
CREDIT NUMBER 6677-LS

Financing Agreement

(Lesotho Covid-19 Emergency Preparedness and Response Project)

between

KINGDOM OF LESOTHO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6677-LS

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between KINGDOM OF LESOTHO (“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) 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 — FINANCING

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to seven million five hundred thousand United States Dollars (USD 7,500,000) (variously, “Credit” and “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 III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.
- 2.05. The Interest Charge is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum; on the Withdrawn Credit Balance.
- 2.06. The Payment Dates are February 15th and August 15th in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

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

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.02. For purposes of Section 10.05(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 Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is the Minister responsible for finance.
- 5.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

Ministry of Finance
P.O. Box 395
Maseru 100
Kingdom of Lesotho; and

- (b) the Recipient's Electronic Address is:

Facsimile:
(266) 22 310 157
(266) 22 310 622

- 5.03. For purposes of Section 11.01 of the General Conditions:

- (a) The Association's address is:

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

- (b) the Association's Electronic Address is:

Telex: Facsimile:
248423 (MCI) 1-202-477-6391

AGREED as of the Signature Date.

KINGDOM OF LESOTHO

By

Moeketsi Majoro

Authorized Representative

Moeketsi Majoro

Name: _____

Minister

Title: _____

12-May-2020

Date: _____

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Yoichiro Ishihara

Authorized Representative

Yoichiro Ishihara

Name: _____

Title: _____ Country Representative

11-May-2020

Date: _____

SCHEDULE 1

Project Description

The objectives of the Project are to prevent, detect and respond to the threat posed by COVID-19 to the Recipient.

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

Part 1: Emergency COVID-19 Response

1. Strengthening COVID-19 case detection, confirmation, contact, tracing, recording and reporting through *inter alia*: (a) enhancing disease surveillance systems, improving sample collection and transportation, and ensuring rapid laboratory confirmed diagnosis to promptly detect potential COVID-19 cases; (b) carrying out contact tracing to quickly contain COVID-19 and minimize risk of transmission; (c) screening travelers at ports of entry (e.g. airports, cross-border areas and restricted areas when lifted), priority communities and targeted health facilities; (d) setting up designated testing and laboratory sites, including developing minilabs using GeneXpert machines, polymerase chain reaction technologies and COVID-19 testing cartridges; (e) conducting risk assessments to identify hot spot areas of transmission, including developing digital maps visualizing transmission; (f) providing on-time data and information for guiding decision-making and response and mitigation activities; (g) referring cases for quarantining and/or treatment; (h) using community and village health workers to strength surveillance efforts; (i) strengthening health management information DHIS2 system to facilitate recording and on-time virtual sharing of information on COVID-19 patients; (j) providing medical supplies and equipment (e.g. thermometers and thermo scanners), polymerase chain reaction test kits for diagnoses, serology test kits for serological surveillance, drugs, laboratory equipment and supplies, and health workers' personnel protective equipment; (k) training for frontline health workers; (l) operationalizing rapid response teams; (m) recruiting of additional personnel; (n) implementing digital solutions; (o) identifying underutilized GeneXpert machines and relocate them to identified hotspots for enhancing testing capacity and procuring additional devices; (p) aligning responses with neighboring countries and seeking cross-border collaboration by leveraging existing bilateral arrangements; (q) redesigning hospital work-flows to support infection prevention and control measures and providing training on proper use and disposal of personal protective equipment; and (r) developing decontamination procedures and local production of cloths masks.

2. Strengthening containment, isolation and treatment through *inter alia*: (a) establishing and enhancing isolation clinical care capacity for infected patients; (b) enhancing triaging for treating COVID-19 cases, including providing video conferencing equipment to establish telemedicine capacity; (c) refurbishing and adapting existing structures with necessary equipment and leveraging isolation

units for other infectious diseases; (d) strengthening health personnel protection; (e) procuring medical and laboratory equipment and supplies and waste management equipment and supplies; (f) recruiting additional clinical personnel; (g) contracting telemedicine services for COVID-19 cases or accessing routine health services; (h) hiring temporary recruitment of additional clinical personnel; (i) operationalizing effective case containment and treatment through infectious protection and control measures including providing the necessary equipment, commodities and basic infrastructure; (j) ensuring access to minimum water supply, sanitation and hygiene standards, including, *inter alia*, providing water containers, handwashing facilities, disinfectants, trucks for water delivery and water tanks and training on proper washing, hygiene and waste management practices; (k) refurbishing selected facilities and building temporary structures to enhance isolation and treatment capacity; (l) providing psychosocial and essential social support to patients assigned to isolation/treatment centers with consideration of gender sensitivity and special care for people with disabilities and/or chronic conditions; and (m) deploying trained health workers to isolation and quarantine centers for COVID-19 case management.

3. Strengthening community engagement, prevention and risk communication through *inter alia*: (a) strengthening social distancing measures (e.g. border closings, work-at-home policies and restricting public gatherings); (b) promoting personal hygiene including proper handwashing behavior, use of hand sanitizer and safe water and cooking practices; (c) carrying out risk communication and community engagement activities using local channels (e.g. national radio and other IT related tools) to disseminate risks associated with COVID-19 including applying innovative digital solutions such as mobile applications for sending out advisory messages; (d) producing and disseminating communication materials and organizing national and local campaigns to raise awareness; (e) establishing data analytics capability to improve targeting and measure effectiveness; (f) producing and distributing large scale of face masks and sanitation materials, including locally produced alcohol-based hand rubs; (g) developing guidelines on social distancing measures to operationalize existing or new laws and regulations; (h) supporting coordination among sectoral ministries and agencies; (i) supporting MOH on the caring of health and other frontline personnel involved in pandemic control activities with infection, prevention and control measures and psychosocial support; and (j) providing compensation payments, life and health insurance for staff working in the frontlines of fighting the disease.

Part 2: Project implementation and monitoring and evaluation

Providing support to carry out Project coordination, management and monitoring, operational and logistical activities, including, *inter alia*: (a) providing operational and logistics support to existing COVID-19 incidental management system coordination structures; (b) carrying out operational reviews and assessments on Project implementation progress including adjusting operational plans; (c) providing logistical support; and (d) carrying out surveys targeting health workers and general population.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain, throughout the period of implementation of the Project, a national emergency command center with a mandate, terms of reference, composition, and resources satisfactory to the Association, to be responsible for, *inter alia*: (a) coordinating the Recipient's multi-sectoral Covid-19 emergency response; (b) advising and supporting the carrying out of Project activities in a systematic manner; and (c) taking evidence-based decisions related to Covid-19 response and impact mitigation ("NECC").
2. The Recipient, through MOH, shall hold overall responsibility for the Project. Specifically, the Recipient, through MOH, shall maintain, throughout the period of implementation of the Project, a Project implementation unit, under terms of reference, functions and resources satisfactory to the Association, which shall be: (a) supported by qualified and experienced staff in adequate numbers, satisfactory to the Association, including a Project coordinator, a financial management specialist, a procurement specialist, an environmental specialist, a social specialist and a monitoring and evaluation specialist; and (b) responsible for, *inter alia*: (i) implementing Project activities; (ii) coordinating with NECC and relevant line ministries to align Project activities with NECC decisions; (iii) providing coordination and managerial support to the technical groups referred in paragraph 3 below; and (iv) coordinating with national, district and community levels on health surveillance and risk communication activities; and with Recipient's agencies responsible for cross-border surveillance to ensure timely arrival of goods and services for COVID-19 response purposes ("PIU").
3. The Recipient, through MOH, shall maintain, throughout the period of implementation of the Project, technical groups in a number and with mandates, terms of references, compositions, and resources satisfactory to the Association, to be responsible for, *inter alia*, articulating COVID-19 surveillance, administration, case management, and risk communication activities.

B. Project Implementation Manual

1. The Recipient shall:
 - (a) by 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: administration and coordination, monitoring and evaluation, financial management, procurement and

accounting procedures, environmental and social safeguards, corruption and fraud mitigation measures, a grievance redress mechanism, personal data collection and processing in accordance with good international practice, roles and responsibilities for Project implementation, criteria for selecting hospital to be supported under the Project, and such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Association; and

- (b) except as the Association shall otherwise agree in writing; not amend or waive or permit to be amended or waived any provision of the Project Implementation Manual.
2. In case of conflict between the provisions of the Project Implementation Manual and this Agreement, the provisions of this Agreement shall prevail.

C. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:
- (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and
 - (d) the ESCP or any provision thereof, is not amended, revised or waived, except as the Association shall otherwise agree in writing and the Recipient has, thereafter, disclosed the revised ESCP.

In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall:
- (a) take all measures necessary on its part to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP

and the management tools and instruments referred to therein, all such reports in form and substance acceptable to the Association, 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) promptly notify the Association 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; including any workplace accidents that result in death, serious or multiple injury, pollution, any violent labor unrest or dispute between the Recipient or security forces (assigned to protect the Project) and local communities, or any case of sexual exploitation and abuse, sexual harassment and violence against minors; in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.
4. The Recipient shall maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.
5. The Recipient shall at all times throughout the period of the implementation of the Project, take the following measures, in a form and substance satisfactory to the Association:
- (a) enforce high standard rules for the selection of personnel involved in the Project activities, and immediately remove any personnel involved in any alleged violation or abuse, and ensure that all personnel receive the relevant and prescribed training in civilian-military engagement, sexual exploitation and abuse, and sexual harassment and other relevant areas prior to the commencement of any activities; and
 - (b) effectively implement a social communication strategy for the engagement of local communities, non-governmental organizations, media, and authorities in the Project area.

D. United Nations Agency(ies)

When engaging any UN Agency(ies) for purposes of supporting the implementation of the Project, the Recipient shall enter into (an) agreement(s) with any UN Agency(ies) under standard forms of agreements approved by the Association.

E. Annual Work Plan and Budget

1. The Recipient shall, not later than June 30th of each year, prepare and furnish to the Association an annual work plan and budget (“Annual Work Plan and Budget”) for the Project for the subsequent year; such Annual Work Plan and Budget should be of such scope and detail as the Association shall have reasonably requested.
2. The Recipient shall afford the Association a reasonable opportunity to review such Annual Work Plan and Budget, and, thereafter, the Recipient shall carry out Annual Work Plan and Budget as shall have been approved by the Association. Only the activities included in the Annual Work Plan and Budget shall be eligible for financing.
3. The Annual Work Plan and Budget may be revised as required during Project implementation subject to the Association’s prior written approval.

F. Procurement

Without limitation upon Section 5.13 of Article V of the General Conditions, all contracts procured by the Recipient in accordance with Section V, paragraph 5.1 and 5.2 Advance Contracting and Retroactive Financing of the Procurement Regulations, shall be eligible for financing from the proceeds of the Financing only if the related contractors, suppliers, and consultants have expressly agreed to comply with the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

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

Section III. Withdrawal of the Proceeds of the Financing

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 Recipient may withdraw the proceeds of the Financing 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 Credit Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Incremental Operating Costs and Training Costs under Project	USD7,500,000	100%
TOTAL AMOUNT	USD7,500,000	

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 USD 3,000,000 may be made for payments made prior to this date but on or February 1, 2020, for Eligible Expenditures; or
2. The Closing Date is June 30, 2022.

C. Other Undertakings

The Recipient shall ensure that proceeds out of the Financing are not used for any expenditure for goods, works, services, Incremental Operating Costs and Training intended for: (a) any law-enforcement, military or para-military purpose; (b) any criminal investigation, prosecution or proceedings; (c) any detention and imprisonment proceeding; and/or (d) other purposes unrelated to the objectives of the Project.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15:	
commencing August 15, 2025 to and including February 15, 2045	1.65%
commencing August 15, 2045 to and including February 15, 2050	3.4%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

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. “Annual Work Plan and Budget” means each annual work plan, together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I.E of Schedule 2 to this Agreement.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
5. “Environmental and Social Commitment Plan” or the acronym “ESCP” means the Recipient’s environmental and social commitment plan, acceptable to the Association, dated May 5, 2020, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Association, and such term includes any annexes or schedules to such plan.
6. “Environmental and Social Standards” 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 Association at <https://projects.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards..>

7. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018.
8. “Incremental Operating Costs” means the incremental operating cost, based on Annual Work Plans, and arising under the Project, based on Annual Work Plans on account of PIU coordination, implementation and monitoring activities, including office rentals, supplies and administration costs; vehicle operation and maintenance costs; shipping and insurance costs; transport costs; bank charges; communication charges; *per diems* and travel allowances; but excluding the salaries of the Recipient’s civil service and sitting allowances.
9. “MOH” means the Recipient’s Ministry of Health or any successor thereto.
10. “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.
11. “NCC” means the center referred to in Section I.A.1 of Schedule 2 to this Agreement.
12. “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.
13. “PIU” means the unit referred to in Section I.A.2 of Schedule 2 to this Agreement.
14. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.
15. “Project Implementation Manual” means the Recipient’s manual referred to in Section B of this Agreement, as said manual may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such manual.
16. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.

17. “Training Costs” means training of persons involved in Project-supported activities, based on Annual work Plans approved by the Association, such term including seminars, workshops, and study tours, and costs associated with such activity such as travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.
18. “UN Agency(ies)” means any of the departments, specialized agencies, funds or programs of the United Nations (a body established and operating pursuant to the Charter of the United Nations signed on June 26, 1945 and entered into effect on October 24, 1945), which are eligible to be selected pursuant to Procurement Regulations to support the implementation of selected activities under the Project.