
LOAN NUMBER 9149-SC

Loan Agreement

(COVID-19 Crisis Response Emergency Development Policy Loan)

between

REPUBLIC OF SEYCHELLES

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF SEYCHELLES (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I.A. of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore 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 fifteen million United States Dollars, as such amount may be converted from time to time through a Currency Conversion (“Loan”).
- 2.02. The Front-end Fee is one quarter of one percent (0.25%).
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance provided that for an amount up to two million five hundred thousand (2,500,000), 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%).
- 2.04. 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.
- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program; and
- (b) without limitation upon paragraph (a) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely, a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following, namely, the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consists of the following, namely, the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its minister responsible for finance.
- 6.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

P.O. Box 313
Liberty House
Victoria, Mahè
Seychelles

and;

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

Facsimile:	E-mail:
248-432 5161	minister@finance.gov.sc

- 6.03. 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

jvonuexkull@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF SEYCHELLES

By

Amb. Maurice Loustau-Lalanne

Authorized Representative

Name: _____
Amb. Maurice Loustau-Lalanne

Title: _____
Minister

Date: _____
27-Jun-2020

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

Mark Lundell

Authorized Representative

Name: _____
Mark Lundell

Title: _____
Country Director

Date: _____
26-Jun-2020

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

Actions Taken Under the Program. The actions taken by the Borrower under the Program include the following:

A. Protecting Lives and Livelihoods

1. The Borrower, through its Cabinet of Ministers, has approved the Seychelles Response Plan for COVID-19 as laid out in Cabinet memorandum C20/MEM/066, which defines the strategy for the immediate response to the first wave of COVID-19 and lays the foundation for subsequent reopening and testing strategies, and took adequate measures to prevent imported cases (*as evidenced by the Cabinet Decision C20/D/MEM/066, dated May 13, 2020, approving the “COVID-19 Pandemic the Seychelles Response Plan” and Infections Disease Order (No 2), 2020 published in the Borrower’s Official Gazette No. 43 on April 20, 2020*).
2. The Borrower, through its National Assembly and Cabinet of Ministers, approved measures to support vulnerable households affected by COVID-19 through: (a) increase in allocation to social protection (*as evidenced by the Borrower’s 2020 Budget Amendment*); and (b) increase in the one-off assistance paid under the social welfare assistance benefit (*as evidenced by the Appropriation (Amendment) Act of 2020 (Act 13 of 2020), published in the Borrower’s Supplement Official Gazette on April 11, 2020*).
3. The Borrower, through its National Assembly, approved: (a) a guarantee of salaries to all employees in companies affected by the COVID-19 pandemic for three (3) months (*as evidenced by the Employment (Amendment) Act of 2020 (Bill No.19 of 2020), published in the Borrower’s Supplement Official Gazette on April 29, 2020 and the Appropriation (Amendment) Act of 2020 (Act 13 of 2020), published in the Borrower’s Supplement Official Gazette on April 11, 2020*); and (b) the postponement of taxes until September 2020 (corporate social responsibility tax, tourism marketing tax, business tax and taxes on non-monetary benefits income) (*as evidenced by the Borrower’s 2020 Budget Amendment*).
4. The Borrower, through its Cabinet of Ministers, approved the Central Bank Act, 2020 (Amendment) and the Financial Institutions Act (Amendment), 2020, to allow the Central Bank to support the economy during the economic crisis created by the COVID-19 pandemic (*as evidenced by the Central Bank of Seychelles (Amendment) Act of 2020 (Act 11 of 2020), published in the Borrower’s Supplement Official Gazette on April 9, 2020 and Financial Institutions (Second Amendment) Act of 2020 (Act 11 of 2020), published in the Borrower’s Supplement Official Gazette on April 9, 2020*).

B. Protecting the Future

5. The Borrower, through its National Assembly, approved new anti-money laundering and Combating the Financing of Terrorism Act 2020 and Beneficial Ownership Act 2020 to strengthen the domestic financial sector and to establish and maintain an up to date register

of beneficial owners (*as evidenced by the Anti-Money Laundering and Countering the Financing of Terrorism Act of 2020 (Act 5 of 2020), published in the Borrower's Supplement Official Gazette on March 6, 2020 and as evidenced by the Beneficial Ownership Act of 2020 (Act 4 of 2020), published in the Borrower's Supplement Official Gazette on March 6, 2020*).

6. The Borrower, through its Cabinet of Ministers, approved the new Climate Change Policy to reduce Seychelles' vulnerability to climate change impacts (*as evidenced by the Cabinet of Ministers' Decision of May 21, 2020, published in the government's website, approving the Seychelles' National Climate Change Policy "Making Seychelles Climate Resilient", dated May 2020*).

Section II. Availability of Loan Proceeds

- A. General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. Allocation of Loan Amounts.** The Loan (except for amounts required to pay the Front-end Fee) is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in USD)
(1) Single Withdrawal Tranche	14,962,500
(2) Front-end Fee	37,500
(3) Amount due pursuant to Section 4.05 (c) of the General Conditions	0
TOTAL AMOUNT	15,000,000

- C. Withdrawal Tranche Release Conditions.**
- No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.
- D. Deposit of Loan Amounts.**
- The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the Seychelles Rupee equivalent of the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.
- E. Closing Date.** The Closing Date is June 30, 2021.

SCHEDULE 2

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 February 15 and August 15 Beginning August 15, 2030 through August 15, 2044	3,33%
On February 15, 2045	3,43%

APPENDIX

Section I. Definitions

1. “Central Bank” means the Central Bank of Seychelles, the Borrower’s central bank.
2. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
3. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018.
4. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated June 9, 2020 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
5. “National Assembly” means the Borrower’s parliament.
6. “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.
7. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.