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ACGF GRANT NUMBER: TF096812

# **Africa Catalytic Growth Fund Grant Agreement**

**(Second Phase of the Reproductive and Child Health Project)**

**between**

**REPUBLIC OF SIERRA LEONE**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION  
acting as an administrator of the Africa Catalytic Growth Fund**

**Dated August 12, 2010**

Public Disclosure Authorized



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**ACGF GRANT NUMBER: TF096812**

**AFRICA CATALYTIC GROWTH FUND  
GRANT AGREEMENT**

AGREEMENT dated August 12, 2010, entered into between the REPUBLIC OF SIERRA LEONE (“Recipient”); and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as an administrator of the Africa Catalytic Growth Fund.

The Recipient and the World Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008 (“Standard Conditions”), 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 Standard Conditions or in this Agreement.

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III  
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to twenty million United States Dollars (\$20,000,000) (“Grant”) to assist in financing the Project.

- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

**Article IV**  
**Effectiveness; Termination**

- 4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:
- (a) the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental and corporate action; and
  - (b) the Recipient has adopted the Operational Manual in accordance with Section I.B.1(a) of Schedule 2 to this Agreement.
- 4.02. As part of the evidence to be furnished pursuant to Section 4.01(a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing, on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.
- 4.03. Except as the Recipient and the World Bank shall otherwise agree, the effective date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 4.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article V**  
**Recipient's Representative; Addresses**

5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the minister responsible for finance.

5.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

The Minister of Finance and Economic Development  
Ministry of Finance and Economic Development  
Ministerial Building  
George Street  
Freetown, Sierra Leone

Cable:	Facsimile:
MINFIN, Freetown	232 22 228 472

5.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at the District of Columbia, United States of America, as of the day and year first above written.

**REPUBLIC OF SIERRA LEONE**

**By /s/ Bockarie Stevens**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT  
ASSOCIATION  
(acting as administrator of the  
Africa Catalytic Growth Fund)**

**By /s/ Sergiy Kulyk**

**Authorized Representative**

## SCHEDULE 1

### Project Description

The objective of the Project is to increase utilization of a package of essential health services by pregnant and lactating women and children under the age of five.

The Project constitutes the second phase of the Program, and consists of the following parts:

#### **Part 1.           Strengthening Service Delivery**

(a)     (i)     Local Council Grants

Provision of LC Grants to Local Councils to finance specific development projects for the provision of core basic services in the health sector, including rehabilitation of health facilities.

(ii)    Performance-Based Financing Services Grants

Provision of PBF Services Grants to eligible Beneficiaries to finance specific development projects comprising packages of essential health services comprising preventive and curative services, such services to include, *inter alia*, primary health care and preventive services for pregnant women, delivery and post-partum care, care and immunizations for children under the age of five, and family planning services.

(iii)   Purchase and distribution of bed nets.

(b)     Local Council Grant Administration

(i)     Carrying out of a program of activities aimed at building capacity of the Recipient's Local Government Financing Department for supervision and monitoring of implementation of Part 1(a) of the Project, including provision of training in medical waste management to Local Councils' environmental committees.

(ii)    Carrying out of a program of activities aimed at improving the capacity of LCs and eligible health facilities for implementation of the PBF Services Subproject, including the appointment of an external agent to validate the results reported by the health facilities under the PBF Services Grants.

**Part 2. Capacity Building**

- (a) Carrying out of a program of activities aimed at building the capacity of the MOHS for supervision, monitoring and evaluation of the Project.
- (b) Carrying out of a program of activities aimed at building the capacity of Njala University and University of Sierra Leone for provision of pre-service and postgraduate medical training.



**SCHEDULE 2****Project Execution****Section I. Institutional and Other Arrangements****A. Institutional Arrangements**1. IRCBP Technical Steering Committee

In order to ensure prompt and efficient implementation of the Project, the Recipient shall maintain, at all times during the implementation of the Project, the IRCBP Technical Steering Committee, chaired by the Financial Secretary of MoFED, with a mandate, composition and resources satisfactory to the World Bank to be responsible for overall implementation, coordination and monitoring of Part 1 of the Project.

2. Technical Coordinating Committee for Reproductive and Child Health

In order to ensure prompt and efficient implementation of the Project, the Recipient shall maintain, at all times during the implementation of the Project, the Technical Coordinating Committee for Reproductive and Child Health, chaired by the Chief Medical Officer of the MoHS, with a mandate, composition and resources satisfactory to the World Bank to be responsible for the technical supervision of the Project.

3. Integrated Project Administration Unit

In order to ensure prompt and efficient implementation of the Project, the Recipient shall maintain, at all times during Project implementation, the integrated Project administration unit within MoFED with terms of reference acceptable to the Association, staffed with qualified and experienced personnel in adequate numbers and with other resources acceptable to the Association, to be responsible for management and reporting on implementation of the Project.

**B. Implementation Arrangements**1. Operational Manual and PBF Operational Manual

(a) The Recipient shall prepare (in accordance with terms of reference approved by the World Bank) and adopt: (i) a manual, in form and substance satisfactory to the World Bank, outlining implementation, organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement, and procurement

arrangements for purposes of implementation of the Project (Operational Manual); and (ii) a manual, in form and substance satisfactory to the World Bank for provision of PBF Services Grants (PBF Operational Manual), which will include the following: (A) maximum aggregate amount of all PBF Services Grants which may be made during each fiscal year of the Recipient; (B) detailed list of PBF Services Subprojects to be financed under PBF Services Grants; and (C) unit costs for each PBF Services Subproject and the maximum percentage of such costs to be financed under each PBF Services Subproject; and (iv) a form of PBF Services Grant Agreement.

(b) The Recipient: (i) shall ensure that the Project is carried out in accordance with the Operational Manual and the PBF Operational Manual; and (ii) except as the World Bank shall otherwise agree, shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

(c) In the event of any conflict between the provisions of the Operational Manual and the PBF Operational Manual on one hand, and those of this Agreement on the other hand, the latter shall prevail.

2. Memoranda of Understanding

The Recipient shall, through MOHS, not later than December 31, 2010, enter into memoranda of understanding with the Njala University and University of Sierra Leone, respectively, in form and substance satisfactory to the Association, setting forth the modalities for cooperation and coordination in the implementation of Part 2(b) of the Project.

3. Annual Work Plans

(a) The Recipient shall prepare and furnish to the World Bank for its approval, not later than November 30 of each year during the implementation of the Project, a proposed work plan (including a budget therefore) containing all activities proposed to be carried out under the Project during the following Fiscal Year, and specifying the source or sources of financing for said activities and the percentage of financing for such activities from each such source.

(b) The Recipient shall exchange views with the World Bank on each such proposed annual work plan (including budget), and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the World Bank, as such plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the World Bank (“Annual Work Plan”).

**C. Anti-Corruption**

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

**D. Safeguards**

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the ESMF and the Medical Waste Management Plan.
2. If any Subproject would, pursuant to the ESMF, require the adoption of an EMP, the Recipient shall:
  - (a) ensure that such EMP shall be prepared in accordance with the ESMF and thereafter adopted by the relevant Local Council, prior to implementation of the activity; and
  - (b) thereafter take such measures as shall be necessary or appropriate to enable the Local Council to comply with the requirements of such EMP.
3. Without limitation upon its other reporting obligations under Section II.A.1 of this Schedule, the Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the World Bank, as part of the Project Report, information on the status of compliance with the ESMF, EMPs (if any) and Medical Waste Management Plan, giving details of:
  - (a) measures taken in furtherance of such plan;
  - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such plan; and
  - (c) remedial measures taken or required to be taken to address such conditions.
4. The Recipient shall afford the World Bank a reasonable opportunity to review the reports prepared under paragraph 3 of this Part D, and thereafter shall carry out, with due diligence, all remedial measures agreed with the World Bank so as to ensure the proper implementation of the Project in accordance with the ESMF, the Medical Waste Management Plan and EMPs (if any).

**E. LC Grants**

1. In order for a Subproject to be eligible for financing under an LC Grant, it shall be required to satisfy the following conditions, as the same may be elaborated upon in the Operational Manual:
  - (a) the LC shall have put in place all necessary arrangements, including financial and human resources, for the management and implementation of the Subproject.
  - (b) the Subproject shall cover all activities of a Local Council to be carried out in the health sector during the Fiscal Year, as further described by the annual work plan of such Local Council;
  - (c) the Subproject shall be appraised on the basis of an environmental assessment and other guidelines acceptable to the World Bank (and be accompanied by an EMP if required pursuant to the ESMF);
  - (d) the Subproject shall be designed to avoid any involuntary resettlement of persons or loss of their income or productive capacity; and
  - (e) the Subproject and EMP, if any, shall be approved by the Recipient and the World Bank.
  
2. To facilitate the carrying out of each Subproject, the Recipient shall make each LC Grant on a non-reimbursable grant basis to the Local Council concerned under a Subsidiary Agreement acceptable to the World Bank, which shall include the following terms and conditions, and such further conditions as may be specified in the Operational Manual:
  - (a) The Local Council shall undertake: (i) to carry out the Subproject with due diligence and efficiency and in accordance with sound technical, financial, managerial and environmental standards and practices, including in accordance with the provisions of the ESMF (and EMP, if any), the Medical Waste Management Plan and the Anti-Corruption Guidelines; (ii) provide, promptly as needed the resources required for the purpose; and (iii) maintain adequate records.
  - (b) The Local Council shall undertake to ensure that the goods, works and services to be financed out of the proceeds of the LC Grant shall be procured in accordance with the provisions of this Agreement and used exclusively in carrying out the Subproject.
  - (c) The Local Council shall undertake to maintain policies and procedures adequate to enable it to monitor and evaluate, in

accordance with indicators acceptable to the World Bank, the progress of the Subproject and the achievement of its objectives.

- (d) The Local Council shall undertake to: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Subproject; and (ii) for each Fiscal Year, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and furnish the statements as so audited to the Recipient and the World Bank, not later than six months after the end of such fiscal year.
- (e) The Recipient shall have the right to inspect by itself, or jointly with the World Bank, if the World Bank shall so request, the goods, works, sites and plants included in the Subproject, the operations thereof, and any relevant records and documents.
- (f) The Local Council shall undertake to prepare and furnish to the Recipient and the World Bank all such information as the World Bank shall reasonably request relating to the implementation of the Subproject, and the performance by the Local Council of its obligations under its Subsidiary Agreement.
- (g) The Recipient may suspend or terminate the right of the Local Council to use the proceeds of the LC Grant upon failure by the Local Council to perform its obligations under its Subsidiary Agreement with the Recipient.
- (h) The Local Council shall undertake to promptly inform the Recipient and the World Bank of any condition which interferes or threatens to interfere with the progress of its Subproject, or the performance by it of its obligations under its Subsidiary Agreement with the Recipient.
- (i) The Recipient shall exercise its rights under its Subsidiary Agreement with each Local Council in such a manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Financing, and, except as the World Bank shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive any Subsidiary Agreement with any Local Council, or any provision thereof.

**F. PBF Services Grants**1. General

The Recipient shall review and approve applications for PBF Services Grants in accordance with the provisions of this Part F and the PBF Operations Manual.

2. PBF Services Grant Eligibility and PBF Services Subproject Implementation Guidelines and Procedures

No proposed Beneficiary shall be eligible for financing under the Project unless, on the basis of a review conducted in accordance with guidelines acceptable to the Association, and elaborated in the PBF Operations Manual, the Recipient shall have determined that the proposed Beneficiary and PBF Services Subproject satisfy the eligibility criteria specified below and elaborated in the PBF Operations Manual:

- (a) the proposed Beneficiary is a legal entity with the organization, management and resources necessary to carry out the proposed PBF Services Subproject;
- (b) the proposed PBF Services Subproject is technically feasible, and financially and economically sound;
- (c) the proposed PBF Services Subproject is in compliance with the Medical Waste Management Plan; and
- (d) the proposed PBF Services Subproject is in compliance with the ESMF and the relevant sectoral, environmental, and social standards and policies.

3. Terms and Conditions of PBF Services Grants

- (a) The Recipient shall make each PBF Services Grant to a Beneficiary under a PBF Services Grant Agreement under terms and conditions, satisfactory to the World Bank, as further described in the PBF Operations Manual, which shall include the following:
  - (i) the amount of the PBF Services Grant shall not exceed the total estimated cost of the PBF Services Subproject; and the proceeds of the PBF Services Grant shall be made available to the Beneficiary on non-reimbursable grant terms;

- (ii) the PBF Services Grant Agreement shall include a description of the PBF Services Subproject, the applicable rates for the services included thereunder, and applicable performance indicators;
- (iii) the Beneficiary shall be required to: (A) carry out the PBF Services Subproject with due diligence and efficiency and in accordance with sound technical, financial, administrative, and environmental practices; (B) ensure that the resources required for the PBF Services Subproject are provided promptly as needed; (C) procure goods and services required for the PBF Services Subproject in accordance with Section III of this Schedule; (D) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the World Bank, the progress of the PBF Services Subproject and the achievement of its objectives; and (E) (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the PBF Services Subproject; and (ii) at the request of the World Bank or the Recipient, have such records audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the records as so audited to the Recipient and the World Bank;
- (iv) the Beneficiary shall be required to carry out the PBF Services Subproject in accordance with the provisions of the Anti-Corruption Guidelines;
- (v) the Beneficiary shall be required to carry out the PBF Services Subproject in accordance with the provisions of the PBF Operations Manual;
- (vi) the Beneficiary shall be required to carry out the PBF Services Subproject in accordance with the provisions of the ESMF and the Medical Waste Management Plan;
- (vii) the PBF Services Grant Agreement shall require that the goods and consultants' services to be financed from the proceeds of the PBF Grant shall be used exclusively for the PBF Services Subproject; and
- (viii) the Recipient shall have the right to: (A) inspect by itself, or jointly with the World Bank, if the World Bank shall so request,

the goods and sites included in the PBF Services Subproject, the operations thereof, and any relevant records and documents; (B) obtain all information as it, or the World Bank, shall reasonably request regarding the administration, operation, and financial condition of the Beneficiary; and (C) suspend or terminate the right of the Beneficiary to use the proceeds of the PBF Services Grant, or obtain a refund of all or any part of the amount of the PBF Grant then withdrawn, as the case may be, upon failure by the Beneficiary to perform any of its obligations under the PBF Services Grant Agreement.

- (b) The Recipient shall exercise its rights under the PBF Services Grant Agreement in such manner as to protect its interests and those of the World Bank and to accomplish the purposes of the PBF Services Grant, and, except as the World Bank shall otherwise agree, the Recipient shall assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

G. External Controls

- (a) The Recipient shall appoint consultants, in accordance with Section III of this Schedule, for purposes of verification of the proper implementation of the PBF Services Subprojects carried out under Part 1(a)(ii) of the Project.
- (b) The Recipient shall, in accordance with terms of reference satisfactory to the World Bank, cause said consultants to carry out, throughout Project implementation, quarterly verification exercises of PBF Services Subprojects and to provide the Recipient with reports of such exercises; such verification to include, *inter alia*, community surveys, Beneficiary spot checks, verification of data provided and records kept by health facilities in relation to PBF Services Subproject, and assessments of the quality of health services provided under such PBF Services Subproject, in accordance with the provisions of the PBF Operations Manual.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports; Completion Report**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.



2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

**B. Financial Management; Financial Reports; Audits**

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such 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 World Bank not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Procurement and Consultant Guidelines.** All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
  - (a) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 (“Procurement Guidelines”), in the case of goods and works, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 (“Consultant Guidelines”) in the case of consultants’ services; and
  - (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

- 2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

- 1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
- 2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) National Competitive Bidding, subject to the provisions of paragraph 3 of this Part B
(b) Shopping
(c) Direct Contracting
(d) Procurement from United Nations Office and UNICEF for goods and Project services

- 3. **Exceptions to National Competitive Bidding Procedures.** The following provisions shall apply to the procurement of goods under National Competitive Bidding procedures: (a) foreign bidders shall be allowed to participate in National Competitive Bidding procedures; (b) bidders shall be given at least 28 days from the receipt of notification of award to submit performance securities; (c) no domestic preference shall be given for domestic bidders or for domestically manufactured goods; and (d) in accordance with paragraph 1.14(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractors and subcontractors shall permit the World Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the World Bank; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14(a)(v) of the Procurement Guidelines.

**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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Selection based on Consultants' Qualifications
(b) Least-Cost Selection
(c) Selection under a Fixed Budget
(d) Single-Source Selection
(e) Selection of Individual Consultants
(f) Quality Based Selection

**D. Review by the World Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Section IV. Withdrawal of Grant Proceeds**

**A. General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank 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 Grant ("Category"), the allocations of the

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

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, consultants' services, Training and Operating Costs financed by LC Grants under Part 1(a)(i) of the Project.	5,290,000	Such percentage as shall be specified in the Annual Work Plan for the respective Fiscal Year
(2) Goods, works and consultants' services for PBF Services Subprojects under Part 1(a)(ii) of the Project.	5,700,000	100% of amounts of PBF Services Grants disbursed
(3) Goods and services for Part 1(a)(iii) of the Project	6,700,000	100%
(4) Goods, consultants' services, Training and Operating Costs under Part 1(b) of the Project.	1,500,000	100%
(5) Goods, consultant's services, Training and Operating Costs under Part 2(a) of the Project.	500,000	100%
(6) Goods, consultant services, Training, and Operating Costs for Part 2(b) of the Project.	310,000	100%
<b>TOTAL AMOUNT</b>	20,000,000	

**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 not to exceed \$4,000,000 equivalent may be made for payments made prior to this date but on or after August 1, 2010, for Eligible Expenditures under Category (3).
  - (b) under Category (1) for an LC Grant unless the World Bank has approved the Subproject in accordance with Section I.E of this Schedule 2 to this Agreement and the Recipient has furnished to the World Bank evidence satisfactory to the World Bank that: (i) the Recipient has concluded a Subsidiary Agreement with the concerned Local Council for such LC Grant under terms and conditions satisfactory to the World Bank; and (ii) all financial statements of the concerned Local Council have been audited by an auditor in a manner both satisfactory to the World Bank and either: (A) the auditor's opinion is unqualified; or (B) the concerned Local Council has prepared an action plan acceptable to the World Bank to address any qualifications in auditor's opinion arising from such audit.
  - (c) Under Category (2) for a PBF Services Grant unless: (i) the Recipient has adopted the PBF Operations Manual in accordance with section I.F. of this Schedule 2 to this Agreement; (ii) the consultant referred to in Section I.G of this Schedule 2 to this Agreement has been appointed; and (iii) the Recipient has concluded a PBF Services Grant Agreement with the eligible Beneficiary for such PBF Services Grant.
  - (d) Under category (6) for Training unless the memoranda of understanding referred to in section I.B.2 of this Schedule 2 of this Agreement have been signed.
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is October 31, 2013.

**APPENDIX****Definitions**

1. “ACGF” means the Africa Catalytic Growth Fund.
2. “Annual Work Plan” means the program of activities agreed each year between the Recipient and the World Bank for inclusion in the Project and financing in accordance with Section I.B.3 of Schedule 2 to this Agreement during the following Fiscal Year, as the same may be revised from time to time, all in accordance with the provisions of the said Section.
3. “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.
4. “Beneficiary” means an entity to which or for whose benefit a PBF Services Grant is made or proposed to be made and which is a party to a PBF Grant Agreement; and “Beneficiaries” means, collectively, all such beneficiaries.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006.
6. “Effective Date” means the date referred to in Section 5.03 of this Agreement.
7. “Environmental and Social Management Framework” and “ESMF” means the Recipient’s framework, prepared in form and substance satisfactory to the World Bank, dated July 6, 2009, describing measures for the mitigation of the potential adverse environmental and social impact of proposed Subprojects.
8. “Environmental Management Plan” and “EMP” means an environmental management plan, acceptable to the World Bank prepared in accordance with the ESMF, for a Subproject or a PBF Services Subproject, and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the ESMF under the said Subproject or PBF Services Subproject, along with the procedural and institutional measures needed to implement such actions, measures and policies, as such EMP may be amended from time to time with the prior written agreement of the World Bank.
9. “Fiscal Year” means the Recipient’s fiscal year commencing January 1 and ending December 31 of each year.

10. “IRCBP” means the Institutional Reform and Capacity Building Project financed by the International Development Association (Credit No. H086-SL).
11. “IRCBP Technical Steering Committee” means committee referred to in Section I.A.1 of Schedule 2 to this Agreement.
12. “LC Grant” means a grant made by the Recipient to a Local Council under Part 1(a)(i) of the Project for a Subproject; and “LC Grants” means, collectively all such grants.
13. “Local Council” and “LC” means a local government council established and operating in the territory of the Recipient pursuant to the Recipient’s Local Government Act, 2004, and “Local Councils” and “LCs” means each of the said councils collectively.
14. “Medical Waste Management Plan” means the Recipient’s plan, dated July 6, 2009, agreed with the World Bank and setting out the measures to be taken for the development and implementation of medical waste management and safe handling of said waste, as the same may be modified from time to time in accordance with the terms of this Agreement, and such term includes any annexes or schedules to said plan
15. “MoFED” means the Recipient’s Ministry of Finance and Economic Development, or any successor thereto.
16. “MOHS” means the Recipient’s Ministry of Health and Sanitation, or any successor thereto.
17. “Operating Costs” means the operating costs incurred on account of the implementation of the Project, including maintenance of vehicles and equipment, fuel, office supplies, utilities, consumables, bank charges, advertising expenses, travel, per diems, and accommodation, but excluding salaries of civil servants.
18. “Operational Manual” or “OM” means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement.
19. “PBF” means performance based financing.
20. “PBF Operational Manual” means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement.
21. “PBF Services Grant” means a grant made or proposed to be made out of the proceeds of the Grant to a Beneficiary to finance a PBF Services Subproject; and “PBF Services Grants” means, collectively, all such grants.

22. “PBF Services Grant Agreement” means an agreement between the Recipient and a Beneficiary, providing for a PBF Services Grant.
23. “PBF Services Subproject” means a specific development project included in Part 1(a)(ii) of the Project to be carried out by a Beneficiary and financed or to be financed out of a PBF Services Grant.
24. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006.
25. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 5, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
26. “Program” means the Recipient’s National Health Policy dated October 2002, describing a set of objectives, policies and actions of the Recipient towards the improvement of reproductive and child health, and declaring the Recipient’s commitment to the execution of the Program.
27. “Standard Conditions” means the “Standard Conditions for Grants Made by the World Bank Out of Various Funds”, dated July 1, 2008.
28. “Subsidiary Agreement” means each agreement entered into between the Recipient and a Local Council under Section I.E.2 of Schedule 2 to this Agreement, and pursuant to which an LC Grant shall be or has been made by the Recipient to such Local Council for a Subproject.
29. “Subproject” means a specific development project carried out or to be carried out by a Local Council under Part 1(a)(i) of the Project and financed or to be financed out of the proceeds of the Grant through an LC Grant; and “Subprojects” means collectively all such subprojects.
30. “Technical Coordinating Committee for Reproductive and Child Health” means the committee referred to in Section I.A.2 of Schedule 2 to the Project.
31. “Training” means the costs associated with the training and workshop participation of personnel involved in Project supported activities, including travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation.



