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**LOAN NUMBER 9202-AM**

# **Loan Agreement**

**(Additional Financing for the Disease Prevention and Control Project)**

**between**

**REPUBLIC OF ARMENIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

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## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF ARMENIA (“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 seven million and four hundred thousand dollars, (\$7,400,000), 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.
- 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 objective of the Project. To this end, the Borrower shall, through the MOH and its HPIU, carry out the Project, with the

assistance of the SHA with respect to Part 1(a) of 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 Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.

#### **ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Borrower's Representative is its Minister of Finance.
- 5.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Ministry of Finance  
1 Melik-Adamyanyan Street  
Yerevan 0010  
Republic of Armenia; and

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

Facsimile:	E-mail
+37411800132	secretariat@minfin.am

- 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	sbossoutrot@worldbank.org

AGREED as of the Signature Date.

**REPUBLIC OF ARMENIA**

**By**

*Atom Janjughazyan*

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**Authorized Representative**

**Name:** Atom Janjughazyan

**Title:** Minister of Finance

**Date** 18-Feb-2021

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**By**

*Sylvie K. Bossoutrot*

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**Authorized Representative**

**Name:** Sylvie K. Bossoutrot

**Title:** Armenia Country Manager

**Date:** 18-Feb-2021

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to: (i) increase the detection of selected NCDs at the PHC level and among pregnant mothers; (ii) improve the efficiency and quality of selected hospitals; and (iii) prevent, detect and respond to the threat posed by COVID-19.

The Project consists of the following parts:

#### **Part 1: Performance-Based Financing to Improve MCH Services and NCD Services in PHC Facilities**

- (a) Implementation of the Performance-Based Financing Scheme, through: (i) the reimbursement for Eligible Screening Tests performed at Eligible PHC Facilities; (ii) the provision of Performance-Based Incentives to Eligible PHC Facilities against their level of performance achieved; and (iii) the provision of additional reimbursement for Eligible Screening Tests performed at Eligible PHC Facilities in cases where said Eligible PHC Facilities exceed the initial screening targets as set forth in the respective PHC Performance Agreements and the PBF Manual.
- (b) Provision of: (i) Operating Costs to SHA for the carrying out the Performance-Based Financing Scheme; (ii) training and capacity building activities to key stakeholders on the implementation of the Performance-Based Financing Scheme, screening programs and NCD management; (iii) essential equipment for screening programs in PHC facilities and selected hospitals; (iv) support for the carrying out of health promotion activities, including a national public information campaign focused on promotion of healthy lifestyles, aimed at increasing population's awareness on major risks associated with NCDs; (v) support for personal invitations to households with individuals in the target age groups to generate demand for screenings; (vi) support for short term trainings for PHC providers on NCD screening guidelines; (vii) support for the implementation of a nation-wide health sector performance assessment survey and national health accounts; (viii) advanced training on colposcopy for obstetricians and gynecologists; (ix) cryotherapy medical equipment to selected hospitals for the management of early stages of cervical cancer; and (x) IT equipment for Eligible PHC Facilities.

#### **Part 2: Improving Efficiency and Quality of Selected Hospitals**

- (a) Provision of support for the modernization of the Marz Hospital Network, through, *inter alia*: (i) the provision of medical and waste management equipment, furniture, and supplies to the Vanadzor Medical Center; (ii) the rehabilitation of, and provision of medical equipment, medical furniture and supplies to the Artashat Medical Center in Ararat Marz; (iii) the construction of, and provision of medical

equipment, medical furniture and supplies to a new medical center in Sevan and its merger with the Sevan polyclinic; (iv) the provision of medical equipment, medical furniture and supplies to the Megri regional medical center; (v) the construction of, and provision of medical equipment, medical furniture and supplies to the Martuni medical center in Gegharkunik Marz; (vi) the financing of angiographs at the Gyumri hospital and Nork-Marash specialized cardiology and cardiac surgery center; (vii) the provision of training to clinical staff and hospital administration for medical centers and hospitals in the Marz Hospital Network; and (viii) the construction of, and the provision of medical equipment, medical furniture and supplies to the Vayots Dzor Medical Center in Vayots Dzor Marz.

- (b) Improvement of the quality of specialized in-patient and out-patient hematological services offered by the center of hematology “Professor Yeolyan”, through, *inter alia*: (i) the preparation of the designs needed for the reconstruction of the center of hematology and the creation of a bone marrow transplant center; (ii) the carrying out of the necessary civil works for the renovation and reconstruction of the center; (iii) the provision of the necessary medical equipment, furniture and supplies; (iv) the provision of training to clinical staff and hospital administration; and (v) the provision of support for the development and implementation of treatment standards (in accordance with international standards) for treatment of blood diseases.
- (c) Provision of support for the establishment of a new oncology center aimed at providing integrated oncology services to the Recipient’s population through, *inter alia*: (i) the provision of technical assistance for the design of the oncology center; and (ii) support for the development of clinical protocols and treatment standards for the oncology center.
- (d) Provision of support for the improvement of hospital quality, through, *inter alia*: (i) the development of a comprehensive cancer registry system; provision of training to hospital personnel on epidemiology and statistics; and the necessary IT equipment to the statistical department of the oncology center referred to in (c) above; and (ii) the provision of technical assistance to NIH for the development of clinical guidelines and standards for all hospitals in the Borrower’s territory.

### Part 3: Project Management

Provision of support to MOH for the technical and administrative management of the Project, including the financing of the necessary Operating Costs and audits.

### Part 4: Emergency Response to COVID-19

Preventing, detecting and responding to the threat posed by COVID-19, through, *inter alia*, the procurement of equipment and supplies to facilitate case management, infection prevention and control, and case detection.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

1. The Borrower shall operate and maintain, until the completion of the Project, an implementation unit within the MOH, to be responsible for the overall coordination of the Project (the "HPIU"). Such unit shall have staff in adequate numbers and with qualifications and experience satisfactory to the Bank including, *inter alia*, a director, a monitoring and evaluation coordinator, procurement specialists, a financial management specialist and other personnel needed for the effective implementation of the Project, all as set forth in the Operational Manual.
2. The Borrower shall carry out the Project in accordance with:
  - (a) the Operational Manual, satisfactory to the Bank, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the relevant Parts of the Project, including the following:
    - (i) the detailed description of Project implementation activities and the detailed institutional arrangements of the Project; (ii) guidelines for the adoption of an integrated medical waste management approach in all applicable activities to be developed under the Project; and (iii) the Project administrative, accounting, auditing, reporting, financial, procurement and disbursement procedures; and
  - (b) the PBF Manual.
3. In the event that any provision of the Operational Manual or the PBF Manual shall conflict with this Agreement, the terms of this Agreement shall prevail and except as the Borrower and the Bank may otherwise agree in writing, the Borrower shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Operational Manual, the PBF Manual or any of their provisions.

##### **B. Safeguards**

1. The Borrower shall, through MOH, implement the Project in accordance with:
  - (a) the ESMPs; and
  - (b) the ESMF, and thereafter implement the pertinent ESMPs, in accordance with their terms and in a manner acceptable to the Bank, ensuring that civil works will not commence for any Part of the Project, unless the ESMP for

the respective site has been prepared by the Borrower and approved by the Bank.

2. The Borrower shall ensure that any works to be carried out under the Project do not involve any Resettlement.

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

The Borrower shall furnish to the Bank each Project Report not later than forty-five (45) days 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 the Front-end Fee; 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 Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, Operating Costs, Training and consulting services for the Project, including audits.	7,381,500	80%
(2) Front-end Fee	18,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
<b>TOTAL AMOUNT</b>	<b><u>7,400,000</u></b>	



**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$1,250,000 may be made for payments made prior to this date but on or after January 1, 2021, for Eligible Expenditures under Category (1).
2. The Closing Date is February 28, 2023.

### **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**

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each May 15 and November 15 Beginning May 15, 2036 through November 15, 2045	4.76%
On May 15, 2046	4.80%

## **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. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
4. “Eligible PHC Facilities” means any PHC facility (including rural ambulatories and urban polyclinics), participating in the Project by means of a PHC Performance Agreement, as set forth in the PBF Manual.
5. “Eligible Screening Tests” means medical tests performed at Eligible PHC Facilities, including glucose level measurement, PAP smear and smear reading, antenatal care tests and any other test agreed between the Borrower and the Bank, eligible for reimbursement under the Project on a unit cost basis, as set forth in the PBF Manual.
6. “Environmental and Social Management Framework” or “ESMF” means the Borrower’s framework acceptable to the Bank, as published and available to the public on November 25, 2020, which contains the environmental and social management measures in respect of the Project, including: (a) guidelines for the identification of environmental and social risks and potential direct and indirect positive and negative environmental impacts resulting from the carrying out of the Project activities; (b) guidelines for the carrying out of environmental and social assessments and the preparation of Environmental and Social Management Plans, including Infection Control and Waste Management Plans, when applicable; (c) provisions on information disclosure, stakeholder engagement, labor conditions, occupational health and safety, and grievance redress; (d) protocols for the disposal of medical waste; (e) a generic set of mitigation measures for the expected negative impacts and methodology for monitoring their application; and (f) measures for enhancing identified positive impacts.
7. “Environmental and Social Management Plan” or “ESMP” means the site-specific instrument prepared by the Borrower, as applicable, satisfactory to the Bank, and to be disclosed by the Borrower and the Bank, which details: (a) the measures to be taken during the implementation and operation of the Project to avoid, minimize or mitigate adverse environmental and social impacts, or to reduce them to

acceptable levels; (b) Infection Control and Waste Management Plan of a project beneficiary medical institution, as applicable, providing measures for preventing internal spread of infection and safe handling of medical waste during operation of health-care facilities; and (c) the actions and capacity needed to implement prevention, reduction and mitigation measures, as said instrument may be amended from time to time with the Bank's prior written agreement.

8. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing", dated December 14, 2018 (revised on August 1, 2020).
9. "HPIU" means the Health Project Implementation Unit referred to in Section I.A.1 of Schedule 2 to this Agreement, established pursuant to MOH's Decree No. 764, dated October 22, 1996, or any legal successor thereto.
10. "Infection Control and Waste Management Plan" or "ICWMP" means a plan of a Project beneficiary medical institution laying out infection control and healthcare waste management practices to be followed during operation of this institution with the purpose of preventing internal spread of COVID-19, included in the respective site-specific ESMP.
11. "*Marz*" means an administrative subdivision or province of the Borrower, and the term "*marzes*" mean all of said administrative subdivisions.
12. "MCH" means maternal and child health.
13. "MOH" means the Borrower's Ministry of Health or any legal successor thereto.
14. "NCD" means non-communicable diseases which are not infectious, but rather linked to certain risk factors such as a person's lifestyle, genetics, or environment, all of which are known to increase the likelihood of these types of diseases.
15. "NIH" means the Borrower's National Institute of Health or any legal successor thereto.
16. "Operating Costs" means reasonable and necessary incremental expenditures, as approved by the Bank on the basis of budgets acceptable to the Bank, incurred by MOH and SHA on account of Project implementation, management, monitoring and evaluation, including the cost of office rental, office equipment and supplies, office equipment maintenance and repair, vehicle operation (including fuel costs) and repair, travel, communication, translation and interpretation, bank charges, verification and counter-verification of hospitals, salaries and medical insurance of HPIU staff, and other miscellaneous costs as may be agreed with the Bank, but excluding salaries of officials and employees of MOH and SHA.

17. “Operational Manual” means the manual dated March 2013 and amended April 2020, referred to in Section I.A of Schedule 2 to this Agreement, to be updated by the Borrower and agreed by the Bank not later than 30 days from the date of this Agreement, as the same may be amended from time to time with the agreement of the Bank.
18. “PBF Manual” means the performance-based financing manual dated February 12, 2013 which include the rules, methods, guidelines and procedures for the carrying out of the Performance-Based Financing Scheme under Part 1(a) of the Project as the same may be amended from time to time with the agreement of the Bank.
19. “Performance-Based Financing Scheme” means the Borrower’s program for reimbursement based on evaluation of performance of Eligible PHC Facilities, created pursuant to MOH’s Order No. 859-A of May 10, 2011 consisting of: (a) the reimbursement of Eligible Screening Tests performed by Eligible PHC Facilities; and (b) the provision of Performance-Based Incentives to Eligible PHC Facilities against their level of performance.
20. “Performance-Based Incentives” means payments for reasonable costs of goods, works, Salary Incentives and services, made from the Borrower, through SHA, to an Eligible PHC Facility on the basis of its level of achievement of a set of performance indicators set forth in the respective PHC Performance Agreement and the PBF Manual.
21. “PHC” means primary health care, an essential health care based on practical, scientifically sound and socially acceptable methods and technology made universally accessible to individuals and families in the community through their full participation and at an affordable cost.
22. “PHC Performance Agreements” refer to contractual agreements between the MOH, SHA, and Eligible PHC facilities, stipulating the performance indicators, target levels of achievement, definitions, calculation formulae, and sources of information.
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, and revised on November 2017, and August 2018.
24. “Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (a) standard of living adversely affected; or (b) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation,

work or place of residence or habitat adversely affected, temporarily or permanently.

25. “Salary Incentives” means the incremental salary that pursuant to MOH’s Order No. 859-A of May 10, 2011, shall be paid to PHC personnel (doctors, nurses, and administrative staff supporting the Performance-Based Financing Scheme) to remunerate their performance on the basis of the level of achievement of a set of performance indicators set forth in the PBF Manual (and thus said expenditures constitute a subset of the Eligible Expenditures defined in the General Conditions).
26. “SHA” means the Borrower’s State Health Agency established and operating pursuant to the Borrower’s Resolution No. 593 of December 18, 1997 or any legal successor thereto.
27. “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.
28. “Training” means training activities (other than consulting services) to be carried out under the Project, including the reasonable and necessary travel expenses incurred by participants in training workshops and study tours, and other expenditures directly relating to the training workshop and study tour activity, as may be agreed with the Bank.