

LOAN NUMBER 9087-EC

Loan Agreement

(Ecuador COVID-19 Emergency Response Project)

between

REPUBLIC OF ECUADOR

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF ECUADOR (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of twenty million Dollars (\$20,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is its Vice-Minister of Finance.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance, provided that the Commitment Charge for the period beginning on the date of accrual of the Commitment Charge and ending on the date of the first anniversary of such date of accrual shall be zero percent (0%).
- 2.05. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Borrower elects to apply the Automatic Rate Fixing Conversion to the Loan. Accordingly, without limitation upon the provisions of Article IV of the General Conditions and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Loan withdrawn during one Interest Period shall be converted from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

- 2.07. The Payment Dates are March 15 and September 15 in each year.
- 2.08. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project and the MPA Program. To this end, the Borrower shall carry out the Project through MSP in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety days (90) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. Except as provided in Section 2.02 of this Agreement and in the ESCP, the Borrower's Representative is the Borrower's Minister of Economy and Finance.
- 5.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Ministry of Economy and Finance
Av. Amazonas y Pereira, Plataforma Financiera
Quito, Ecuador

Telephone: (5932) 399-8500; and

- 5.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:

Facsimile:

248423(MCI) or
64145(MCI)

1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF ECUADOR

By



Authorized Representative

Name: Juan Hidalgo

Title: Undersecretary of Public Finance

Date: 05-Apr-2020

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Marianne Fay

Title: Country Director

Date: 04-Apr-2020

SCHEDULE 1

Project Description

The objective of the Project is to prevent and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.

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

Part 1: Support the national plan to respond to Covid-19 pandemic

- 1.1. ***Communication Program.*** Support the national communication strategy to control the spread of COVID-19, including *inter alia*: (i) materials and messages for the general public to raise awareness and increase understanding about the risks and impacts of the pandemic; (ii) preparing and disseminating guidelines for health care workers for self-care and mental health practices; and (iii) producing and disseminating material to support households in mandatory isolation, including those aimed at increasing awareness to climate-sensitive diseases and the ways of preventing them.

- 1.2. ***Health System Strengthening.*** Strengthen critical aspects of health delivery to cope with increased demand of services posed by COVID-19 pandemic, through the financing of, *inter alia*: (i) medical and non-medical equipment for essential medical services, mainly for intensive care units; (ii) medical and non-medical equipment for public health facilities; and (iii) medical supplies and devices for public health facilities needed for triage and to treat severe cases affected by COVID-19 emergency, promoting the use of climate smart technologies when possible.

Part 2: Project Management and Monitoring

Supporting Project management and monitoring through, *inter alia*: (a) strengthen the capacity of the PIU, including financing staff and Operational Costs; and (b) financing of the relevant monitoring activities for the Project and of technical assistance activities as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. **Institutional Arrangements.**

1. Emergency Preparedness and Response Plan

Without limiting any other provision of this Agreement, the Borrower, through MSP, shall: (a) ensure that the Project is carried out in accordance with the EPRP; and (b) maintain, at all times during the implementation of the Project, adequate public health emergency coordination and management arrangements, all in a manner acceptable to the Bank.

2. Project Implementation and Management

The Borrower, through MSP, shall create and maintain, throughout Project implementation, a Project implementation unit (“PIU”) staffed with personnel in number and with qualifications and experience acceptable to the Bank, including a Project coordinator and procurement, financial management, and environmental and social specialists as needed, and with functions and responsibilities acceptable to the Bank, including responsibility for Project coordination and overall administrative and fiduciary matters, including financial management, social and environmental standards and monitoring and evaluation.

B. **Project Implementation Manual.**

1. The Borrower, through MSP, shall, no later than one (1) month after the Effective Date, prepare and adopt a Project implementation manual (“Project Implementation Manual”) containing detailed guidelines and procedures for the implementation of the Project, including with respect to: (a) administration and coordination; (b) monitoring and evaluation; (c) financial management; (d) procurement; (e) accounting procedures; (f) environmental and social standards; (g) corruption and fraud mitigation measures; (h) a grievance redress mechanism; (i) personal data collection and processing in accordance with good international practice; (j) roles and responsibilities for Project implementation, and such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Bank.

2. The Borrower, through MSP, shall carry out the Project in accordance with the Project Implementation Manual.

3. The Borrower, through MSP, shall ensure that the Project Implementation Manual is not amended, suspended, repealed or abrogated without the prior written approval of the Bank.

4. In the event of any conflict between the provisions of the Project Implementation Manual and this Agreement, the provisions of this Agreement shall prevail.

C. Environmental and Social Standards.

1. The Borrower, through MSP, shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower, through MSP, shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Borrower, through MSP, shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Borrower, through MSP, shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

Section II. Project Monitoring Reporting and Evaluation

The Borrower, through MSP, shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Borrower, through MSP, shall ensure that such information, report or document does not include Personal Data.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, non-consulting services, consulting services and Operating Costs for the Project	20,000,000	100%
TOTAL AMOUNT	20,000,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed eight million Dollars (\$8,000,000) may be made for payments made prior to this date but on or after March 12, 2020 (but in no case more than one year prior to the Signature Date), for Eligible Expenditures.
2. The Closing Date is March 30, 2022.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each March 15 and September 15 Beginning September 15, 2031 through September 15, 2047	2.94%
On March 15, 2048	2.98%

APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
4. “Emergency Preparedness and Response Plan” and “ERP” mean the Borrower’s emergency preparedness and response plan for COVID-19, dated February 28, 2020, and acceptable to the Bank, as said document may be modified from time to time during the COVID-19 outbreak, and such term includes all schedules and annexes to said documents.
5. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 25, 2020, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
6. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
7. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018.

8. “MPA Program” means the global emergency multiphase programmatic approach program designed to assist countries to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.
9. “MSP” means *Ministerio de Salud Pública*, the Borrower’s Ministry of Public Health, or any successor thereto acceptable to the Bank.
10. “Operating Costs” means the reasonable costs of incremental recurrent expenditures of PIU related to Project implementation such as, *inter alia*, consumable items, utilities and supplies, and salaries of PIU staff assigned to the Project, which would not have been incurred absent the Project.
11. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
12. “PIU” means the Project implementation unit within MSP’s Vice-Ministry for Integrated Health Care (*Vice-Ministerio de Atención Integrada de Salud*), referred to in Section I.A.2 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Bank.
13. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.
14. “Project Implementation Manual” means the manual referred to in Section I.B. of Schedule 2 to this Agreement, as such manual may be amended by the Borrower from time to time, with the approval of the Bank.
15. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.