amended from time to time with the prior written approval of the Association.

- (64) “Star Rating” means the Recipient’s health facility accreditation scheme.
- (65) “Targeted Regions” means nine regions in the Recipient’s territory with critical shortages in human resources for health as defined in the POM, as the same may be amended from time to time with the prior written approval of the Association.
- (66) “USAID” means the United States Agency for International Development.
- (67) “USAID Grant” means an amount of \$46,585,501 to be provided by the Association to the Recipient through the USAID Grant Agreement.
- (68) “USAID Grant Agreement” means the agreement to be entered into between the Recipient and the Association, acting as administrator of funds provided by USAID, providing a grant (USAID Grant) to the Recipient to assist in financing the Program; as such agreement may be amended from time to time. The term “USAID Grant Agreement” includes all appendices, schedules and agreements supplemental to the USAID Grant Agreement.
- (69) “Value for Money Audit” means the independent audit referred to in Section III.C(b) of Schedule 2 to this Agreement audit carried out to assess the economy, effectiveness and efficiency of utilization of funds.
- (70) “Verification Protocol” means the protocol set forth in the POM as agreed with the Association, setting forth actions and mechanisms required for verifying the achievement of DLRs, and referred to in Section I.F.2 of Schedule 2 to this Agreement as the same may be amended from time to time with prior written approval of the Association.
- (71) “*” means multiplication.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Wherever used throughout the General Conditions, the term “the Project” is modified to read “the Program”, the term “the Project Agreement” is modified to read “the Program Agreement”, the term “Project Implementing Entity” is modified to read “the Program Implementing Entity”, the term “Project Report” is modified to read “Program Report”; and the term “Eligible Expenditures” is modified to read “Program Expenditures”.
2. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

3. Section 2.02, *Special Commitment by the Association*, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
4. In Section 2.02 (originally numbered as Section 2.03), the heading “*Applications for Withdrawal or for Special Commitment*” is replaced with “*Applications for Withdrawal*”, and the phrase “or to request the Association to enter into a Special Commitment” is deleted.
5. The section originally numbered as Section 2.04, *Designated Accounts* is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), *Eligible Expenditures* (renamed “Program Expenditures” in accordance with paragraph 1 of this Section II), is modified to read: “(a) the payment is for the financing of the reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Financing in accordance with the provisions of the Legal Agreements;”.
7. The last sentence of Section 2.04 (originally numbered as Section 2.06), *Financing Taxes*, is modified to read: “To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Financing, as required to ensure consistency with such policy of the Association.”
8. Section 2.06 (originally numbered as Section 2.08), *Reallocation*, is modified to read: “Notwithstanding any allocation of an amount of the Financing to a withdrawal category under the Financing Agreement, the Association may, by notice to the Recipient, reallocate any other amount of the Financing to such category if the Association reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.
9. Section 6.01, *Cancellation by the Recipient*, is modified to read: “The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Financing Balance.”
10. Paragraph (d) of Section 6.03, *Cancellation by the Association*, entitled “Misprocurement”, is deleted, and subsequent paragraphs are relettered accordingly.
11. Section 6.04, *Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association*, is deleted in its entirety, and

subsequent Sections in Article VI and references to such Sections are renumbered accordingly.

12. In the **Appendix, Definitions**, all references to Section numbers are modified, as necessary, to reflect the modifications set forth above. In addition, the definition of the term "Special Commitment" set forth in paragraph 50 is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.