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CREDIT NUMBER 75410-XK

# Financing Agreement

(KOMPAS – Kosovo Comprehensive Approach to Health  
System Strengthening Project)

between

REPUBLIC OF KOSOVO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

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## **FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between the REPUBLIC OF KOSOVO (“Recipient”) and the 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 the amount of eighteen million and six hundred thousand Euros (EUR 18,600,000), as such amount may be converted from time to time through a Currency Conversion (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plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance, or such rate as may apply following a Currency Conversion.
- 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Interest Charge; and (b) zero percent (0%) per annum, or such rate as may apply following a Currency Conversion; on the Withdrawn Credit Balance.

- 2.06. The Payment Dates are March 15 and September 15 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 Euro.

**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 through the MOH, 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 years after the Signature Date.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is its Minister of Finance, Labor, and Transfers, who, *inter alia*, may, on behalf of the Recipient, agree to any revision of the provisions set forth in the Schedules to this Agreement, in accordance with Section 11.02 (b) of the General Conditions.
- 5.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

Ministry of Finance, Labor and Transfers  
New Government Building  
Mother Teresa Street  
10000 Pristina  
Republic of Kosovo; and

(b) the Recipient's Electronic Address is:

Facsimile:

E-mail

+383-38-213-113

[dbnf.mf@rks-gov.net](mailto:dbnf.mf@rks-gov.net)

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.

**REPUBLIC OF KOSOVO**

**By**

*Hekuran Murati*

**Authorized Representative**

**Name:** Hekuran Murati

**Title:** Minister

**Date:** 28-Jun-2024

**INTERNATIONAL DEVELOPMENT  
ASSOCIATION**

**By**

*Massimiliano Paolucci*

**Authorized Representative**

**Name:** Massimiliano Paolucci

**Title:** Country Manager, Kosovo and North Macedonia

**Date:** 28-Jun-2024

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to strengthen institutional capacity and governance for quality of care in the Kosovo health system.

The Project consists of the following parts:

#### **Part 1. Strengthening key health system building blocks for quality of care**

##### **1.1 Improving service delivery**

- (a) Strengthening governance for quality of care, through the financing of technical assistance, and/or Training, and provision of information technology (IT) support, including equipment, for: (i) the National Institute of Public Health (“NIPH”), the Hospital University Clinical Services of Kosovo (“KHUCS”), and the MOH; (ii) the Annual Regional and National Health Forums; and (iii) the Health Inspectorate.
- (b) Strengthening institutional capacity for quality of care, through the financing of technical assistance and/or Training for: (i) the development, evaluation, and adoption of clinical guidelines; (ii) the development of electronic care pathways and protocols to enable their integration into the Basic Health Information System (“BHIS”); (iii) healthcare providers on clinical guidelines/protocols and care pathways, clinical audits, and best quality assurance/quality management practices; (iv) the development of quality indicators, clinical audits, and feedback manual for quality coordinators; and (v) PHC workers, including in topics related to GBV, domestic violence and psycho-social health support.

##### **1.2 Developing and implementing strategic purchasing for quality**

Developing and implementing key strategic purchasing elements for quality of care, through the financing of technical assistance for: (a) the Outpatient Drug Benefit Package (“ODBP”) pilot; (b) the development and implementation of a case-based payment for KHUCS, starting with treatment abroad and CBPP for PHC; and (c) the implementation of the Law on Pricing of Medical Products.

##### **1.3 Strengthening institutional capacity for public health and Pandemic Preparedness and Response (PPR)**

- (a) Reducing Antimicrobial Resistance (“AMR”) and strengthening Infection Prevention and Control (“IPC”) through the financing of: (i) equipment

and supplies for health facilities, medical consumables, and test kits for public health laboratories; (ii) equipment and supplies for AMR and healthcare-associated infections surveillance, including costs for proficiency testing samples or panels; (iii) Training of healthcare providers on AMR awareness and IPC across all levels of care, including treatment and counselling for sexually transmitted diseases and physical injuries for GBV survivors; (iv) consultancies, workshops, printing and distribution of AMR guidelines; and (v) capacity building for the Antimicrobial Stewardship Program in hospitals.

- (b) Support Healthcare Waste Management (HCWM) through the financing of: (i) standardized protective equipment and medical waste collection supplies and equipment; (ii) construction and/or adaptation of safe storage spaces (warehouses) for infectious and sharp waste; (iii) construction and/or renovation of follow-up infrastructure for treatment of medical waste; (iv) replacement of outdated equipment (autoclaves) for medical waste treatment; (v) procurement of vehicles for transporting medical waste; (vi) rehabilitation of existing central warehouse to add space for pharmaceutical waste, including the design and monitoring of works; and (vii) Training in HCWM.

## **Part 2. Developing an Integrated Health Information System (“IHIS”)**

### **2.1 Establishing foundational building blocks of the IHIS**

Establishing critical elements for the Recipient’s Enterprise Architecture (“EA”) framework for digital health systems implementation, through the financing of technical assistance and/or equipment for: (a) the development of a legal framework for transformed health services delivery through digital systems utilization; (b) the assessment and design of Master Data Management (“MDM”) standards and systems, such as foundational registries and common coding and classification systems; (c) the design and implementation of the Health Information Exchange (“HIE”) services; (d) the upgrade of hardware platforms on central locations and in health facilities; and (e) the strengthening of the Recipient’s digital health implementation capacity, including Training of health professionals and digital systems’ technical administrators.

### **2.2 Digital health support for improvement in quality of care**

Implementation and upgrade of the BHIS through the financing of technical assistance for: (a) rolling out the BHIS to all PHCs, including finalization of patient empanelment and zoning; (b) upgrading the BHIS functions; and (c) upgrading the integration with eReferrals system and introduction of eAppointments.

2.3 Implementation of IHIS strategic systems

Provide technical assistance for: (a) the implementation of a Hospital Management Information System (“HMIS”) for all public general hospitals; (b) the implementation of a central Laboratory Information System (“LIS”); (c) the strengthening of the NIPH’s health data analytics capabilities by introducing the data warehouse and improvement of data transfer interfaces and smart analytics; (d) the upgrade of early warning and surveillance system; and (e) the development of an e-Inspections system.

**Part 3. Project Management, Monitoring and Evaluation**

Support for overall Project management and implementation, including, fiduciary functions (procurement, financial management), audits, monitoring and evaluation, environmental and social compliance, and reporting.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

1. The Recipient, through the MOH, shall establish, not later than thirty (30) days from the Effective Date, and thereafter maintain at all times during Project implementation, a Senior Management Committee (SMC) for overall coordination and oversight of the Project, chaired by the MOH and comprised of different agencies responsible for both coordination and technical implementation, as further described in the Project Operations Manual (“POM”).
2. The Recipient, through the MOH, shall establish, not later than sixty (60) days from the Effective Date, and thereafter maintain at all times during Project implementation, a Digital Health Steering Committee (DHSC), responsible for digital health policy making, regulations, and health data governance under Part 2 of the Project, as further described in the POM.
3. The Recipient, through the MOH, shall establish, not later than thirty (30) days from the Effective Date, and thereafter operate and maintain, at all times during Project implementation, a PCU with structure, functions, and responsibilities acceptable to the Association, as set forth in the POM, including, *inter alia*, providing support for procurement, financial management and reporting on the use of Project funds, with resources and staffing (with qualifications, experience and under terms of reference) satisfactory to the Association.
4. The Recipient, through the MOH, shall ensure that the PCU is at all times during Project implementation adequately staffed with professionals necessary to fulfill its functions, including, *inter alia*: (a) a Project Coordinator; (b) a Procurement Specialist; (c) a Financial Management Specialist; (d) a Monitoring & Evaluation Specialist; (e) an IT coordinator; (f) a part-time Environmental and Social Specialist; and (g) an HCWM specialist for the period of implementation of HCWM activities, as further described in the POM.

##### B. Project Operations Manual

1. The Recipient, through the MOH, shall, not later than thirty (30) days from Effective Date, develop and adopt and thereafter carry out the Project in accordance with the Project Operations Manual, which shall contain, *inter alia*: (a) detailed guidelines and procedures for the implementation of the Project, including with respect to the establishment of the PCU, its structure, functions, and responsibilities; Project administration and coordination; monitoring and

evaluation; financial management; procurement and accounting; and environmental and social standards; (b) corruption and fraud mitigation measures; (c) a grievance redress mechanism; (d) Personal Data collection and processing in accordance with good international practice; and (e) other arrangements and procedures.

2. Except as the Association shall otherwise agree, the Recipient, through the MOH, shall not assign, amend, abrogate, or waive, or otherwise fail to enforce the POM or any of its provisions thereof. In case of any inconsistencies between the POM and the provisions of this Agreement, the provisions of this Agreement shall prevail.

**C. Environmental and Social Standards**

1. The Recipient, through the MOH, 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, through the MOH, 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, through the MOH, shall ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as 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 Association 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 Recipient, through the MOH, shall ensure that:
  - (a) all measures necessary are taken 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 environmental and social 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) the Association 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 Recipient, through the MOH, 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 Association.
  6. The Recipient, through the MOH, shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors to:
    - (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and
    - (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

## **Section II. Project Monitoring, Reporting and Evaluation**

1. The Recipient shall furnish to the Association each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.
2. 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:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in EUR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs for the Project	18,600,000	100%
<b>TOTAL AMOUNT</b>	<b>18,600,000</b>	

**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 Signature Date.
2. The Closing Date is March 31, 2029.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each March 15 and September 15:	
commencing September 15, 2029 to and including March 15, 2049	<b>1.65%</b>
commencing September 15, 2049 to and including March 15, 2054	<b>3.40%</b>

\* 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

### Section I. Definitions

1. "AMR" means antimicrobial resistance ("AMR").
2. "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.
3. "Annual Regional and National Health Forums" means conferences/workshops/stakeholder discussions which serve as platforms for discussion, information sharing, and decision-making related to health policies, strategies, and practices, as well as to foster formalized citizen engagement, empowerment, and ignite the demand for high-quality health services.
4. "Antimicrobial Stewardship Program" means a coordinated Recipient's program that promotes the appropriate use of antimicrobials.
5. "Basis Adjustment to the Interest Charge" means the Association's standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
6. "Basis Adjustment to the Service Charge" means the Association's standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed as a percentage per annum.
7. "BHIS" means the basic health information system within Primary Healthcare Centers (PHCs).
8. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
9. "CBPP" means capitation-based performance payments, which is a payment mechanism for healthcare providers, in particular for PHCs, through which providers receive a predictable upfront amount of money to cover for predictable costs of all or some healthcare services.

10. “DHSC” means the committee referred to in Section I.A.2 of Schedule 2 to this Agreement.
11. “Enterprise Architecture” (“EA”) means critical elements of foundational environment for digital health systems implementation including, *inter alia*, legal framework, design of data management systems and standards, design of information exchanges, and hardware platforms.
12. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated April 2, 2024, 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 Recipient 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.
13. “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 African 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.
14. “GBV” means gender-based violence.
15. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
16. “Health Inspectorate” means the unit within the MOH which is in charge of inspections in the health sector.
17. “HIE” means health information exchange.
18. “HMIS” means Hospital Management Information System.

19. “HCWM” means healthcare waste management.
20. “IHIS” means integrated health information system.
21. “IPC” means infection prevention and control.
22. “KHUCS” means the Recipient’s Hospital University Clinical Services of Kosovo, a network of secondary and tertiary care hospitals.
23. “Law on Pricing of Medical Products” means the Recipient’s Law No. 08/L-220 dated July 13, 2023, and published in the Official Gazette on August 1, 2023.
24. “LIS” means Laboratory Information System.
25. “MDM” means Master Data Management.
26. “MOH” means the Recipient’s Ministry of Health, or any successor thereto.
27. “NIPH” means the National Institute of Public Health, or any successor thereto.
28. “Operating Costs” means reasonable incremental expenses directly incurred on account of the implementation, management, and monitoring of the Project by the Recipient; such costs may include, as relevant, and as the Association may agree, Project audits, office supplies, office rental, vehicle rental, office and equipment maintenance and repair, communications, translation and interpretation (not covered under Training), publication fees, ownership of intellectual property rights, PCU staff salaries (but excluding consultants’ services and salaries of officials of the Recipient’s civil service); and other miscellaneous expenses directly associated with the Project and agreed between the Association and the Recipient. Such Operating Costs shall not include expenses financed by IDA under other projects or financed by other financiers.
29. “Outpatient Drug Benefit Package” or “ODBP” means the list of outpatient drugs that will be included in the insurance benefit package to be managed by the Recipient’s Health Insurance Fund when Social Health Insurance program is rolled out.
30. “PCU” means the Project coordination unit to be established and maintained by the Recipient within MOH, in accordance with Section I.A.3 of Schedule 2 to this Agreement.
31. “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 (including biometric data), physiological, genetic, mental, economic, cultural or social identity of an individual.

32. “PHC” means Primary Healthcare Center.
33. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
34. “Project Operations Manual” or “POM” means the manual, acceptable to the Bank, referred to in Section I.B of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written agreement of the Association.
35. “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.
36. “Senior Management Committee” or “SMC” means the committee referred to in Section I.A.1.of Schedule 2 to this Agreement.
37. “Training” means the reasonable expenditures associated with training under the Project, including study tours, training courses, seminars, workshops and other training activities, not included under service providers’ contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.