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GRANT NUMBER H877-SL

FINANCING AGREEMENT

AGREEMENT dated October 11, 2013, entered into between the REPUBLIC OF SIERRA LEONE ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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 eight million seven hundred thousand Special Drawing Rights (SDR8,700,000) ("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 January 15 and July 15 in each year.
- 2.05. 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 carry out the Project 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

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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 Condition of Effectiveness consists of the following, namely, that the Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.03. 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 V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is its minister responsible for finance.
- 5.02. The Recipient's Address is:

Ministry of Finance and Economic Development  
Treasury Building  
George Street  
Freetown, Sierra Leone

Facsimile:

232 22 228 472

- 5.03. The Association's Address is:

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

Cable:

INDEVAS  
Washington, D.C.

Telex:

248423 (MCI)

Facsimile:

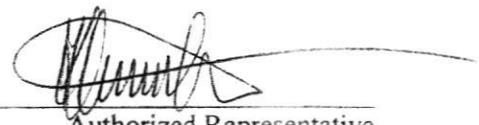
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AGREED at Washington DC, United States, as of the day and year first  
above written. of 1992

REPUBLIC OF SIERRA LEONE

By



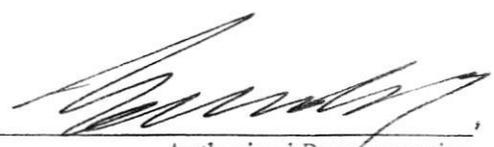
Authorized Representative

Name: Dr. Kaitala Marah

Title: Minister of Finance & Economic  
Development

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

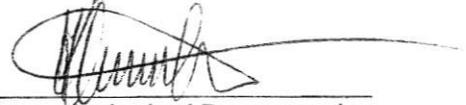
Name: Yusupha B. Crookes

Title: Country Director

AGREED at Washington, D.C. United States, as of the day and year first  
above written. of America

REPUBLIC OF SIERRA LEONE

By



Authorized Representative

Name: Dr. Kafala Marah

Title: Minister of Finance & Economic  
Development

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Yusupha B. Crookes

Title: Country Director

## 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 ("LC Grants")

Provision of LC Grants to LCs to finance specific development projects (Subprojects) for the provision of core basic services in the health sector, including rehabilitation of health facilities, as elaborated in the respective LC annual work plans and budgets.
  - (ii) Performance-Based Financing Services Grants ("PBF Services Grants")

Carrying out of specific development projects through the provision of PBF Services Grants to Health Services Providers for delivery of Packages of Essential Health Services ("PEHS") comprising of 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 ("PEHS Subprojects").
  - (iii) Purchase and distribution of long lasting impregnated nets.
- (b) LC Grant Administration
    - (i) Carrying out of a program of activities aimed at building the capacity of the Local Government Financing Department for supervision and monitoring of implementation of activities under Part 1(a) above, 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 Local Councils and eligible Health Service Providers ("HSPs") for implementation of PEHS Subprojects, including, among others, the external verification of delivery of PEHS by HSPs under respective PEHS Subprojects.

## **Part 2. Capacity Building**

- (a) Carrying out of a program of activities aimed at strengthening the capacity of the MoHS for supervision, monitoring and evaluation of the Project.
- (b) Carrying out of a program of activities aimed at strengthening the capacity of Njala University and University of Sierra Leone for provision of pre-service and postgraduate medical training.
- (c) Carrying out of the following program of activities: (i) strengthening the organizational and management capacity of MoHS, including, the establishment of an integrated health project administration unit within said MoHS; (ii) operationalization of the Health Services Commission; (iii) carrying out of a comprehensive review of the legislative and regulatory framework for the health sector with a view to identifying gaps and making recommendations; (iv) strengthening health management information systems; and (v) carrying out of a comprehensive review of health sector financing, including, among others, sustainability of the free health care initiative and development of a social health insurance scheme, all through the provision of technical advisory services, operating costs and Training for the purpose.

## SCHEDULE 2

### Project Execution

#### Section I. Institutional and Implementation Arrangements

##### A. Institutional Arrangements

##### 1. Technical Steering Committee

The Recipient shall maintain, at all times during the implementation of the Project, the Technical Steering Committee, with a composition, mandate, terms of reference and resources satisfactory to the Association, to be responsible for, among others, overall implementation, coordination and monitoring of Part 1 of the Project. The Technical Steering Committee shall be chaired by the Financial Secretary of MoFED.

##### 2. Technical Coordinating Committee for Reproductive and Child Health

Without limitation upon the provisions of paragraph 1 of this Section I.A, the Recipient shall maintain, at all times during the implementation of the Project, the Technical Coordinating Committee for Reproductive and Child Health, with a composition, mandate, terms of reference and resources satisfactory to the Association, to be responsible for, among others, the technical supervision of the Project. The Technical Coordinating Committee for Reproductive and Child Health shall be chaired by the Chief Medical Officer of the MoHS.

##### 3. Integrated Project Administration Unit

Without limitation upon the provisions of paragraphs 1 and 2 of this Section I.A, the Recipient shall maintain, at all times during the implementation of the Project, the Integrated Project Administration Unit within MoFED with a composition, mandate, terms of reference and resources satisfactory to the Association, to be responsible for management and reporting on implementation of the Project.

##### 4. Local Councils

Without limitation upon the provisions of paragraphs 1, 2 and 3 of this Section I.A, the Recipient shall designate, at all times during the implementation of the Project, the respective Local Councils ("LCs") established in the respective Localities, to be responsible for, among others, implementing Subprojects under Part 1(a)(i) of the Project, all in accordance with the Operational Manual. The Recipient shall cause to be taken all actions, including, the provision of funding, personnel and other resources to enable said LCs to implement said Subprojects.

B. **Implementation Arrangements**

1. **Operational Manual and PBF Operational Manual**

(a) The Recipient shall update and thereafter adopt:

(i) a manual, in form and substance satisfactory to the Association, outlining implementation, organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement and procurement arrangements, for purposes of overall implementation of the Project ("Operational Manual"); and

(ii) a manual, in form and substance satisfactory to the Association, for the provision of PBF Services Grants, which shall include a detailed elaboration of, *inter alia*, the following: (A) each PEHS to be delivered under a PEHS Subproject; (B) the methodology for calculating the unit price to be paid for each PEHS to be delivered under a PEHS Subproject, which unit price shall be calculated on the basis of a methodology acceptable to the Association ("Unit Price") and said methodology designed to ensure that the Unit Price: (aa) does not exceed the reasonable cost of the PEHS to be delivered and financed under the PBF Services Grant; and (bb) is scaled to reflect the quality of the PEHS delivered and the conditions of the locations where the PEHS is to be delivered; (C) excludes any amount of the cost of the PEHS which is to be financed under another source of financing; (D) the procedures for the evaluation and updating of the Unit Price for each PEHS; (E) the procedures for approval, monitoring and evaluation of each PEHS Subproject and for granting of a PBF Services Grant, including, the designation of the Recipient's team to be responsible for the verification of the quality and quantity of the PEHS delivered under each PEHS Subproject ("Health Verification Team"); (F) maximum aggregate amount of all PBF Services Grants which may be made during each Fiscal Year of the Recipient; and (G) a model form of agreement for the provision of a PBF Services Grant ("PBF Services Grant Agreement") ("PBF Operational Manual").

(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 Association shall otherwise agree, shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, said Operational Manual and said PBF Operational Manual, 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. **Annual Work Plan**

- (a) The Recipient shall prepare and furnish to the Association 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) Each such proposed work plan (including said budget) shall specify any training activities that may be required under the Project, including: (i) the type of training; (ii) the purpose of the training; (iii) the personnel to be trained; (iv) the institution or individual who will conduct the training; (v) the location and duration of the training; and (vi) the cost of the training.
- (c) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed work plan (including said budget), and shall thereafter adopt, and carry out such program of activities for such following Fiscal Year as shall have been agreed with the Association, as such work plan may be subsequently revised during such following Fiscal Year with the prior written agreement of the Association ("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 Environmental and Social Management Framework ("ESMF") (including the Medical Waste Management Plan) and any Environmental and Social Management Plan prepared pursuant to the ESMF (including said Medical Waste Management Plan). To this end, the Recipient shall ensure that the following actions are taken in a manner acceptable to the Association:
  - (a) If any Subproject or PEHS Subproject would, pursuant to the ESMF (including said Medical Waste Management Plan), require the preparation of an Environmental and Social Management Plan, the

Recipient shall: (i) ensure that such Environmental and Social Management Plan shall be prepared in accordance with the ESMF (including said Medical Waste Management Plan) and furnished to the Association for review and approval, and is disclosed as required by the ESMF (including said Medical Waste Management Plan) and approved by the Association, and thereafter adopted by the relevant Local Council, prior to implementation of the Subproject or PEHS Subproject, as the case may be; and

(b) thereafter take such measures as shall be necessary or appropriate to enable the Local Council to comply with the requirements of such Environmental and Social Management Plan.

2. Without limitation upon its other reporting obligations under this agreement and under Section 4.08 of the General Conditions, the Recipient shall include in the Project Reports referred to in Section II.A of this Schedule, adequate information on the status of compliance with the ESMF (including said Medical Waste Management Plan), and any Environmental and Social Management Plan developed thereunder, giving details of: (a) measures taken in furtherance of such ESMF (including said Medical Waste Management Plan) and any Environmental and Social Management Plan; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF (including said Medical Waste Management Plan) and any Environmental and Social Management Plan; and (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such ESMF (including said Medical Waste Management Plan) and any Environmental and Social Management Plan developed thereunder.
3. The Recipient shall afford the Association a reasonable opportunity to review the reports prepared under paragraph 2 of this Part D, and thereafter shall carry 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 ESMF (including said Medical Waste Management Plan) and any Environmental and Social Management Plan developed thereunder.

**E. Subprojects under Part 1(a)(i); LC Grants**

1. The Recipient shall: (a) through MLGRD, MOFED and MOHS, on the basis of an approved annual work plan and budget submitted by a Local Council ("LC"), review and approve Subproject proposals, and monitor and supervise Subprojects under Part 1(a)(i) of the Project, and administer the LC Grants in accordance with the guidelines and procedures set forth in paragraphs 2 and 3 below, as elaborated further in the Operational Manual; and (b) through MLGRD, ensure that each LC has put in place all necessary arrangements, including financial and human resources, for the management and implementation of the Subproject.

2. *Eligibility.* 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 Subproject shall cover all activities of a LC to be carried out in the health sector during the Fiscal Year, as further described in the approved annual work plan of such LC;
- (b) the Subproject shall be appraised on the basis of an environmental and social assessment and other guidelines acceptable to the Association (and be accompanied by an Environmental and Social Management Plan if required pursuant to the ESMF);
- (c) the Subproject shall be designed to avoid any involuntary resettlement of persons or loss of their income or productive capacity;
- (d) the Subproject shall be approved by the LC and MoFED, MOHS and MLGRD, respectively, in accordance with criteria set forth in the Operational Manual; and
- (e) the Subproject and the Environmental and Social Management Plan, if any, shall be approved by the Recipient and the Association, unless with respect to the Association's approval, the Association has notified the Recipient in writing that its prior approval is not required.

3. To facilitate the carrying out of each Subproject, the Recipient shall, through MOFED, make each LC Grant on a non-reimbursable grant basis to the LC concerned under a Subsidiary Agreement in form and substance satisfactory to the Association, which shall include the following terms and conditions, and such further conditions as may be specified in the Operational Manual:

- (a) The LC 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 (including the Medical Waste Management Plan) and any Environmental and Social Management Plan developed thereunder, and the Anti-Corruption Guidelines; (ii) provide, promptly as needed the resources required for the purpose; and (iii) maintain adequate records;
- (b) The LC shall undertake to ensure that the goods, non-consulting services 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 LC shall undertake to maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Association, the progress of the Subproject and the achievement of its objectives;
- (d) The LC shall undertake to: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Subproject; and (ii) for each Fiscal Year of the Recipient, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and furnish the statements as so audited to the Recipient (and the Association, if required), not later than six (6) months after the end of such fiscal year;
- (e) The Recipient shall have the right to inspect by itself, or jointly with the Association, if the Association shall so request, the goods, sites and plants included in the Subproject, the operations thereof, and any relevant records and documents;
- (f) The LC shall undertake to prepare and furnish to the Recipient and the Association all such information as the Association shall reasonably request relating to the implementation of the Subproject, and the performance by the LC of its obligations under its Subsidiary Agreement;
- (g) The Recipient may suspend or terminate the right of the LC to use the proceeds of the LC Grant upon failure by the LC to perform its obligations under its Subsidiary Agreement with the Recipient;
- (h) The LC shall undertake to promptly inform the Recipient and the Association 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; and
- (i) The Recipient shall exercise its rights under its Subsidiary Agreement with each LC in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing, and, except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive any Subsidiary Agreement with any LC, or any provision thereof.

**F. PEHS Subprojects under Part 1(a)(ii); PBF Services Grants**

1. *Eligibility.* In order to ensure the proper implementation of Part 1(a)(ii) of the Project, the Recipient shall, through MOFED, make PBF Services Grants to Health Service Providers ("HSPs") for PEHS Subprojects in accordance with eligibility criteria and procedures acceptable to the Association, which shall include, *inter alia*, the following:-

- (a) the Recipient, through MOHS, has determined on the basis of an appraisal carried out in accordance with guidelines acceptable to the Association, and elaborated in the PBF Operational Manual, that:
  - (i) the proposed HSP; (A) is a legal entity and a public or a private HSP of PEHS located in a LC, with the organization, management, technical capacity and financial resources necessary to carry out the proposed PEHS Subproject; and (B) has prepared a satisfactory financing plan and budget, and a satisfactory implementation plan for the proposed PEHS Subproject; and
  - (ii) the proposed PEHS Subproject: (A) is technically feasible, and financially and economically sound; and (B) is in compliance with the ESMF (including the Medical Waste Management Plan) and any Environmental and Social Management Plan developed thereunder for purposes of said PEHS Subproject and relevant sectoral, environmental, and social standards and policies; and
- (b) the: (i) aggregate amount of all PBF Services Grants made in a given calendar year to HSPs shall not exceed the limit set out in the Annual Work Plan; and (ii) maximum amount of each PBF Services Grant for a PEHS Subproject shall not exceed 100 percent of the total estimated cost of the PEHS Subproject minus the amount of other funds allocated to finance such cost.

2. **PBF Services Grant Agreement**

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

- (ii) a description of the PEHS Subproject, the applicable rates for the services included thereunder, and applicable performance indicators;
- (iii) the HSP shall be required to: (A) carry out the PEHS 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 PEHS Subproject are provided promptly as needed; (C) procure goods and services required for the PEHS 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 Association, the progress of the PEHS 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 Association, both in a manner adequate to reflect the operations, resources and expenditures related to the PEHS Subproject; and (ii) at the request of the Association or the Recipient, have such records audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the records as so audited to the Recipient and the Association;
- (iv) the HSP shall be required to carry out the PEHS Subproject in accordance with the provisions of the Anti-Corruption Guidelines;
- (v) the HSP shall be required to carry out the PEHS Subproject in accordance with the provisions of the PBF Operational Manual;
- (vi) the HSP shall be required to carry out the PEHS Subproject in accordance with the provisions of the ESMF (including the Medical Waste Management Plan) and any Environmental and Social Management Plan developed thereunder for purposes of the PEHS Subproject;
- (vii) the goods, non-consulting and consultants' services to be financed out of the proceeds of the PBF Services Grant shall be used exclusively for the PEHS Subproject; and
- (viii) the Recipient shall have the right to: (A) inspect by itself, or jointly with the Association, if the Association shall so request, the goods and sites included in the PEHS Subproject, the operations thereof, and any relevant records and documents;

(B) obtain all information as it or the Association, shall reasonably request regarding the administration, operation, and financial condition of the HSP; and (C) suspend or terminate the right of the HSP to use the proceeds of the PBF Services Grant, or obtain a refund of all or any part of the amount of the PBF Services Grant then withdrawn, as the case may be, upon failure by the HSP to perform any of its obligations under the PBF Services Grant Agreement; and

- (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 Association (including, the right to suspend or terminate the right of the HSP to use the proceeds of the PBF Services Grant, or obtain a refund of all or any part of the amount of the PBF Services Grant then withdrawn, upon the HSP's failure to perform any of its obligations under the PBF Services Grant Agreement) and to accomplish the purposes of the PBF Services Grant, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

**G. Verification of PEHS Delivery**

(a) Internal Verification

The Recipient shall, under terms of reference acceptable to the Association and elaborated in the PBF Operational Manual, ensure that the relevant Health Verification Team verifies on a quarterly basis, the quality and quantity of the PEHS delivered under the PEHS Subproject, for which a PBF Services Grant is requested.

(b) External Verification

The Recipient shall engage, in accordance with the provisions of Section III of this Schedule, consultants to conduct independent verifications of the delivery of PEHS by HSPs under respective PEHS Subprojects. To this end, the Recipient shall, in accordance with terms of reference satisfactory to the Association, cause said consultants to carry out, throughout Project implementation, annual verification exercises of PEHS Subprojects and to provide the Recipient with reports of such exercises; such verification to include, *inter alia*, community surveys, HSP spot checks, verification of data provided and records kept by health facilities in relation to PEHS Subprojects, and assessments of the quality of health services provided under such PEHS Subproject, all in accordance with the provisions of the PBF Operational Manual.

Section II. Project Monitoring, Reporting and Evaluation

A. **Project Reports**

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 acceptable to the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

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. The Recipient shall prepare and furnish to the Association, 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 (1) fiscal year of the Recipient. 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.
4. *Other Review(s).* Without limitation upon the provisions of sub-paragraph 3 immediately above, and at the request of the Association, the Recipient shall undertake any other special review(s) on terms and conditions satisfactory to the Association, and furnish said special review(s) to the Association not later than six (6) months after the end of the period to which said special review(s) relates.

Section III. Procurement

A. **General**

1. **Goods and Non-consulting Services.** All goods 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

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

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

Procurement Method	
(a)	National Competitive Bidding (subject to the provisions of paragraph 3 of this Part B)
(b)	Shopping
(c)	Direct Contracting

3. **Exceptions to National Competitive Bidding (NCB) Procedures.** The procedures to be followed for NCB shall be the open competitive bidding procedure set forth in the Public Procurement Act; provided, however, that such procedure shall be subject to the provisions of Section I, and Paragraphs 3.3 and 3.4 of the Procurement Guidelines, and the following additional provisions:
  - (a) Bidding documents acceptable to the Association shall be used;
  - (b) Eligibility to participate in a procurement process and to be awarded an Association-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines. Foreign bidders shall be allowed to participate in NCB procedures, and foreign bidders shall not be obligated to partner with local bidders in order to participate in a procurement process;
  - (c) Bidding shall not be restricted to pre-registered firms, and foreign bidders shall not be required to be registered with local authorities as a prerequisite for submitting bids;

- (d) No margins of preference of any sort (e.g., on the basis of bidder nationality, origin of goods, services or labor, and/or preferential programs) shall be applied in the bid evaluation;
- (e) Joint venture or consortium partners shall be jointly and severally liable for their obligations. Bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. Bids shall be submitted in a single envelope;
- (f) An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension shall cover only the minimum period required to complete the evaluation and award a contract, but not to exceed thirty (30) days. No further extensions shall be requested without the prior written concurrence of the Association;
- (g) All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association's prior written concurrence;
- (h) Qualification criteria shall be applied on a pass or fail basis;
- (i) Bidders shall be given at least twenty-eight (28) days from the receipt of notification of award to submit performance securities;
- (j) In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Association's policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines; and
- (k) In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Association's policy with respect to inspection and audit of accounts, records and other documents relating to the submission of bids and contract performance.

**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)	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)	Single-source procedures for the Selection of Individual Consultants
(g)	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.

**E. Procurement Audit**

Without limitation upon the provisions of Part B of Section II above, the Recipient shall carry out under conditions and terms of reference satisfactory to the Association, an audit of contracts procured under the Project, and furnish said audit to the Association not later than six (6) months after the end of the period to which said audit relates.

**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 Financing Allocated (expressed in SDR)	Amount of the HRITF Grant (TF015054) Allocated (expressed in USD)	Amount of the Additional ACGF Grant (TF012691) Allocated (expressed in USD)	Amount of the Original ACGF Grant (TF096812) Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) LC Grants under Part 1(a)(i) of the Project	2,100,000	0	0	5,290,000	Such percentage as shall be specified in the Annual Work Plan for the respective Fiscal Year
(2) PBF Services Grants (paid at the Unit Price for each PEHS) under Part 1(a)(ii) of the Project	3,300,000	5,000,000	0	5,700,000	100% of amounts of PBF Services Grants disbursed (subject to the provisions of Section IV.B.1(b) below)
(3) Goods and consultants' services under Part 1(a)(iii) of the Project	2,000,000	0	0	6,700,000	100% (subject to the provisions of Section IV.B.1(b) below)
(4) Goods, non-consulting services, consultants' services, Training and Operating Costs under Part 1(b) of the Project	700,000	0	0	1,500,000	100% (subject to the provisions of Section IV.B.1(c) below)
(5) Goods, consultants' services, Training and Operating Costs under Part 2 (a) of the Project	0	0	3,000,614	500,000	100%
(6) Goods, consultants' services, Training and Operating Costs under Part 2(b) of the Project	0	0	2,690,000	310,000	100%
(7) Goods, non-consulting services, consultants' services, Training and Operating Costs under Part 2(c) of the Project	600,000	0	0	0	100%
<b>TOTAL AMOUNT</b>	<b>8,700,000</b>	<b>5,000,000</b>	<b>5,690,614</b>	<b>20,000,000</b>	

**B. Withdrawal Conditions, Withdrawal Period**

**1. Notwithstanding the provisions of Part A of this Section:**

- (a) no withdrawal shall be made for payments made prior to the date of this Agreement; and
- (b) it is understood that the proceeds of the Financing allocated from time to time to Categories 2, 3 and 4, shall be made for payments made under said Categories 2, 3 and 4, **after** disbursement of the proceeds of the Original ACGF Grant (TF096812) and the Additional ACGF Grant (TF012691), respectively, allocated from time to time to said Categories 2, 3 and 4; subject to the provisions of sub-paragraph (c) immediately below.
- (c) It is understood that the percentage of expenditures to be financed (inclusive of taxes) from the proceeds of the Financing allocated from time to time to Category 2, shall be 50 percent of each subsequent withdrawal submitted.

**2. The Closing Date is October 31, 2016.**

## APPENDIX

### Definitions

1. "Additional ACGF Grant" means an amount of five million six hundred and ninety thousand six hundred and fourteen United States Dollars (US\$5,690,614) provided by the World Bank, acting as an administrator of the Africa Catalytic Growth Fund, to assist in financing the Second Phase of the Reproductive and Child Health Project.
2. "Annual Work Plan" means the program of activities agreed each year between the Recipient and the Association for inclusion in the Project and financing in accordance with Section I.B.2 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 and revised in January 2011.
4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. "Chief Medical Officer" means the office of the Recipient established and operating pursuant to Section 154 of the Constitution of Sierra Leone, Act Number 6 of 1991, as amended to date.
6. "Co-financier" means the Multi-Donor Health Results Innovation Trust Fund TF Number 070955.
7. "Co-financing" means, for purposes of paragraph 11 of the Appendix to the General Conditions, an amount of five million United States Dollars (US\$5,000,000), to be provided by the Co-financier to assist in financing the Project.
8. "Co-financing Agreement" means the agreement between the Recipient and the Co-financier providing for the Co-financing.
9. "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.
10. "Environmental and Social Management Framework" or "ESMF" means the Recipient's framework, prepared in form and substance satisfactory to the Association, dated May 25, 2012, as amended and re-disclosed in-country and in

the Association's InfoShop on June 5, 2013, describing measures for the mitigation of the potential adverse environmental and social impact of proposed subprojects.

11. "Environmental and Social Management Plan" means the Recipient's environmental and social management plan, acceptable to the Association and disclosed in-country and at the Association's InfoShop, prepared in accordance with the ESMF for a Subproject or a PEHS Subproject, giving details of the specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF under said Subproject or said PEHS Subproject, along with the procedural and institutional measures needed to implement such actions, measures and policies, as such plan may be amended from time to time with the prior written agreement of the Association.
12. "Financial Secretary" means the Recipient's office established and operating pursuant to Section 154 of the Constitution of Sierra Leone, Act Number 6 of 1991, as amended to date.
13. "Fiscal Year" means the Recipient's fiscal year commencing January 1 and ending December 31 of each year.
14. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010.
15. "Health Service Provider" or "HSP" 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 "Health Service Providers" or "HSPs" means, collectively, two or more such entities.
16. "Health Services Commission" means the health services commission established and operating pursuant to Act Number 24 of 2011 of the laws of the Recipient.
17. "Health Verification Team" means the team referred to in Section I.G(a) of Schedule 2 to this Agreement.
18. "Integrated Project Administration Unit" or "IPAU" means the unit referred to in Section I.A.3 of Schedule 2 to this Agreement.
19. "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, two or more such grants.
20. "Local Council" or "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" or "LCs" means, collectively, two or more said councils.

21. "Local Government Act" means the Local Government Act Number 1 of 2004 of the laws of the Recipient, as amended from time to time.
22. "Local Government Finance Department" means the department established within MoFED.
23. "Localities" mean administrative units of the Recipient as defined by the Local Government Act, 2004.
24. "Medical Waste Management Plan" means the Recipient's plan included in the ESMF, agreed with the Association 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.
25. "MLGRD" means the Recipient's Ministry of Local Government and Rural Development, or any successor thereto.
26. "MoFED" means the Recipient's Ministry of Finance and Economic Development, or any successor thereto.
27. "MoHS" means the Recipient's Ministry of Health and Sanitation, or any successor thereto.
28. "Njala University" means the university established and operating pursuant to Section 3 of the Universities Act Number 1 of 2005 of the laws of the Recipient, or any successor thereto.
29. "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.
30. "Operational Manual" or "OM" means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement.
31. "Original ACGF Grant" means an amount of twenty million United States Dollars (US\$20,000,000) provided by the World Bank, acting as an administrator of the Africa Catalytic Growth Fund, to assist in financing the Second Phase of the Reproductive and Child Health Project.
32. "Original Grant Agreement" means the grant agreement for a Second Phase of the Reproductive and Child Health Project between the Recipient and the Association (acting as an administrator of the Africa Catalytic Growth Fund),

dated August 12, 2010, as amended on September 27, 2012 (Grant Number TF012691).

33. "Original Project" means the Project described in the Original Grant Agreement.
34. "Package of Essential Health Services" or "PEHS" means a specific package of basic health services elaborated in the PBF Operational Manual, to be delivered by a Health Service Provider under Part 1(a)(i) of the Project in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.
35. "PBF" means performance based financing.
36. "PBF Operational Manual" means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement.
37. "PBF Services Grant" means a grant made or proposed to be made out of the proceeds of the Financing to a Health Service Provider to finance a PEHS Subproject; and "PBF Services Grants" means, collectively, two or more such grants.
38. "PBF Services Grant Agreement" means an agreement between the Recipient and a Health Service Provider, providing for a PBF Services Grant.
39. "PEHS Subproject" means a specific development project for the delivery of PEHS to be carried out by a Health Service Provider under Part 1(a)(ii) of the Project utilizing the proceeds of a PBF Services Grant, and "PEHS Subprojects" means, collectively, two or more such specific development projects.
40. "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.
41. "Procurement Plan" means the Recipient's procurement plan for the Project, dated June 21, 2013, 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.
42. "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.
43. "Public Procurement Act" means the Public Procurement Act Number 14 of 2004 of the laws of the Recipient.

44. "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 Financing through an LC Grant; and "Subprojects" means, collectively, two or more such subprojects.
45. "Subsidiary Agreement" means each agreement entered into between the Recipient and a Local Council under Section I.E.3 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.
46. "Technical Coordinating Committee for Reproductive and Child Health" means the committee referred to in Section I.A.2 of Schedule 2 to the Project.
47. "Technical Steering Committee" means the Recipient's committee referred to in Section I.A.1 of Schedule 2 to this Agreement.
48. "Training" means the costs associated with the training, study tours 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.
49. "Unit Price" means for each PEHS, the unit price thereof determined in accordance with the provisions of Section I.B.1(a) of Schedule 2 to this Agreement.
50. "University of Sierra Leone" means the university established and operating pursuant to Section 3 of the Universities Act Number 1 of 2005 of the laws of the Recipient, or any successor thereto.

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