

OFFICIAL DOCUMENTS

CREDIT NUMBER 5822-LS

Financing Agreement

(Southern Africa Tuberculosis and Health Systems Support Project)

between

KINGDOM OF LESOTHO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 26th, 2016

FINANCING AGREEMENT

AGREEMENT dated July 26th, 2016, entered into between KINGDOM OF LESOTHO (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS (A) As part of the regional effort to address tuberculosis as a regional public health issue, the Recipient has expressed an interest to become a Participating Country in the Southern Africa Tuberculosis and Health Systems Support Project.

(B) Having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to this Agreement (“Project”), the Recipient has requested the Association to extend a credit to assist in the financing of the Project;

(C) The other Participating Countries have also requested the Association to extend a credit or grant to them to finance the Participating Countries’ activities under the Project; and

(D) The Project will be implemented by each of the Participating Countries and ECSA-HC and NPCA.

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend a credit to the Recipient upon the terms and conditions set forth in this Agreement.

NOW THEREFORE, 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 ten million and seven hundred thousand Special Drawing Rights (SDR 10,700,00) (variously, “Credit” and “Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

- 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 Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.
- 2.06. The Payment Dates are May 15 and November 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall: (a) carry out Parts 1, 2, 3.1, 3.2 and 3.4 of the Project through its MOH; and (b) cause ECSA-HC and NPCA to carry out Parts 3.3(a) and (b), respectively, under the Project in accordance with the provisions of Article IV of the General Conditions and the Project Agreements.
- 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 — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following:
 - (a) The Assembly Decision has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of NPCA to perform any of its obligations under the Project Agreement; and
 - (b) The ECSA Convention has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of ECSA-HC to perform any of its obligations under the Project Agreement.
- 4.02. The Additional Event of Acceleration consists of the following: namely, that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consist of the following:
- (a) The Recipient has assigned its representatives to the Regional Advisory Committee;
 - (b) The Recipient has established the National Technical Committee, in a form and with functions and membership satisfactory to the Association;
 - (c) The Recipient has hired a Project coordinator and a Project accountant to the PIU, each with qualifications and under terms of reference satisfactory to the Association; and
 - (d) The Project Implementation Manual has been adopted by the Recipient in form and substance satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.
- 5.03. 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. The Recipient's Representative is its minister responsible for finance.
- 6.02. The Recipient's Address is:

Ministry of Finance
P.O. Box 395
Maseru 100
Kingdom of Lesotho

Facsimile:
(266) 22 310 157
(266) 22 310 622

Telephone:
(266) 22 323703
(266) 22 316 404

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	248423 (MCI)	1-202-477-6391
Washington, D.C.		

AGREED at Maseru, Kingdom of Lesotho, as of the day and year first above written.

KINGDOM OF LESOTHO

By



Authorized Representative

Name: MAMPOTO KHAKETA

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: JANET K. ENTWISTLE

Title: COUNTRY REPRESENTATIVE

SCHEDULE 1

Project Description

The objectives of the Project are: (i) to improve coverage and quality of TB control and occupational lung disease services in targeted geographic areas of the Participating Countries; and (ii) to strengthen regional capacity to manage the burden of TB and occupational diseases.

The Project consists of the following components:

Part 1: Innovative Prevention, Detection and Treatment of TB

1.1. Enhancing Case Detection and Treatment Success.

Support for interventions to enhance early case detection and improve treatment success rates through the development and implementation of standardized TB prevention and treatment services across the Participating Countries including through the following activities:

- (a) Support for: (i) information dissemination and knowledge and awareness activities such as behavior change, communication campaigns, and community screening programs; and (ii) nutritional support to multidrug-resistant (MDR) TB patients;
- (b) Support for improving the clinical quality of services through: (i) Training and mentoring for health workers; (ii) development of tools for systematic screening; (iii) implementation of active TB screening using improved protocols and tools; (iv) improving patient referrals and follow up (including through use of information communication technology); and (v) scaling up community TB-related activities such as community screening, strengthening contact tracing and investigation, and patient monitoring and community-based support;
- (c) Support for strengthening specimen transportation and management for more effective TB management through: (i) establishment and maintenance of community sputum collection points; (ii) improved transportation methods and systems for the transportation of samples from collection points to health facilities; and (iii) more efficient and rapid transmission of laboratory results to clinicians and patients; and
- (d) Financing of pharmaceuticals and medical supplies as a backup to minimize stock outs for medicines and medical supplies for drug-resistant TB.

1.2 Rolling out a Standardized Package of Occupational Health Services and Mining Safety Standards across Participating Countries.

Support for:

- (a) Strengthening the capacity of public sector agencies responsible for mine safety to undertake mine health safety inspections and monitoring including dust control in line with international best practices, including through provision and installation of equipment for inspections, and financing of inspection activities;
- (b) Expanding periodic screening and referrals for occupational lung diseases and other diseases in line with standards and protocols set within the sub-region and international best practices, including through provision and installation of equipment for screening and management of occupational lung diseases; and
- (c) Developing and strengthening standards of occupational health services and care programs for occupational lung diseases (including development and implementation of occupational health service databases and electronic record systems to strengthen referrals for compensation services).

Part 2: Regional Capacity for Disease Surveillance, Diagnostics and Management of TB and Occupational Lung Diseases

2.1. Improving Quality and Availability of Human Resources. Support for the development of a skilled health workforce on areas related to the Project activities based on a regionally defined curriculum, Training, mentoring and knowledge sharing with a focus on: (a) case detection and management of TB; (b) mine health regulation and occupational services; and (c) disease surveillance.

2.2. Strengthening Diagnostic Capacity and Disease Surveillance.

Support for:

- (a) Strengthening regional diagnostic capacity and networking through: (i) expanding microscopy networks; (ii) use of new, faster and more accurate diagnostic technologies; (iii) capacity building for and scaling up of the accreditation for laboratories through internationally recognized accreditation processes such as the *Stepwise Laboratory Improvement Process Towards Accreditation (SLIPTA)* and accompanying training and mentorship program for selected laboratories; and (iv) strengthening the network of national TB laboratories, including through provision of equipment, supporting accreditation, and financing civil works for construction and rehabilitation of laboratory facilities including national TB reference laboratories; and

- (b) Strengthening surveillance capacity through establishment of a mechanism for regional disease intelligence sharing among the Participating Countries, with a focus on: (i) the upgrading of surveillance capacity of laboratories for drug resistance with a focus on MDR-TB and improvements to laboratory-based monitoring of antimicrobial resistance; (ii) the establishment of joint cross-border committees to carry out joint outbreak investigations, responding to disasters and other public health events and to conduct joint table-top simulations; and (iii) establishment and reinforcing information and reporting systems across selected areas, including through the provision of information communications technology, infrastructure, equipment and software to strengthen surveillance reporting.
- 2.3. **Strengthening Mine Health Regulation:** Support for strengthening the capacity for occupational health and mine inspections, including through: (a) the review and revision (as needed) of existing and draft occupational health and safety legislation; (b) review and/or development of mechanisms and guidelines for mine health inspections, occupational health screening protocols and compensation systems; (c) development of information technology systems for compliance monitoring and mine health surveillance; and (d) provision and installation of equipment for mine health inspection.

Part 3: Regional Learning and Innovation and Project Management

- 3.1. **Operational Research and Knowledge Sharing:** Support for carrying out baseline assessments and studies on selected topics to inform policy and practice through innovative knowledge sharing approaches.
- 3.2. **Centers of Excellence in TB and Occupational Lung Disease Control:** Support to Participating Countries to serve as Centers of Excellence in specific areas of TB and occupational lung diseases control including through demonstration pilots and the establishment of technical working groups to facilitate regional knowledge generation and dissemination and mentorship of technical and management staff from Participating Countries and regional organizations on mutually defined areas of joint interest.
- 3.3. **Regional Coordination, Policy Advocacy and Harmonization:**
- Support to:
- (a) ECSA-HC to undertake regional activities including: (i) convening technical experts and policy makers to promote regional technical learning and exchanges between specialists from the Participating Countries and support knowledge sharing; (ii) providing implementation support to Participating Countries in specialized technical areas, such as management of MDR-TB, cross-border disease surveillance, laboratory strengthening and networking, and occupational health; (iii) facilitating capacity building and training in partnership with specialized technical agencies based on demand from the

Participating Countries; and (iv) facilitating and supporting cross-border surveillance efforts and sub-regional events on surveillance among the Participating Countries to support Participating Countries in developing and implementing surveillance of TB and other infectious diseases in cross-border areas, and to facilitate intelligence sharing on disease outbreaks between Participating Countries; and

- (b) NPCA to undertake and promote high level regional policy advocacy, research, policy level dissemination, and coordination of action on mine health regulation and occupational health to enhance the impact of technical efforts under the Project and galvanize regional support and policy action to address multi-sectoral challenges in mine health regulation, including through: (i) support for regional baseline research work on opportunities for private sector participation in TB control and the state of mine health regulation; (ii) undertaking policy level dissemination of key findings, including engaging policy makers on mining and health; (iii) support for Participating Countries to strengthen policy level reforms and commitment to addressing TB (such as domestic financing for TB); (iv) coordinating regional level policy advocacy to sustain commitment towards addressing TB; and (v) coordinate with relevant regional entities, organizations and institutions on regional aspects that require policy level harmonization such as on standards for dust exposure.

- 3.4. **Project Management:** Support for Project implementation and management, to Participating Countries' PIUs, ECSA-HC and NPCA and other stakeholders involved in Project implementation, including for: (a) financial management, procurement, auditing (including risk-based auditing), monitoring and evaluation, Operating Costs, technical assistance, technical implementation of specialized Project activities, Training, audits; monitoring and evaluation activities and preparation of Annual Work Programs; (b) facilitating meetings of National Technical Committees and the Regional Advisory Committee; (c) joint annual review meetings at national level and interim reviews; (d) video-conferencing and other in-person and virtual learning facilities; and (e) development and maintenance of a website for the Project to disseminate knowledge.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements and Implementation Arrangements

1. The Recipient shall maintain throughout the period of Project implementation:
 - (a) Its representative or representatives in the Regional Advisory Committee;
 - (b) The National Technical Committee, to be responsible for oversight and technical guidance of Project implementation at the national level, as further set forth in the PIM;
 - (c) The National TB Program unit, to be responsible for technical leadership of the Project, as further set forth in the PIM; and
 - (d) The PIU to run the day-to-day management of the Project (including all fiduciary responsibilities for the Project at the national level), and provide secretariat services to the National Technical Committee, all in a form and with functions, composition, membership, mandate and staffing, (under terms of reference, qualifications and scope of responsibilities) and adequate resources satisfactory to the Association, and as further described in the Project Implementation Manual.
2. The Recipient shall:
 - (a) hire, no later than three (3) months after the Effective Date, or such later date as the Association may agree, an internal auditor for the Project, with qualifications and under terms of reference satisfactory to the Association; and
 - (b) hire, no later than one (1) month after the Effective Date, or such later date as the Association may agree, a procurement officer to the PIU, with qualifications and under terms of reference satisfactory to the Association.
3. The Recipient shall ensure that the Project is carried out in coordination with: (a) its relevant ministries (including, but not limited to, the MOH, MOLE, MOJCS and MOM), agencies and institutions; (b) ECSA-HC and NPCA; and (c) in collaboration and coordination with the Participating Countries, all as further set forth in the PIM and Subsidiary Agreements, as applicable.
4. The Recipient shall cooperate and collaborate with other Participating Countries in the development of the Cooperation Protocol, and shall, no later than twelve (12) months after the First Effective Date, or such later date as the Association may agree,

adopt the Cooperation Protocol, in form and substance satisfactory to the Association, and, following such adoption, implement its Project activities in accordance with such Cooperation Protocol.

5. To facilitate the carrying out of Part 1.1 of the Project, the Recipient shall procure and contract, under contractual arrangements satisfactory to the Association and following the requirements of Section III of this Agreement, non-governmental organizations, community based organizations, health facilities, labor organizations and private entities or institutions, satisfactory to the Association, in accordance with selection criteria and processes satisfactory to the Association as further set forth in the PIM; such contractual arrangements shall require such non-governmental organizations, community based organizations, health facilities, labor organizations and private entities or institutions, as applicable, to comply with the provisions of the PIM.
6. The Recipient shall, no later than six (6) months after the Effective Date, or such later date as the Association may agree establish a complaint-handling mechanism to enhance service delivery, satisfactory to the Association.
7.
 - (a) The Recipient shall, not later than November 15 in each calendar year during Project implementation, prepare, in cooperation with the National Technical Committee, MOH and other relevant ministries and furnish to the Association, a program of activities proposed for inclusion in the Project during the following calendar year, including: (i) a detailed timetable for the sequencing and implementation of said activities; (ii) the types of expenditures required for such activities; and (iii) the planned procurement methods for the expenditures (“Annual Work Program”);
 - (b) The Recipient shall exchange views with the Association on each such proposed annual work program, and shall thereafter carry out such program of activities for such following year as shall have been agreed between the Recipient and the Association; and
 - (c) Only those activities which are included in an Annual Work Program shall be included in the Project. Notwithstanding the foregoing, the Annual Work Program might be amended from time to time to include new activities with the prior and written concurrence of the Association.

B. Anti-Corruption

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

C. Project Implementation Manual and Safeguard Documents

1. The Recipient shall carry out the Project in accordance with the Project Implementation Manual and the Safeguard Documents.

2. The Recipient shall not amend the Project Implementation Manual and the Safeguard Documents without the prior written approval of the Association.
3. In the event of any conflict between the provisions of the Project Implementation Manual, the Safeguard Documents and this Agreement, the provisions of this Agreement shall prevail.

D. Subsidiary Agreements

1. To facilitate the carrying out of Parts 3.3.(a) and 3.3.(b) of the Project, the Recipient shall, no later than one (1) month after the Effective Date, or such later date as the Association may agree: (a) make the proceeds of the Financing allocated from time to time to Category (4) of the table set forth in Section IV.A.2 of this Schedule, available to ECSA-HC; and (b) make the proceeds of the Financing allocated from time to time to Category (5) of the table set forth in Section IV.A.2 of this Schedule, available to NPCA, each under a Subsidiary Agreement between the Recipient and ECSA-HC and NPCA, respectively, under terms and conditions approved by the Association.
2. The Recipient shall exercise its rights under the Subsidiary Agreements in such manner as to protect its interests and the interests of the Association in order to accomplish the purposes of the Financing. The Recipient may not assign, amend, abrogate or waive the Subsidiary Agreements without the prior written approval of the Association.
3. In the event of any conflict between the provisions of the Subsidiary Agreements and the provisions of this Agreement, the provisions of this Agreement shall prevail.

E. Safeguards

1. The Recipient shall ensure that the Project is implemented in accordance with the Safeguards Documents.
2. In case of any activity under the Project requiring the adoption of an ESIA and/or ESMP, as the case may be, pursuant to the ESMF, the Recipient shall prepare the respective ESIA and/or ESMP, as applicable, disclose the ESIA and/or ESMP, as applicable, in accordance with the ESMF, and shall thereafter implement such ESIA and/or ESMP in accordance with its terms.
3. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association as part of the Project Reports, in form and substance satisfactory to the Association, reports on the status of compliance with the Safeguard Documents, giving details of: (a) measures taken in furtherance of such Safeguard Documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Documents; and (c) remedial measures taken or required to be taken to address such conditions.

4. The Recipient shall afford the Association a reasonable opportunity to review and exchange views with the Recipient on the reports prepared under paragraph 3 immediately above, and thereafter, shall carry out, or cause to be carried out, with due diligence, all remedial measures agreed with the Association so as to ensure the proper implementation of the Project in accordance with the Safeguard Documents.
5. The Recipient shall not amend, suspend, abrogate or waive, or permit to be amended, suspended, abrogated or waived, any Safeguard Document, or any provision thereof without the prior written agreement of the Association.
6. In the event of a conflict between the provisions of any of the Safeguard Documents and the provisions of this Agreement, the provisions of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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 indicators set forth in the Project Implementation Manual and acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association and to ECSA-HC (for incorporation and forwarding by ECSA-HC to the Association of the consolidated overall Project Reports) not later than thirty (30) days after the end of the period covered by such report.
2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months after the Closing Date.

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 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 (6) months after the end of such period.

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) Limited International Bidding; (b) National Competitive Bidding subject to the additional provisions referred to in subparagraph 3 below; (c) Shopping; (d) Procurement from UN Agencies; and (e) Direct Contracting.
3. **Additional Provisions for National Competitive Bidding.** National Competitive Bidding may be used provided that the following provisions apply: (a) use of World Bank's Standard Bidding Documents (SBDs); (b) registration and/or classification of bidders by the Procurement Policy Advisory Division within the Ministry of Finance and Development Planning, Ministry of Public Works and Transport or any other body shall not be used as a condition of bidding; (c) preferences shall not be granted based on citizen degree of ownership and local content; (d) bracketing to provide for the rejection of bids which are in excess of 15% of the cost estimate shall not be used;

(e) award of contract must be made to the lowest evaluated tender; and (f) award of contracts shall be publicly disclosed in media of wide circulation.

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 under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (g) Selection of UN Agencies; and (h) Single-source procedures for the Selection of Individual Consultants.

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 Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consultant's services, works, Training and Operating Costs under Part 1 of the Project	3,422,000	100%
(2) Goods, non-consulting services, consultant's services, works, Training and Operating Costs under Part 2 of the Project	4,607,000	100%
(3) Goods, non-consulting services, consultant's services, works, Training and Operating Costs under Parts 3.1, 3.2 and 3.4 of the Project	1,094,000	100%
(4) Goods, non-consulting services, consultant's services, works, Training and Operating Costs under Part 3.3(a) of the Project	762,000	12%
(5) Goods, non-consulting services, consultant's services, works, Training and Operating Costs under Part 3.3(b) of the Project	460,000	12%
(6) Refund of Preparation Advance	355,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	10,700,000	

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, except that withdrawals up to an aggregate amount: (i) not to exceed SDR 36,000 may be made for payments made prior to this date but on or after February 1, 2016, for Eligible Expenditures under Category (4); and (ii) not to exceed SDR 36,000 may be made for payments made prior to this date but on or after February 1, 2016, for Eligible Expenditures under Category (5).
 - (b) under Category (4), until the Subsidiary Agreement between the Recipient and ECSA-HC has been executed, in form and substance satisfactory to the Association; and
 - (c) under Category (5), until the Subsidiary Agreement between the Recipient and NPCA has been executed, in form and substance satisfactory to the Association.
2. The Closing Date is December 31, 2021.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing November 15, 2021 to and including May 15, 2031	1.65%
commencing November 15, 2031 to and including May 15, 2041	3.35%

* 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. “Annual Work Program” means the annual work program to be prepared by the Recipient in each calendar year during Project implementation including a program of activities proposed for inclusion in the Project during the following calendar year.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
3. “Assembly Decision” means the “Decision on the integration of the New Partnership for Africa’s Development (NEPAD) into the structures and processes of the African Union including the establishment of the NEPAD Planning and Coordinating Agency (NPCA)”, African Union Assembly Decision Assembly/AU/Decision 283 (XIV) of 2010.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Centers of Excellence” means a demonstration pilot of TB control activities and/or occupational lung diseases management in each Participating Country, to showcase best practices in TB and occupational lung diseases control, focusing on the following strategic topics: Community-based management of TB (in the Kingdom of Lesotho); community TB care and integrated disease surveillance (in the Republic of Malawi); MDR-TB and childhood TB management (in the Republic of Mozambique); and occupational health and safety (in the Republic of Zambia); or such other topics as may be agreed between the Participating Countries by mutual agreement and in agreement with the Association.
6. “Cooperation Agreement” means the agreement to be signed between ECSA-HC and NPCA, setting forth the cooperation and collaboration logistics and relevant responsibilities for their activities under the Project.
7. “Cooperation Protocol” means the protocol referred to in Section I.A.4 of Schedule 2 to this Agreement, to be adopted by each of the Participating Countries, and such other countries or stakeholders as may be selected in agreement with the Association, to serve as a Project-specific framework setting forth cooperation modalities and mechanisms to facilitate cross-border activities for the Project.
8. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and revised in July 2014.

9. "ECSA-HC" means East, Central and Southern Africa Health Community, a regional organization established and operating under the ECSA Convention.
10. "ECSA Convention" means the Convention of the East, Central and Southern Africa Health Community dated November 22, 2002, which entered into force and effect as at July 1, 1980, in accordance with Article 17 of the Convention, pursuant to which ECSA-HC was established and is operating.
11. "Environmental and Social Management Framework" or "ESMF" means the document prepared and adopted by the Recipient for the Project, disclosed on March 16, 2016, which sets forth the modalities for site-specific environmental screening and procedures/actions for the preparation and implementation of ESIA's and ESMPs under the Project, the set of mitigation, monitoring, and institutional measures and procedures required in order to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement said measures, as the same may be amended from time to time with the Association's prior written approval.
12. "Environmental and Social Management Plan" or "ESMP" means, for a given Project activity, a site-specific environmental and social management plan of said activity prepared pursuant to the ESMF, and giving details of specific actions and setting forth the mitigating, monitoring and institutional measures to be taken during the implementation and operation of the Project to offset or reduce adverse environmental impacts to levels acceptable to the Bank, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies and the parties responsible for executing works and monitoring of construction and operational impact, as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the World Bank and subject to same initial consultation and disclosure requirements carried out for the ESMF.
13. "ESIA" means, for a given Project activity, a site-specific environmental and social assessment of said activity prepared pursuant to the ESMF, as required.
14. "First Effective Date" means the date on which the first Participating Country Financing Agreement for the Project becomes effective.
15. "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.
16. "Infection Control and Waste Management Plan" or "ICWMP" means the document prepared and adopted by the Recipient, disclosed on March 16, 2016, which outlines general implementation procedures, mitigation measures and monitoring procedures for infection control and medical waste management, as said plan may be amended from time to time with the Association's prior written approval.

17. “Lesotho Financing Agreement” means the financing agreement entered into or to be entered into between the Kingdom of Lesotho and the Association for the financing of certain activities related to the Project.
18. “Malawi Financing Agreement” means the financing agreement entered into or to be entered into between the Republic of Malawi and the Association for the financing of certain activities related to the Project.
19. “MDR-TB” means multi-drug resistant tuberculosis.
20. “MOH” means the Recipient’s Ministry of Health or any successor thereto.
21. “MOLE” means the Recipient’s Ministry of Labour and Employment or any successor thereto.
22. “MOM” means the Recipient’s Ministry of Mining or any successor thereto.
23. “MOJCS” means the Recipient’s Ministry of Justice and Correctional Services or any successor thereto.
24. “Mozambique Financing Agreement” means the financing agreement entered into or to be entered into between the Republic of Mozambique and the Association for the financing of certain activities related to the Project.
25. “National TB Program” means the national TB program, a technical unit within the MOH to provide technical leadership in Project implementation.
26. “National Technical Committee” means the national technical committee referred to in Section I.A.1(b) of Schedule 2 to this Agreement, as further described in the Project Implementation Manual.
27. “NEPAD” means “New Partnership for Africa's Development”, an integrated and comprehensive socio-economic development program to accelerate Africa’s renewal, established under the NEPAD Declaration.
28. “NEPAD Declaration” means Declaration 1 (XXXVII) adopted during the 37th summit of the Organization of African Union in Lusaka, Zambia, in July 2001.
29. “NPCA” means the NEPAD Planning and Coordinating Agency established and operating pursuant to the Assembly Decision.
30. “Operating Costs” means recurrent costs of the Project, all based on periodic budgets acceptable to the Association: (i) operation and maintenance of vehicle, repairs, fuel and spare parts; (ii) computer maintenance, including hardware and software; (iii) communication costs and communication equipment, and shipment costs (whenever these costs are not included in the cost of goods); (iv) office supplies; (v) rent and maintenance for office facilities; (vi) utilities and insurances; (vii) travel and per diem

costs for technical staff carrying out training, supervisory and quality control activities; (viii) reasonable expenditures for community health workers involved in carrying out the Project, directly related to Project activities, including a stipend, transportation costs including local travel, per diems and accommodation costs; and (ix) salaries of support staff for the Project, but excluding salaries of the Recipient's civil servants or regular staff for ECSA-HC and NPCA.

31. "Participating Countries" means the Kingdom of Lesotho, Republic of Malawi, Republic of Mozambique and Republic of Zambia.
32. "Participating Country Financing Agreement" means each of the Lesotho Financing Agreement, the Malawi Financing Agreement, the Mozambique Financing Agreement and Zambia Financing Agreement, and "Participating Country Financing Agreements" refers to all such agreements collectively.
33. "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 April 5, 2016 and on behalf of the Recipient on April 12, 2016 (Project Preparation Advance No.V019).
34. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 and revised in July 2014.
35. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 7, 2016, 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.
36. "Project Implementing Entity" means: (a) ECSA-HC; and (b) NPCA, and "Project Implementing Entities" means both of them.
37. "Project Implementation Unit" or "PIU" means the project implementation unit created within the administrative structure of the Recipient's MOH and known as the Project Accounting Unit, referred to in Section I.A.1(d) of Schedule 2 to the Agreement.
38. "Project Implementation Manual" or "PIM" means the manual to be adopted by the Recipient as referred to in Section 5.01 of this Agreement, for the implementation of the Project at the national and regional level, including, *inter alia*: (i) the terms of reference, functions and responsibilities for the members or the personnel of the Project Implementation Unit, the National Technical Committee, the National TB Program, the Regional Advisory Committee, ECSA-HC, NPCA and other ministries, agencies and institutions involved in Project implementation; (ii) the procedures for procurement of goods, works, non-consulting services, consultants' services, Operational Costs, and Training, as well as for financial management, accounting and audits under the Project; (iii) the indicators to be used in the monitoring and evaluation

of the Project at the national level; (iv) the interim financial reports, and the Project Reports; (v) funds flow and disbursement arrangements of Project funds; (vi) the grievance mechanisms; (vii) selection criteria for non-governmental organizations, community based organizations, health facilities, labor organizations and private entities or institutions to be procured for Parts 1.1 of the Project; and (viii) the set of activities to be carried out by ECSA-HC, NPCA and other institutions involved in Project Implementation, as said manual may be amended from time to time with the Association's prior approval.

39. "Regional Secretariat" means a secretariat established to run the day-to-day management of the Project at the regional level, and to provide secretariat services to the Regional Advisory Committee, consisting of two teams working together, one team housed at ECSA –HC and one team housed at NPCA.
40. "Regional Advisory Committee" means the Regional Advisory Committee for the Project, in charge of providing overall strategic guidance, oversight and governance functions for the Project at the regional level, as further detailed in the PIM.
41. "Safeguard Documents" means collectively the ESMF, an ESMP, ESIA and the ICWMP and "Safeguard Document" means any one of them.
42. "Subsidiary Agreement" means each: (a) the agreement referred to in Section I.D of Schedule 2 to this Agreement, pursuant to which the Recipient shall make part of the proceeds of the Credit available to ECSA HC; and (b) the agreement referred to in Section I.D of Schedule 2 to this Agreement, pursuant to which the Recipient shall make part of the proceeds of the Credit available to NPCA.
43. "TB" means tuberculosis.
44. "Training" means the training of persons involved in Project-supported activities, based on the Annual Work Program approved by the Association, such term including scholarships, seminars, workshops, and study tours, and costs associated with such activity including local and international travel and subsistence costs for training participants, per diems, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.
45. "Zambia Financing Agreement" means the financing agreement entered into or to be entered into between the Republic of Zambia and the Association for the financing of certain activities related to the Project.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. *Service Charge and Interest Charge*

(a) *Service Charge.* The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

2. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the subsequent paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02 (b).”

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).