



LOAN NUMBER 9085-LK

Loan Agreement

(COVID 19 Emergency Response and Health Systems Preparedness Project)

between

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**



LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA (“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 thirty-five million Dollars, (\$35,000,000), 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.
- 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 Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(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 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, 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 Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower 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.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is its Secretary, Ministry of Finance, Economy and Policy Development.
- 5.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

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

(b) the Borrower's Electronic Address is:

Telephone:
94 11 2484693

Facsimile:
94 11 2447633

E-mail:
dg@erd.gov.lk
info@erd.gov.lk

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:	E-mail:
248423(MCI) or 64145(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 BANK FOR
RECONSTRUCTION AND DEVELOPMENT

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 following parts:

Part 1: Emergency COVID-19 Response

- (a) Strengthening surveillance and response systems through: (i) establishment and strengthening of an emergency operation center to improve coordination and timely activities at the national level; (ii) provision of training to medical officers, public health inspectors and public health midwives in case identification, contact tracing, prevention counselling; (iii) implementation of non-pharmaceutical interventions, such as counselling on handwashing, sanitizing and cleaning surfaces to patients at health care facilities and during planned home visits; and (iv) provision of mobility support and personal and protective equipment to undertake follow-up at the field level, including for self-isolated or quarantined patients.
- (b) Strengthening capacity of health care facilities and staff for emergency response, including infection control and waste management systems, through the provision of goods, works, consulting services as well as financing other operational expenditures, as might be required to respond to infectious disease outbreak.
- (c) Establishment of isolation wards and intensive care units in select tertiary and secondary hospitals, including provision for uninterrupted electricity supply, as part of local containment measures.
- (d) Support for information and communication activities to raise awareness, knowledge and understanding among general population about the risk and potential impact of the pandemic, including social distancing measures, health promotion, social mobilization, stakeholder engagement and community engagement.
- (e) Support for the outreach for groups with special needs, particularly the elderly, and financial support to poor household through Cash Transfers, if the outbreak results in food and nutrition insecurity.

Part 2: Strengthening National and Sub-National Institutions for Prevention and Preparedness

- (a) Strengthening the national and local capacities for treating infectious disease, through expansion of isolation units as well as a new construction of an isolation center within the Borrower's National Institute of Infectious Diseases.
- (b) Establishment and strengthening of sub-national emergency operation centers to enable effective pandemic response.

- (c) Establishment of the Bio-Safety Level 3 laboratory facilities at the Borrower's National Medical Research Institute.
- (d) Strengthening laboratory facilities and information systems, through provision of goods, consulting services and training.

Part 3: Strengthening Multi-sectoral, National Institutions and Platforms for One Health

Support for (a) conducting a needs assessment of national protocols for detection, surveillance and response systems for animal-to-human infections; (b) establishment and implementation of a mechanism to detect priority for existing and emerging zoonoses; (c) conducting awareness on anti-microbial resistance among human health, agricultural and veterinary and enforcing related legislations; and (d) establishing a mechanism to combat diseases which have a potential to reemerge such as malaria, measles, filariasis, etc.

Part 4: Implementation Management and Monitoring and Evaluation

Support for Project implementation and management, including support for procurement, financial management, environmental and social risk management, reporting, monitoring and evaluation.

Part 5: Contingent Emergency Response Component

Provision of immediate response to an Eligible Crisis or Health Emergency.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. For the purposes of overall oversight and guidance, as well as multi-sectoral coordination of Project activities the Borrower 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 Bank.
2. The Borrower shall vest responsibility for the overall implementation of the Project in MoH. To this end the Borrower, 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 Bank;
 - (b) not later than forty-five (45) days after the Effective Date adopt the Project Operational Manual, satisfactory to the Bank 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 Borrower shall, through its MoH, provide the Cash Transfer from the proceeds of the Loan 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 Bank.

B. Environmental and Social Standards.

1. The Borrower 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 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 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 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.
6. The Borrower shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractor 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 Borrower, 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 Bank:

- (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 Borrower shall:
 - (a) prepare and furnish to the Bank 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 Bank a reasonable opportunity to review the proposed CERCM;
 - (c) promptly adopt the CERCM for the Contingent Emergency Response Part as accepted by the Bank;
 - (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 Bank.

2. The Borrower 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 Borrower has determined that an Eligible Crisis or Health Emergency has occurred, has furnished to the Bank a request to include said activities in the Contingent Emergency Response Part in order to respond to said crisis or emergency, and the Bank has agreed with such determination, accepted said request and notified the Borrower thereof; and
 - (b) the Borrower has ensured the disclosure of all Environmental and Social instruments/plans required for said activities in accordance with the ESCP, the Borrower has approved all such instruments, and the Borrower 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 Borrower shall furnish to the Bank each Project Report not later than one month after the end of each calendar semester, covering the calendar semester.

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: (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 of the following table:

Category	Amount of the Loan 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	34,912,500	100%
(2) Emergency Expenditures	0	
(3) Front-end Fee	87,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(4) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	35,000,000	

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; or
 - (b) for Emergency Expenditures under Category (2), unless and until the Bank is satisfied that all of the following conditions have been met in respect of said expenditures:
 - (i) the Borrower has determined that an Eligible Crisis or Health Emergency has occurred, has furnished to the Bank a request to include said activities in the Contingent Emergency Response Part in order to respond to said crisis or emergency, and the Bank has agreed with such determination, accepted said request and notified the Borrower thereof;
 - (ii) the Borrower has prepared and disclosed all environmental/social documents, (including ESCP) required for said activities, and the Borrower 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 Bank that it has adequate staff and resources for the purposes of said activities; and
 - (iv) the Borrower has adopted the CERCM, in form and substance acceptable to the Bank, 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 Loan 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 Bank may require for carrying out these activities.
2. Except as the Bank may otherwise agree, the Borrower shall ensure that that the ownership of any assets generated, goods procured, and works constructed by the MoD out of the Loan proceeds shall be transferred to, or shall vest, with MoH or any equivalent or appropriate line ministry or agency agreed with the Bank.

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 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. “Bio-Safety Level” means a set of biocontainment precautions required to isolate dangerous biological agents in an enclosed laboratory facility.
3. “Cash Transfer” means the cash transfer to be provided under Part 1(e) of the Project, which is to be provided in accordance with Section I.A.3 of Schedule 2 to this Agreement.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “Contingent Emergency Response Component Manual” or the acronym “CERCM” means the plan referred to in Section I.C of Schedule 2 to this Agreement, to be adopted by the Borrower for the Contingent Emergency Response Part in accordance with the provisions of said Section.
6. "Contingent Emergency Response Part" means Part 5 of the Project.
7. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
8. “Eligible Crisis” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Borrower, associated with a natural or man-made crisis or disaster.
9. “Emergency Expenditure” means any of the eligible expenditures set forth in the Contingency Emergency Response Component Manual in accordance with the provisions of Section I.C of Schedule 2 to this Agreement, and required for the Contingent Emergency Response Part.
10. “Emergency Response Coordination Committee” means the committee to be established and maintained in accordance with Section I.A.1 of Schedule 2 to this Agreement.
11. “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 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.

12. “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.
13. “Financing Agreement” means the agreement between the Borrower and the Association for the Project, of the same date as this Agreement, as such agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.
14. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018.
15. “GRM” or “Grievance Redress Mechanism” means the system aimed to receive grievances that might be associated with the Project activities.
16. “Health Emergency” means an event that has caused, or is likely to imminently cause, a major adverse health impact to the Borrower, associated with a natural or man-made crisis or disaster.
17. “Incremental Operating Costs” means the reasonable costs required for the day-to-day coordination, administration and supervision of Project activities, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises; office rent; office supplies; utilities; consumables; communication expenses; translation; printing, photocopying and postal expenses; bank charges; advertising expenses; insurance; costs of clearing, forwarding, inspection, survey and transportation of goods; Project-related meeting expenses; Project-related travel, subsistence and lodging expenses, provided that such Incremental Operating Costs are paid to the eligible recipient through the banking system (except for petty cash expenses following the Borrower’s existing policy); and salaries and allowances of contractual staff (other than consultants) but excluding salaries and salary top ups of the Borrower’s civil servants.
18. “MoD” means the Ministry of Defense of the Borrower, or any successor thereto.
19. “MoH” means the Ministry of Health and Indigenous Medical Services of the Borrower, or any successor thereto.

20. “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.
21. “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.
22. “Project Operational Manual” or “POM” means the manual to be adopted by the Borrower pursuant to paragraph 2 (b) of Section I.A of Schedule 2 to this Agreement, as such manual can be amended from time to time with a prior written approval of the Bank.
23. “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.
24. “Project Management Unit” means the project management unit established on March 31, 2018 and referred to in Section I.A.2(a) of Schedule 2 to this Agreement
25. “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.
26. “Training” means the reasonable costs required for the participation of personnel involved in training activities, workshops, seminars, conferences and study tours under the Project, which have been approved by the Borrower in writing on a bi-annual basis, including: (a) travel, hotel, and subsistence costs associated to training, workshops, seminars, conferences and study tours provided that such costs are paid directly to the eligible recipient using the banking system; (b) costs associated with rental of training and workshop facilities; preparation and reproduction of training, workshop, seminar and conference materials; and other costs directly related to preparation and implementation of any training course, workshop, seminar, conference or study tour; and (c) tuition fees, travel, accommodation and per diem of trainer and trainees.