
CREDIT NUMBER 6595-LK

Financing Agreement

(COVID 19 Emergency Response and Health Systems Preparedness Project)

between

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA (“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, the Loan Agreement or in this Agreement (including the Appendix thereto).

ARTICLE II — CREDIT

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Non-concessional Financing for purposes of the General Conditions, in the amount of ninety-three million and six hundred thousand Dollars, (\$93,600,000), as such amount may be converted from time to time through a Currency Conversion (“Credit”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Credit in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent ($\frac{1}{4}$ of 1%) of the Credit amount.
- 2.04. The Commitment Charge is one-quarter of one percent ($\frac{1}{4}$ of 1%) per annum on the Unwithdrawn Credit 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 Charge is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.09(e) of the General Conditions.

- 2.06. The Payment Dates are May 15 and November 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the MPA Program. To this end, the Recipient, through its MoH, 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 Additional Condition of Effectiveness consists of the following, namely that the Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.03. 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 its Secretary, Ministry of Finance, Economy and Policy Development.
- 5.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

Department of External Resources
The Secretariat
Colombo 1, Sri Lanka; and

(b) the Recipient's Electronic Address is:

Telephone:	Facsimile:	E-mail:
94 11 2484693	94 11 2447633	dg@erd.gov.lk info@erd.gov.lk

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:	E-mail:
248423 (MCI)	1-202-477-6391	CD-SLMV@worldbank.org

AGREED as of the Signature Date.

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

By

S. R. Attygalle

Authorized Representative

Name: S. R. Attygalle

Title: Secretary to the Treasury

Date: 03-Apr-2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Idah Z. Pswarayi-Riddihough

Authorized Representative

Name: Idah Z. Pswarayi-Riddihough

Title: Country Director Maldives, Nepal and Sri Lanka

Date: 02-Apr-2020

SCHEDULE 1

Project Description

The objectives of the Project are to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness in Sri Lanka.

The Project constitutes a phase of the MPA Program, and consists of the Project defined in Schedule 1 to the Loan Agreement.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

1. For the purposes of overall oversight and guidance, as well as multi-sectoral coordination of Project activities the Recipient shall establish, not later than two (2) months after the Effective Date, and after that maintain throughout the implementation of the Project the Emergency Response Coordination Committee with the composition, responsibilities and terms of reference satisfactory to the Association.
2. The Recipient shall vest responsibility for the overall implementation of the Project in MoH. To this end the Recipient, through MoH, shall:
 - (a) maintain, throughout the implementation of the Project, the Project Management Unit for the purposes of day-to-day Project management and implementation, including financial management, procurement, and social and environmental safeguards issues, with the composition, responsibilities and terms of reference satisfactory to the Association;
 - (b) not later than forty-five (45) days after the Effective Date adopt the Project Operational Manual, satisfactory to the Association and setting forth the procedures and requirements for the implementation of the Project activities, and after that implement the Project in accordance with such manual;
 - (c) ensure that the collection, use and processing (including transfers to third parties) of any personal data collected under the Project will be done in accordance with the requirements and procedures set forth in the POM, and ensuring legitimate, appropriate and proportionate treatment of such data; and
3. The Recipient shall, through its MoH, provide Cash Transfer from the proceeds of the Credit to eligible recipients in accordance with the provisions of this Agreement, the provisions of the Project Operational Manual and other eligibility criteria and procedures acceptable to the Association.

B. Environmental and Social Standards

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 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 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 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 shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities 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.
7. The Recipient, through its MoD, shall at all times during the implementation of Part 1(c) 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;
 - (b) effectively implement a social communication strategy for the engagement of local communities, non-governmental organizations, media, and authorities in the Project area; and
 - (c) prior to commencement of any activities, establish a transparent, accessible and effective Grievance Redress Mechanism, and at all times during the carrying out of the Project, actively monitor implementation of the Grievance Redress Mechanism.

C. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project (“Contingent Emergency Response Part”), the Recipient shall:
 - (a) prepare and furnish to the Association for its review and approval, a Contingent Emergency Response Component Manual (CERCM) which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any special institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the

Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) application of the any relevant safeguard instruments to the Contingent Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Contingent Emergency Response Part;

- (b) afford the Association a reasonable opportunity to review the proposed CERCM;
 - (c) promptly adopt the CERCM for the Contingent Emergency Response Part as accepted by the Association;
 - (d) ensure that the Contingent Emergency Response Part is carried out in accordance with the CERCM; provided, however, that in the event of any inconsistency between the provisions of the CERCM and this Agreement, the provisions of this Agreement shall prevail; and
 - (e) not amend, suspend, abrogate, repeal or waive any provision of the CERCM without the prior written approval by the Association.
2. The Recipient shall ensure that no activities are undertaken under the Contingent Emergency Response Part, unless and until the following conditions have been met in respect of said activities:
- (a) the Recipient has determined that an Eligible Crisis or Health Emergency has occurred, has furnished to the Association a request to include said activities in the Contingent Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (b) the Recipient has ensured the disclosure of all Environmental and Social instruments/plans required for said activities in accordance with the ESCP, the Recipient has approved all such instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.
3. Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for activities included in Part 5 of the Project shall be procured in accordance with the procurement methods and procedures set forth in the CERCM.

Section II. Project Monitoring, Reporting and Evaluation

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

Section III. Withdrawal of the Proceeds of the Credit

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 Credit to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category in 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, Cash Transfer, Training, Incremental Operating Costs and consulting services for the Project	93,366,000	100%
(2) Emergency Expenditures	0	
(3) Front-end Fee	234,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 3.08 (b) of the General Conditions
(4) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.06 (c) of the General Conditions
TOTAL AMOUNT	93,600,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$37,440,000 may be made for payments made prior to this date but on or after January 1, 2020, for Eligible Expenditures under Category (1); or
 - (b) for Emergency Expenditures under Category (2), unless and until the Association is satisfied that all of the following conditions have been met in respect of said expenditures:
 - (i) the Recipient has determined that an Eligible Crisis or Health Emergency has occurred, has furnished to the Association a request to include said activities in the Contingent Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;
 - (ii) the Recipient has prepared and disclosed all environmental/social documents, (including ESCP) required for said activities, and the Recipient has ensured that any actions which are required to be taken under said documents have been implemented, all in accordance with the provisions of Sections I.C.(2)(b) of this Schedule;
 - (iii) the entities in charge of coordinating and implementing the Contingent Emergency Response Part, has provided sufficient evidence satisfactory to the Association that it has adequate staff and resources for the purposes of said activities; and
 - (iv) the Recipient has adopted the CERCM, in form and substance acceptable to the Association, and the provisions of the CERCM remain relevant or have been updated in accordance with the provisions of Section I.C of this Schedule so as to be appropriate for the inclusion and implementation of the activities under the Contingent Emergency Response Part.
2. The Closing Date is December 31, 2023.

Section IV. Other Undertakings

1. All activities carried out by the MoD under the Project shall be under the control of MoH and shall be undertaken exclusively for the purposes related to the Project. All goods, works, services, incremental operating costs and training financed by the Financing proceeds shall be used exclusively by the MoD exclusively under the direction and control of MoH and in accordance with the Project Operational

Manual and other arrangements or protocols that the Association may require for carrying out these activities.

2. Except as the Association may otherwise agree, the Recipient shall ensure that that the ownership of any assets generated, goods procured, and works constructed by the MoD out of the Financing proceeds shall be transferred to, or shall vest, with MoH or any equivalent or appropriate line ministry or agency agreed with the Association.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

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

Level Principal Repayments

Principal Payment Date	Installment Share
On each May 15 and November 15 Beginning May 15, 2025 through November 15, 2049	2%

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. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 26, 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 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.
4. “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 Association.
5. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018.
6. “Loan Agreement” means the loan agreement for the Project between the Recipient and the Association, dated the same date as this Agreement, as such loan agreement

may be amended from time to time. “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.

7. “MPA Program” means the 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.
8. “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.
9. “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.