

GPOBA GRANT NUMBER TF 090755

Global Partnership on Output-based Aid Grant Agreement

(Reproductive Health Vouchers in Western Uganda Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as Administrator of the Global Partnership on Output-based Aid

and

KREDITANSTALT FÜR WIEDERAUFBAU (KfW)

Dated *October 23*, 2007

GPOBA GRANT NUMBER TF 090755

**GLOBAL PARTNERSHIP ON OUTPUT-BASED AID
GRANT AGREEMENT**

AGREEMENT dated *October 23*, 2007, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of the Global Partnership on Output-based Aid (“GPOBA”) and KREDITANSTALT FÜR WIEDERAUFBAU (KfW) (“Recipient”).

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 20, 2006 (“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, including the Appendix hereto.

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 four million three hundred thousand United States Dollars (US\$4,300,000) (“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. KfW will open an interest bearing designated account. Such an account will be kept separate from the remaining accounts of KfW and will be used exclusively for the funding of the cost categories which are stipulated in the table under Section IV of Schedule 2 to this Agreement. Any interest arising may be used for the same purposes as the Grant funds, except the Fiduciary Agent Fee as referred to in Part C of Schedule 1 to this Agreement.
- 3.03. The Recipient will be paid upfront a fiduciary agent fee of US\$390,000.

Article IV Additional Remedies

- 4.01. The Additional Events of Suspension referred to in Section 4.02 (i) of the Standard Conditions consist of the following:
- (a) IBRD or IDA has declared the Recipient ineligible to be awarded a contract financed by IBRD or IDA.
 - (b) The Recipient has: (i) amended the Operations Manual so as to affect materially and adversely the carrying out of the Project; or (ii) changed the output-based approach of the Project design without prior agreement of the World Bank.
 - (c) The incorporated documents pursuant to which the Recipient (or any other entity responsible for implementing any part of the Project) has been established and is operating have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under the Grant Agreement.
 - (d) Any action has been taken for the dissolution, disestablishment or suspension of operations of the Recipient (or any other entity responsible for implementing any part of the Project), or the Recipient (or any other entity responsible for implementing any part of the Project) has ceased to exist in the same legal form as that prevailing as of the date of the Grant Agreement.
 - (e) The World Bank has determined after the Project becomes effective, pursuant to the provisions of Section 5.01 of this Agreement

(Effective Date), that prior to such date but after the signing of the Grant Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if the Grant had been effective on the date such event occurred.

Article V - Effectiveness; Termination

- 5.01 This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished that the conditions specified below have been satisfied:
- (a) The Memorandum of Understanding (MOU) referred to in Paragraph 2, Part C, Section I, Schedule 2 of this Agreement has been duly executed between the Republic of Uganda and the World Bank.
 - (b) The Agency Contract between the Recipient and the Republic of Uganda has been executed and delivered and all conditions precedent to its effectiveness have been fulfilled.
- 5.02 Except as the Recipient and the World Bank shall otherwise agree, the Effective Date of the Grant Agreement shall be the date upon which the World Bank dispatches to the Recipient notice that the requirement under Section 5.01 has been fulfilled. 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 the Grant Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this subparagraph until such events have ceased to exist.
- 5.03 The Grant Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (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 VI - Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is KfW's Senior Vice President, Sub-Saharan Africa.

6.02. The Recipient's Address is:

KfW
Palmengartenstr. 5-9
60325 Frankfurt am Main
Federal Republic of Germany

Telephone:	Facsimile:
49 69 7431-0	49 69 7431-2944

6.03. 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

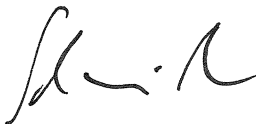
Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at Frankfurt, Washington, DC as of the day and year first above written.

KREDITANSTALT FÜR WIEDERAUFBAU (KfW)



By: Bruno Wenn, Senior Vice President Sub-Saharan Africa



**By: Martin Schmid, Program Officer,
Health, Education and Social Protection**



**INTERNATIONAL DEVELOPMENT
ASSOCIATION**

**Acting as administrator of the
Global Partnership on Output-based Aid**

**By: Laszlo Lovei, Director Finance, Economics and Urban
Department**

SCHEDULE 1

Project Description

The objective of the Project is to reduce the number of mothers and children dying or being disabled due to absence or underutilization of skilled medical attendance and to reduce the burden of sexually transmitted diseases.

The Project consists of selection the following parts:

Part A: Safe Delivery Vouchers

Provision of safe delivery vouchers for costs associated to the safe delivery cycle, including: (i) 4 antenatal care visits; (ii) normal and complicated deliveries, including cesarean sections and other emergency interventions (i.e. emergency transport and blood transfusion) and postnatal monitoring up to three days; (iii) one postnatal visit, including family planning counseling; and (iv) cost associated with marketing and sales of vouchers and voucher administration.

Part B: STD Treatment Vouchers

Provision of STD vouchers in pairs to facilitate the treatment of couples, including: (i) costs of treatment of STDs, including the number necessary for completing the treatment cycle for the specific diagnosed disease; and (ii) cost associated with marketing and sales of vouchers and voucher.

Part C: Fiduciary Agent Fee

Provision for financing of the costs associated with administrating project funds as fiduciary agent

Part D: Project Independent Verification Monitoring and Audit

Provision for carrying out of an impact analysis of the Project and audits of the Voucher Management Agency (VMA) reports on services provided and service quality on a quarterly basis.

Provision for carrying out of Project financial audits on a yearly basis.

SCHEDULE 2
Project Execution

Section I. Institutional and Other Arrangements

A. Operations Manual

1. KfW shall carry out its function as the fiduciary agent of the Project with the accuracy of sound technical, financial, and managerial standards, including appropriate action to avoid corrupt, fraudulent, coercive or collusive practices in accordance with this Agreement and the Operations Manual. KfW may, with the prior written consent of the World Bank, amend or modify the provisions of the Operation Manual.
2. In the event that any provision of the Operations Manual shall be in conflict with any provision of this Agreement, the provisions of this Agreement shall prevail.

B. Implementing Agencies

Without limitation upon the provisions of Parts A.1 and A.2 of this Section, KfW shall enter into implementation agreements with VMA, under terms and conditions satisfactory to the Association, including, inter alia, the following provisions:

- (i) the obligation to carry out the selection of qualified service providers and provision of training to improve their capacity for rendering treatment;
- (ii) the obligation to carry out the day-to-day implementation of the Project in accordance with the MOU and the Operations Manual, with due diligence and efficiency and in accordance with sound environmental, technical, financial and managerial standards and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of its part of the Project; and
- (iii) the right of KfW to suspend or terminate the right of VMA to use the proceeds of the Grant in case of corrupt, fraudulent, collusive or coercive practices, and to claim the refund of Grant proceeds, pursuant to Section 4.3 (c) of the Standard Conditions.

C. Implementation Arrangements

1. Environmental safeguards

The Recipient shall at all times during the implementation of the Project:

- (a) consult with MoH, and ensure that the Project is carried out in accordance with the Health Care Waste Management Plan; and
- (b) consult with MoH, and ensure that: (i) all measures for carrying out the recommendations of the Health Care Waste Management Plan are taken in a timely manner; and (ii) the Project Reports referred to in Part A of Section II of this Schedule shall include adequate information on monitoring the measures defined in the Health Care Waste Management Plan.

2. Memorandum of Understanding

KfW shall carry out its responsibilities in accordance with the arrangements and procedures set out in the Memorandum of Understanding; provided, however, that in case of any conflict between the provisions of said memorandum and of this Agreement, the provisions of this Agreement shall prevail.

3. Independent Evaluation

Not later than six (6) months after the date of this Agreement, the Recipient shall select an independent verification agent to perform an impact analysis of the Project as well as audits of the VMA's documentation of interventions performed on a quarterly basis, in accordance with the provisions of Section II.B.3 of this Schedule.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

- 1. (a) 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 the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of three (3) months, and shall be furnished to the World Bank not later than 45 days after the end of each reporting period.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

- (i) number of safe childbirth packages including ante- and post-natal visits and deliveries attended by trained health workers;
- (ii) number of people with STDs treated.

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 (6) months after the Closing Date. In addition, the Recipient shall prepare two additional reports (“Post Project Reports”), each of such scope and in such detail as the World Bank shall reasonably request, not later than one month after the expiry of one year and two years, respectively, from 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 Financial Reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each three (3) calendar months, covering the three (3) months, in form and substance satisfactory to the World Bank.
- 3. The Recipient shall, upon the World Bank’s request, 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 (6) months after the end of such period.

Section III. Procurement

A. General

- 1. **Procurement and Consultant Guidelines.** All 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) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Recipients” published by the World Bank in May 2004, revised October 2006 (“Consultant Guidelines”); 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 Consultant Guidelines.
- B. Particular Methods of Procurement of Consultants’ Services**
1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
 2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Single-source Selection; and (c) Selection of Individual Consultants.
- C. Review by the World Bank of Procurement Decisions**
1. Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (a) the contract for the independent evaluator; (b) the contract for the financial auditor; and (c) all contracts under Single-source Selection. 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:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Voucher costs for safe delivery under Part A of the Project	3,547,200	100%
(2) Voucher costs for STD under Part B of the Project	262,800	75%
(3) Fiduciary agent fee for Part C of the Project	390,000	100%
(4) Costs for Project monitoring and audit for Part D of the Project	100,000	50%
TOTAL AMOUNT	4,300,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2011.

APPENDIX

Definitions

1. “Agency Contract” means the agreement to be entered into between the Recipient and the Republic of Uganda, authorizing the Recipient to implement procurement arrangements on its behalf.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004.
4. “Health Care Waste Management Plan” means the “Health Care Waste Management Plan for the Reproductive Health Vouchers in Western Uganda Project”, setting out, *inter alia*, the assessment of environmental and health impacts of health care waste produced under the Project and measures to mitigate adverse impacts identified in the assessment, as the same may be amended from time to time with the agreement of the World Bank.
5. “Memorandum of Understanding” means the Memorandum of Understanding dated on or about the date hereof between the MoH and the World Bank concerning the modalities for implementation of the Project, and including the Operations Manual.
6. “MoH” means the Ministry of Health of the Republic of Uganda.
7. “Operating Costs” means incremental costs arising out of the Project for the Recipient’s operational, monitoring and management tasks, as specifically calculated and detailed in the Operations Manual, and any other costs as may be agreed by the World Bank.
8. “Operations Manual” means the manual dated October 17, 2007, containing or referring to detailed arrangements and procedures for the implementation of the Project, including: (i) institutional coordination and day-to-day execution of activities; (ii) disbursement and financial management; (iv) procurement; (v) monitoring, evaluation, and reporting; and (vi) such other administrative, financial, technical, environmental and organizational arrangements and procedures as shall be required for the Project.

9. “STDs” means sexually transmitted diseases.

10. “Voucher Management Agency” or “VMA” means jointly Marie Stopes International - Uganda, a reproductive health non-governmental organization operating under the Laws of the Republic of Uganda; and, Microcare Ltd., a local micro-insurance company operating under the Laws of the Republic of Uganda.