

CONFORMED COPY

GRANT NUMBER H393-CG

Financing Agreement

Health Sector Services Development Project

between

REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 18, 2008

GRANT NUMBER H393-CG

FINANCING AGREEMENT

AGREEMENT dated July 18, 2008, entered into between REPUBLIC OF CONGO (“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 grant in an amount equivalent to twenty-four million three hundred thousand Special Drawing Rights (SDR 24,300,000) (“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 Payment Dates are February 15 and August 15 in each year.
- 2.05. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

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

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

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Recipient has adopted the new organizational structure for MSASF in accordance with the provisions of Section I (A) 1 of Schedule 2 to this Agreement.
 - (b) The Recipient has (i) established the procurement unit within MSASF; (ii) engaged and trained the procurement staff; and (iii) employed the procurement specialist, all referred to in Section I (A) 2 of Schedule 2 to this Agreement, in accordance with the provisions of such Section.
 - (c) The Recipient has introduced in MSASF the financial management system, including (i) adoption of the Financial Management Procedures Manual; (ii) employment of the following financial management staff: a director responsible for finance and a treasurer; (iii) employment of the financial management expert; and (iv) assumption by the internal auditors assigned to MSASF of their functions; all as referred to in Section I (A) 3 of Schedule 2 to this Agreement, in accordance with the provisions of such Section.
 - (d) The Recipient has adopted the Project Implementation Manual.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is its minister responsible for finance.

5.02. The Recipient's Address is:

Ministry of Economy, Finance and Budget
B.P. 2083
Brazzaville
Republic of Congo

Facsimile:

(242) 814 145

5.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI)

1-202-477-6391

AGREED at Brazzaville, Republic of Congo, as of the day and year first above written.

REPUBLIC OF CONGO

By /s/ Pacifique Issoïbeka

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Marie Françoise Marie-Nelly

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to strengthen the Recipient's health system in order to enable the Recipient to combat the major communicable diseases effectively and improve access to quality services for women, children and other vulnerable groups.

The Project, which comprises a part of the Recipient's Health Sector Program, consists of the following parts:

1. **Strengthening of Leadership Capacities for Decentralized Health Sector Management**

Carrying out of a program to strengthen the organizational, managerial and fiduciary capabilities of the MSASF in order to ensure an effective management of the health sector, such program to consist of the following:

- (a) development of an appropriate organizational framework for the health sector and strengthening of MSASF's managerial capabilities through the provision of consultants' services and training;
- (b) application of an appropriate financial management system and medium term expenditure framework, in order to enhance the financing of the sector, and provision of goods, including software, required for the purpose;
- (c) strengthening of MSASF's procurement capabilities through the establishment of a procurement unit, and provision of consultants' services and training programs required for the purpose; and
- (d) strengthening of monitoring and evaluation of the health sector through the development and putting into operation of a monitoring and evaluation strategy and operational plan for the sector, including appropriate indicators, such plan to produce routinely reported health information, epidemiologic surveillance activities, periodic assessments and health sector operations research.

2. Improvement of Effective Health Sector Human Resources Management

Carrying out of a program to put in place an effective system for the management of human resources for the delivery of health care throughout the Recipient's territory, such program to consist of the:

- (a) establishment of a separate department in MSASF with appropriate human, financial and technical resources to be responsible for managing human resources in the health care delivery sector;
- (b) introduction of a rational human resources management system in order to meet the needs of the health sector; and
- (c) carrying out of a program of ongoing training to improve the professional quality of health care providers, including provision of goods required for the purpose.

3. Rehabilitation and Equipping of Health Facilities

Carrying out of a program to ensure the proper evaluation, rehabilitation and equipping of health care facilities, such program to consist of the:

- (a) Development of standards for the rational and phased program of rehabilitation of health care facilities, designed to ensure priority to primary health care and referral facilities; mapping of rehabilitation activities based on these criteria and standards; and rehabilitation and equipping of selected health care facilities acceptable to the Association.
- (b) Establishment and implementation of an appropriate system of:
 - (i) periodic maintenance of health facility buildings; and
 - (ii) standardization and maintenance of equipment required by health facilities.

4. Improvement of Access to Quality Essential Health Care Services

Carrying out of a program to ensure the delivery of packages of quality essential health care services throughout the Recipient's territory, such program to consist of the:

- (a) development and provision of quality essential health care services, with special attention to maternal, child and adolescent health care, and care and prevention of key communicable and non-communicable diseases, including provision of goods required for the purpose;
- (b) carrying out of a program to improve the efficient procurement and management of essential medicines and medical supplies, including provision of goods required for the purpose;
- (c) development and implementation of a program, culturally appropriate to the Recipient's various communities, to encourage such communities to utilize health care services and participate in the management of health care, including provision of goods required for the purpose; and
- (d) carrying out of a program to promote equitable and culturally appropriate access to quality health services for all, consisting of analysis of constraints to access to such services and on the basis of the results of this analysis, development of appropriate measures to facilitate equitable access to such services.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

In order to assist the Recipient in implementing the Project, the Recipient, shall take the following actions in accordance with terms of reference acceptable to the Association:

1. MSASF's Organizational Structure. The Recipient shall establish and thereafter at all times maintain an organizational structure for MSASF designed to ensure the effective and efficient management of the health sector.

2. Procurement Capacity. The Recipient shall: (a) establish and thereafter at all times maintain a procurement unit within MSASF; (b) recruit, train and thereafter at all times retain in such procurement unit qualified and experienced procurement staff in adequate numbers to be responsible for procurement under the Project; and (c) employ, in accordance with the provisions of Section III of this Schedule, and thereafter at all times retain, a procurement expert to assist such procurement staff in the carrying out of procurement under the Project.

3. Financial Management Capacity. The Recipient shall introduce and at all times thereafter apply a financial management system acceptable to the Association, for MSASF's activities, including the Project. This financial management system shall include the following:

- (a) adoption and application of a financial management procedures manual;
- (b) recruitment and retention of qualified and experienced financial management staff in adequate numbers to be responsible for financial management of the Project, such staff to include: (i) a director responsible for finance and a treasurer; and (ii) not later than two months following the Effective Date two accountants and one management accountant (*Contrôleur de gestion*);
- (c) assignment to MSASF by the Recipient's internal financial auditor (*Inspection Générale des Finances*) of two of its experts as internal auditors;
- (d) employment, in accordance with the provisions of Section III of this Schedule, of a financial management expert to assist MSASF staff in financial management of the Project; and

- (e) not later than three months after the Effective Date: (i) installation of accounting software procured in accordance with the provisions of Section III of this Schedule; and (ii) training of MSASF staff in the use of the Financial Management Procedures Manual and accounting software.

4. Public Health, Human Resources, Monitoring and Evaluation Capacity. To assist the Recipient in carrying out the Project, the Recipient shall, not later than October 30, 2008, employ the following experts, in accordance with the provisions of Section III of this Schedule: (a) one human resource expert; (b) two monitoring and evaluation experts; and (c) one public health expert.

5. Project Implementation Manual

(a) The Recipient shall adopt and at all times apply a manual acceptable to the Association, setting forth the procedures for implementing the Project.

(b) In the event of any inconsistency between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall govern.

B. Anti-Corruption

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

C. Annual Work Plan; Health Sector Program

1. The Recipient shall prepare, under terms of reference acceptable to the Association, and furnish to the Association not later than October 15 in each calendar year, an annual work plan of activities proposed for inclusion in the Project during the following calendar year, together with a budget for such activities and a time table for their implementation, as well as a proposed Indigenous Peoples' Plan in the event the proposed work plan of activities involves any Indigenous Peoples and a Resettlement Plan in the event the proposed work plan of activities would involve any Involuntary Resettlement.
2. The Recipient shall exchange views with the Association on such proposed work plan, and shall thereafter adopt, and carry out such work plan for such following calendar year as shall have been approved by the Association, and in accordance with such Indigenous Peoples' Plan and Resettlement Plan as shall have been approved by the Association and disclosed to the affected groups.
3. Only such work plan of activities as shall have been approved by the Association shall be eligible for inclusion in the Project and financing out of the proceeds of the Financing.

4. Further to the foregoing, the Recipient shall furnish to the Association not later than October 15 in each calendar year, the overall proposed budget for the Health Sector Program for the following calendar year; afford the Association a reasonable opportunity to exchange views with the Recipient and other proposed financiers of such budget thereon; and thereafter, promptly adopt such budget for the Health Sector Program for such following year, taking into consideration the comments of the Association thereon.

D. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of the Environmental and Social Management Framework, Indigenous Peoples' Planning Framework (and any Indigenous People's Plan prepared pursuant to Part C of this Section I), and Resettlement Policy Framework (and any Resettlement Plan prepared pursuant to Part C of this Section I).
2. The Recipient shall not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, any provision of the aforementioned without the prior written agreement of the Association.

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 the indicators set forth below in paragraph 2 of this Part. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
2. The performance indicators referred to above in paragraph 1 of this Part consist of the following:
 - (a) Percentage of health departments and facilities receiving their budgets in a timely manner.
 - (b) Percentage of facilities (by type) staffed according to norms (by type of personnel).
 - (c) Percentage of planned rehabilitation activities realized.
 - (d) Number of facilities offering essential package of health services.
 - (e) Percentage of births attended by skilled personnel.

- (f) Percentage of children aged between 12 and 23 months fully vaccinated (3 doses) against diphtheria, pertussis and tetanus before the age of 12 months.
- (g) Percentage of children under the age of five with fever within the past 2 weeks who accessed an effective antimalarial within 24 hours of onset of symptoms.
- (h) Percentage of households owning two or more insecticide-treated nets.
- (i) Percentage of children under the age of five who slept under an insecticide-treated bed net the previous night.
- (j) Tuberculosis cure rate.

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 60 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.
 - (a) 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, except as otherwise provided in paragraph (b) below, cover the period of one fiscal semester of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than four months after the end of such period. For this purpose, the Recipient shall engage not later than three months after the Effective Date, the independent auditors referred to in Section 4.09 (b) of the General Conditions, in accordance with the provisions of Section III of this Schedule 2.
 - (b) If after the second year of Project implementation, the Association determines that annual audits of the Recipient's Financial Statements may replace the semi-annual audits referred to in paragraph (a) above, it shall so notify the Recipient. Upon such notification, the Recipient shall ensure that 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 four months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works and Non-consulting Services

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

Procurement Method
(a) Limited International Bidding
(b) National Competitive Bidding
(c) Shopping
(d) Direct Contracting
(e) Force Account

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.

Procurement Method
(a) Selection Based on Consultants' Qualifications
(b) Least Cost Selection
(c) Selection of Individual Consultants
(d) Single Source Selection

D. Review by the Association of Procurement Decisions

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

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the category of Eligible Expenditures that may be financed out of the proceeds of the Financing, the allocations of the amounts of the Financing to such category, and the percentage of expenditures to be financed for Eligible Expenditures in such category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
Goods, works and services for each Approved Annual Work Plan	24,300,000	100%

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 \$3 million equivalent may be made for payments made prior to this date but on or after July 1, 2007, for Eligible Expenditures; or
 - (b) for expenditures under an annual work plan of activities referred to in Section I. C. of this Schedule 2 unless and until the Association shall have notified the Recipient in writing of its approval of such work plan.
2. The Closing Date is May 29, 2012.

APPENDIX

Definitions

1. “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.
2. “Approved Annual Work Plan” means each work plan of activities referred to in Section I.C. of Schedule 2 to this Agreement as approved by the Association in accordance with Sections I.C.2 and 3 of said Schedule.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
4. “Environmental and Social Management Framework” means the Recipient’s framework set forth in the document entitled “*Cadre de Gestion Environnementale et Sociale*” issued by Recipient’s National Council for the Fight Against AIDS (*Conseil National de Lutte Contre le SIDA*) and dated March 2008, designed to ensure that the Project is implemented in an environmentally and socially sustainable manner, as the same may be revised from time to time with the prior written agreement of the Association.
5. “Financial Management Procedures Manual” means the manual referred to in Section I (A) 3 of Schedule 2 to this Agreement, to be adopted and applied by the Recipient in accordance with the provisions of such Section, as the same may be revised from time to time with the prior written agreement of the Association.
6. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
7. “Health Sector Program” means the Recipient’s program for the period 2007 through 2011 designed to improve the health of its people so as to promote their participation in their country’s economic development and to reduce poverty, and referred to in the letter dated April 16, 2008 from the Recipient to the Association.
8. “Indigenous Peoples” has the meaning ascribed to it in the Association’s Operational Policy No. 4.10 (Indigenous Peoples), dated July 2005.
9. “Indigenous Peoples’ Plan” means a plan developed by the Recipient pursuant to the Indigenous Peoples’ Planning Framework in accordance with the provisions of Section I. C. of Schedule 2 to this Agreement and acceptable to the Association.

10. “Indigenous Peoples’ Planning Framework” means the Recipient’s framework for the development of Indigenous Peoples’ Plans under the Project, included in the Environmental and Social Management Framework and elaborated in the Recipient’s document dated March 11, 2008.
11. “Involuntary Resettlement” has the meaning ascribed to it in the Association’s Operational Policy No. 4.12 (Involuntary Resettlement), dated December 2001.
12. “MSASF” mean the Recipient’s Ministry responsible inter alia for health, known as “*Ministère de la Santé, des Affaires Sociales et de la Famille*” and any successor thereto.
13. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
14. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 30, 2008 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.
15. “Project Implementation Manual” means the manual referred to in Section I (A) 5 (a) of Schedule 2 to this Agreement, as the same may be revised from time to time with the prior agreement of the Association.
16. “Resettlement Plan” means a plan developed by the Recipient pursuant to the Resettlement Policy Framework in accordance with the provisions of Section I. C. of Schedule 2 to this Agreement and acceptable to the Association.
17. “Resettlement Policy Framework” means the Recipient’s framework for implementation of any Involuntary Resettlement under the Project, set forth in the document entitled “*Cadre de Politique de Reinstallation*” issued by Recipient’s National Council for the Fight Against AIDS (*Conseil National de Lutte Contre le SIDA*) and dated February 2008, as the same may be revised from time to time with the prior written agreement of the Association.