
GRANT NUMBER D690-KI

Financing Agreement

(Kiribati COVID-19 Emergency Response Project)

between

REPUBLIC OF KIRIBATI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER D690-KI

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF KIRIBATI (“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 grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to one million nine hundred thousand Special Drawing Rights (SDR1,900,000) (“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 Payment Dates are May 1 and November 1 in each year.
- 2.05. The Payment Currency is 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 through its Ministry

of Health and Medical Services (“MHMS”) 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 its minister at the time responsible for finance
- 5.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient’s address is:

Ministry of Finance and Economic Development
P.O. Box 67
Bairiki, Tarawa
Republic of Kiribati;

and

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

E-mail:

hon.vicepresident@mfep.gov.ki

- 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:

Facsimile: E-mail:
1-202-477-6391 cdpngpacific@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF KIRIBATI

By

Teuea Toatu

Authorized Representative

Name: Teuea Toatu

Title: Vice President & Minister of Finance

Date: 07-Jul-2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Michel Kerf

Authorized Representative

Name: Michel Kerf

Title: Country Director, PNG & Pacific Islands

Date: 29-Jun-2020

SCHEDULE 1

Project Description

The objective of the Project is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness in the Recipient's territory.

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

Part 1: Strengthening Essential Health Service Delivery Capacity

1.1 Upgrading and constructing warehouses for pharmaceuticals and medical supplies

- (a) Demolishing and removing the existing warehouse facility at the old hospital in the Recipient's village of Bikenibeu.
- (b) Designing and constructing a new central medical storage facility at the old hospital in the Recipient's village of Bikenibeu and upgrading the existing warehouse facility at the Tungaru Central Hospital, both for storing pharmaceuticals and medical supplies, including providing equipment and supplies needed to operate such facilities.

1.2 Connecting health facilities to a centralized health information management database to support health monitoring and reporting and strengthening the communication system to support telehealth services.

Carrying out activities to develop a centralized health information management database, connect health facilities to said centralized health information management database, and strengthen the MHMS communication system, including: (a) conducting a user requirement analysis; (b) supporting the development of a centralized health information management database and connections to health facilities, including: (i) procuring and installing connectivity equipment, hardware and technology to address the needs identified in the user requirement analysis; and (ii) minor upgrades to health facilities to accommodate the required connectivity equipment; and (c) training of MHMS staff on the use of the centralized health information management database and communication system.

Part 2: Implementation Management and Monitoring and Evaluation

Providing technical and operational support to the Recipient on Project management and implementation, including, *inter alia*, carrying out audits and monitoring and evaluation activities, strengthening capacity on data collection, use and reporting, and

sharing lessons learnt from response exercises and joint learning carried out domestically and internationally.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

Development Coordination Committee

1. The Recipient shall maintain until the Closing Date, the Development Coordination Committee, with a mandate, composition and resources satisfactory to the Association, which shall be: (a) comprised of members as specified in the Project Operations Manual; and (b) responsible for, *inter alia*, providing general oversight, coordination, strategic direction and guidance for the Project.

MHMS and Kiribati Fiduciary Support Unit

2. The Recipient shall vest in MHMS the overall implementation responsibility of the Project, including the responsibility for: (a) carrying out day-to-day management and implementation of the Project, with support from the Kiribati Fiduciary Support Unit ("KFSU") on procurement, financial management, and environment and social aspects; and (b) coordinating with other government ministries/agencies and relevant stakeholders on all aspects of Project implementation.
3. The Recipient shall provide MHMS and KFSU at all times with adequate funds and other resources, mandate/functions, and with qualified and experienced personnel in adequate numbers, as shall be necessary to accomplish Project objective as further detailed in the Project Operations Manual.
4. Without limitation to the generality of Sections I.A.2 and I.A.3 above, the Recipient shall ensure that MHMS:
 - (a) recruits or appoints, by not later than three (3) months after the Effective Date (or such other date which the Association has confirmed in writing to the Recipient is reasonable and acceptable under the circumstances, as determined by the Association in its sole discretion), a Project manager, with terms of reference, qualifications and experience satisfactory to the Association, who shall be responsible for leading the day-to-day management and implementation of the Project, and thereafter maintain such position until the Closing Date; and
 - (b) includes the following minimum staff and/or personnel, or is supported by staff and/or personnel with such expertise from KFSU on Project management and implementation, until the Closing Date: (i) a

procurement specialist; (ii) a financial management specialist; and (iii) two environment and social specialists; each with terms of reference, qualifications and experience satisfactory to the Association.

Ministry of Infrastructure and Sustainable Energy

5. The Recipient shall vest in the Ministry of Infrastructure and Sustainable Energy (“MISE”) responsibility for technical oversight of Part 1.1 of the Project, in accordance with the provisions of this Agreement and the Project Operations Manual.
6. The Recipient shall provide MISE at all times with adequate funds and other resources, mandate/functions, and with qualified and experienced personnel in adequate numbers, as shall be necessary to provide technical oversight of Part 1.1 of the Project.

Ministry of Information, Communications, Transport and Tourism Development

7. The Recipient shall vest in the Ministry of Information, Communications, Transport and Tourism Development (“MICTTD”) responsibility for technical oversight of Part 1.2 of the Project, in accordance with the provisions of this Agreement and the Project Operations Manual.
8. The Recipient shall provide MICTTD at all times with adequate funds and other resources, mandate/functions, and with qualified and experienced personnel in adequate numbers, as shall be necessary to provide technical oversight of Part 1.2 of the Project.

B. Project Operations Manual.

1. By not later than three (3) months after the Effective Date (or such other date which the Association has confirmed in writing to the Recipient is reasonable and acceptable under the circumstances, as determined by the Association in its sole discretion), the Recipient shall:
 - (a) prepare and furnish to the Association, for its review and no-objection, a Project operations manual, which shall set forth, *inter alia*, the following detailed arrangements and procedures for the implementation of the Project: (i) institutional arrangements for the day-to-day execution of the Project; (ii) the preparation and successive updates of the Procurement Plan and its implementation arrangements; (iii) implementation arrangements for the Environmental and Social Commitment Plan (“ESCP”) and the environmental and social instruments; (iv) budgeting, disbursement, auditing and financial management arrangements; (v)

Project monitoring, reporting, evaluation and communication arrangements; (vi) Personal Data collection and processing; and (vii) any other administrative, financial, technical and organizational arrangements and procedures as shall be necessary for the implementation of the Project and the achievement of its development objective (“Project Operations Manual”);

(b) afford the Association a reasonable opportunity to review the proposed Project Operations Manual; and

(c) adopt the Project Operations Manual as accepted by the Association.

2. The Recipient shall thereafter ensure that the Project is carried out in accordance with the Project Operations Manual, and except as the Association may otherwise agree in writing, the Recipient shall not amend or waive, or permit to be amended or waived, any provision of the Project Operations Manual.
3. In the event of any conflict between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

C. Annual Work Plans and Budgets.

1. The Recipient shall prepare and furnish to the Association, by not later than ninety (90) days after the Effective Date and October 1 of each subsequent year during the implementation of the Project (or such later interval or date as the Association may agree), for the Association’s review and no-objection, an Annual Work Plan and Budget, which shall, *inter alia*: (a) list all activities (including Operating Costs and Training and Workshops) proposed to be included in the Project for the following calendar year; (b) provide a budget for their financing; and (c) describe the measures and actions taken or planned to be taken in accordance with the provisions of Section I.D of this Schedule 2.
2. The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets accepted by the Association for the respective calendar year; provided, however, that in case of any conflict between the Annual Work Plans and Budgets and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The Recipient shall not make or allow to be made any change to the Annual Work Plans and Budgets, unless the Association has provided its prior no-objection thereof in writing.

D. 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 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.

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 semester, covering the calendar semester. 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 Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Operating Costs, and Training and Workshops for Part 1.1 and Part 2 of the Project	1,400,000	100%
(2) Goods, works, non-consulting services, consulting services, Operating Costs, and Training and Workshops for Part 1.2 of the Project	500,000	100%
TOTAL AMOUNT	1,900,000	

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 seven hundred sixty thousand Special Drawing Rights (SDR760,000) may be made for payments made prior to this date but on or after January 31, 2020 for Eligible Expenditures under Category (1); and
 - (b) under Category (2) unless and until the Project Operations Manual has been adopted in accordance with Section I.B.1 of this Schedule 2, in form and substance satisfactory to the Association.
2. The Closing Date is June 30, 2023.

APPENDIX

Definitions

1. “Annual Work Plan and Budget” means the work plan and budget (including related cash forecasts) for the implementation of the Project accepted by the Association, referred to in Section I.C of Schedule 2 to this Agreement; and “Annual Work Plans and Budgets” means, collectively, all such plans and budgets.
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. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “Cabinet” means the cabinet of ministers of the Recipient, established in accordance with Chapter IV, Part III of the Constitution of Kiribati 1979.
5. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
6. “Development Coordination Committee” means the Recipient’s committee, established by the Recipient’s Cabinet responsible for coordinating development activities in the Recipient’s territory.
7. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated June 19, 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.
8. “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.

9. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018.
10. “Kiribati Fiduciary Services Unit” and its acronym “KFSU” mean the Kiribati Fiduciary Services Unit established by the Recipient within the Ministry of Finance and Economic Development.
11. “Ministry of Environment, Lands and Agriculture Development” means the Recipient’s Ministry of Environment, Lands and Agriculture Development, or any successor thereto.
12. “Ministry of Finance and Economic Development” means the Recipient’s Ministry of Finance and Economic Development, or any successor thereto.
13. “Ministry of Health and Medical Services” and its acronym “MHMS” mean the Recipient’s Ministry of Health and Medical Services, or any successor thereto.
14. “Ministry of Information, Communications, Transport and Tourism Development” and its acronym “MICTTD” mean the Recipient’s Ministry of Information, Communications, Transport and Tourism Development, or any successor thereto.
15. “Ministry of Infrastructure and Sustainable Energy” and its acronym “MISE” mean the Recipient’s Ministry of Infrastructure and Sustainable Energy, or any successor thereto.
16. “Ministry of Internal Affairs” means the Recipient’s Ministry of Internal Affairs, or any successor thereto.
17. “Ministry for Women, Youth, Sport, and Social Affairs” means the Recipient’s Ministry for Women, Youth, Sport and Social Affairs, or any successor thereto.
18. “MPA Program” means the global emergency multiphase programmatic approach program supported by the Bank and the Association, designed to assist countries to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.

19. “Operating Costs” means the reasonable incremental expenditures incurred by the Recipient on account of Project implementation and based on the Annual Work Plans and Budgets accepted ex ante by the Association, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, meeting expenses, travel, transportation costs, subsistence and lodging expenses, and other administrative costs directly related to the Project, exclusive of salaries of the Recipient’s civil service, sitting fees, bonuses, fees and honoraria or equivalent payments.
20. “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.
21. “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.
22. “Project Operations Manual” means the Recipient’s manual, referred to in Section I.B.1 of Schedule 2 to this Agreement, in form and substance satisfactory to the Association, to be adopted by the Recipient in accordance with the provisions of the said section; as said manual may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to the manual.
23. “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.
24. “Training and Workshops” means the reasonable costs incurred by the Recipient, and included in the Annual Work Plans and Budgets accepted ex-ante by the Association, for trainings and workshops carried out under the Project, including purchase, translation and publication of materials, rental of facilities, course fees, workshop supplies, rental of equipment, reasonable honorarium/stipend of resource persons, and travel, accommodation and subsistence of participants, but excluding fees of consultants.

25. "Tungaru Central Hospital" means the Recipient's main medical hospital, located in Nowerewere Tarawa.