
LOAN NUMBER 9237-LK

Loan Agreement

(Second Additional Financing for the 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, the Original Financing Agreement (as defined in the Appendix to this Agreement), the Original Loan Agreement (as defined in the Appendix to this Agreement), the Financing Agreement (including the Appendix to the Financing Agreement) or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of fifty-four million Dollars (\$54,000,000), 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 October 26, 2022 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 February 15 and August 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 shall carry out (i) Parts 1.1, 1.3, 2, 3, 4 and 5 of the

Project through its MoH and SMOPLGA; and (ii) Part 1.2 of the Project through its MoH, MoF and State Ministry of Samurdhi, Household Economy, Micro Finance, Self-Employment, Business Development and Underutilized State Resources Development, 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 Conditions of Effectiveness consist of the following:
- (a) the Borrower has updated, consulted upon, disclosed and adopted the Environmental and Social Management Framework, in form and substance satisfactory to the Bank; and
 - (b) 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.
- 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:	Facsimile:	E-mail:
94 11 2484693	94 11 2447633	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: 13-May-2021

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By F. H. Hadad-Zervos
Authorized Representative
Name: Faris H. Hadad-Zervos
Title: Country Director
Date: 12-May-2021

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 Financing Agreement.

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 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 implementation of Parts 1.1, 1.3, 2, 3, 4 and 5 of the Project in MoH and SMOPLGA, and of Part 1.2 of the Project in the MoH, MoF and State Ministry of Samurdhi, Household Economy, Micro Finance, Self-Employment, Business Development and Underutilized State Resources Development. To this end, the Borrower shall:
 - (a) maintain, throughout the implementation of the Project, the Project Management Unit within MoH 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) 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. The Project Operational Manual shall include *inter alia*, for Part 1.2 of the Project: the eligibility criteria for selection of Cash Transfer and In-Kind Support recipients, the procedures for making the Cash Transfers and In-Kind Support; the record keeping requirements and fiduciary controls at different levels of implementation, and the audit requirements; and the monitoring and evaluation mechanisms;
 - (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 Project Operational Manual, and ensuring legitimate, appropriate and proportionate treatment of such data; and
 - (d) establish and maintain, throughout the implementation of the Project, a Project Coordination Unit (PCU) within the State Ministry of Samurdhi, Household Economy, Micro Finance, Self-Employment, Business Development and Underutilized State Resources Development; and maintain, throughout the implementation of the Project, the PCU-MoF; for the purposes of day-to-day Project management and implementation of Part 1.2 of the Project, including financial management and social and environmental safeguards issues, with the composition, responsibilities and terms of reference satisfactory to the Bank; and
 - (e) within one month of the Effective Date, provide the Project Management Unit with a full-time coordinator and designated staff, including staff to undertake functions

related to financial management, procurement, and social and environmental standards, under terms of reference and in numbers satisfactory to the Bank.

B. Cash Transfers and In-Kind Support

- (a) For the purpose of carrying out Part 1.2(a) of the Project, the Borrower shall provide Cash Transfers to eligible recipients in accordance with the provisions of this Agreement and the provisions of the Project Operational Manual; and
- (b) For the purpose of carrying out Part 1.2(b) of the Project, the Borrower shall provide In-Kind Support to eligible recipients in accordance with the provisions of this Agreement and the provisions of the Project Operational Manual.

C. Vaccine Delivery and Distribution Plan

1. In order to ensure adequate implementation of Part 1.3 of the Project, the Borrower shall, by no later than one (1) month after the Effective Date, or such later date as the Bank may agree, but in any event prior to the commencement of any delivery and distribution of Project COVID-19 Vaccines within the Borrower's territory, prepare and adopt, a plan for COVID-19 Vaccine delivery and distribution ("Vaccine Delivery and Distribution Plan"), in form and substance satisfactory to the Bank, which shall include:
 - (a) rules and procedures for prioritizing intra-country vaccine allocation following principles established in the WHO Fair Allocation Framework, including an action plan setting out the timeline and steps for implementing such rules;
 - (b) rules and procedures establishing minimum standards for vaccine management and monitoring, including medical and technical criteria, communications and outreach plan, cold chain infrastructure, and other related logistics infrastructure;
 - (c) rules and procedures for processing and collection of Personal Data in accordance with good international practice;
 - (d) vaccine distribution plan, including action plan setting out timeline and steps for immunization; and
 - (e) detailed guidelines and procedures for the purchase, delivery and distribution of the Project COVID-19 Vaccine, including, *inter alia*, with respect to: administration and coordination, monitoring and evaluation, financial management, procurement and accounting procedures, environmental and social safeguards, corruption and fraud mitigation measures, a grievance redress mechanism, roles and responsibilities for Project implementation, and such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Bank.
2. The Borrower shall carry out the Project in accordance with this Agreement, the Project Operational Manual and the Vaccine Delivery and Distribution Plan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, or waive the provisions of the Project Operational Manual or Vaccine Delivery and Distribution Plan without prior approval of the Bank. In the event of any conflict between the provisions of

the Project Operational Manual or Vaccine Delivery and Distribution Plan and this Agreement, the provisions of this Agreement shall prevail.

D. Standards for COVID-19 Vaccine Approval

All Project COVID-19 Vaccines shall satisfy the Vaccine Approval Criteria.

E. 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, 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. Should there be any use of security or military personnel in the implementation of Project activities and for provision of security to Project workers, sites and/or assets, the Borrower, through MoH, shall take the following measures related to the use of security or military personnel, if any, in the implementation of Project activities and for provision of security to Project workers, sites and/or assets, in a manner satisfactory to the Bank:
 - (a) ensure standards, protocols and codes of conduct are followed for the selection and use of security or military personnel, and ensure that such personnel have not engaged in past unlawful or abusive behavior, including sexual exploitation and abuse (SEA), sexual harassment (SH) or excessive use of force;
 - (b) ensure that MoH enters into memorandum of understanding (MoU), with the MoD, setting out the arrangements for the engagement of the military or security personnel under the Project, including compliance with the relevant requirements of the ESCP;
 - (c) ensure that such personnel is deployed in accordance with the relevant requirements of ESSs and the ESCP;
 - (d) ensure that such personnel is adequately instructed and trained, prior to deployment and on a regular basis, on the use of force and appropriate conduct (including in relation to civilian-military engagement, SEA and SH, and other relevant areas), as set out in the Project Operational Manual and/or the ESMF;
 - (e) ensure that the stakeholder engagement activities under the Stakeholder Engagement Plan include a communication strategy on the involvement of security or military personnel under the Project; and
 - (f) ensure that any concerns or grievances regarding the conduct of such personnel are received, monitored, documented (taking into account the need to protect confidentiality), resolved through the Project's grievance mechanism; and reported to the Bank no later than fifteen (15) days after being received.

F. 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 ensure that:
 - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Bank, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or 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 Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
 - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Bank;
 - (c) the Contingent Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual nor the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Bank.
2. The Borrower shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to the Bank.
3. The Borrower shall ensure that:
 - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Bank; and
 - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Bank.
4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

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. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 to this Agreement, the Borrower shall ensure that such information report or document does not include Personal Data.

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, consulting services, Service Delivery Costs, Training, and Incremental Operating Costs for Part 1.3 of the Project	53,865,000	100%
(2) Emergency Expenditures	0	
(3) Front-end Fee	135,000	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	54,000,000	

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, except that withdrawals up to an aggregate amount not to exceed \$ 37,800,000 may be made for payments made prior to this date but on or after December 1, 2020 for Eligible Expenditures under Category (1) (and for the avoidance of doubt, consistent with the requirements set out in the ESCP); or

- (b) for Emergency Expenditures under Category (2), unless and until all of the following conditions have been met in respect of said expenditures:
 - (i) (A) the Borrower has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank a request to withdraw Financing amounts under Category (2); and (B) the Bank has agreed with such determination, accepted said request and notified the Borrower thereof; and
 - (ii) the Borrower has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Bank.
- 2. The Closing Date is December 31, 2023.

Section IV. Other Undertakings

- 1. Should there be activities carried out by the MoD under the Project, if any, all such activities shall be under the coordination of the 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 may be used by the MoD under the direction and control of MoH and strictly in accordance with the Project Operational Manual, Vaccine Delivery and Distribution Plan 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 the ownership of any assets generated, goods procured, and works constructed by 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.
- 3. The Borrower further undertakes that no Loan proceeds or resources may be used for security and military purposes or for any payments made to any security or military personnel without the Bank's express approval.
- 4. The Borrower shall ensure that no withdrawal for any expenditure is claimed under this Project, where the Borrower, or any of its agencies, shall have financed or agreed to finance any such expenditure incurred under any other credit, loan or grant under any contract with the Bank or any national or international agency or organization or a sovereign government.

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 February 15 and August 15 Beginning August 15, 2026 through August 15, 2038	3.85%
On February 15, 2039	3.75%

APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 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 April 7, 2021 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.
4. “Environmental and Social Management Framework” means the environmental and social management framework for the Original Project, dated January 15, 2021, prepared and adopted by the Borrower, and to be updated, disclosed, consulted upon and adopted for the Project in a manner and substance acceptable to the Bank and in accordance with the relevant ESSs, setting out the principles, rules, guidelines and procedures to screen and assess the potential adverse environmental and social risks and impacts (including health and safety issues) of Project activities, including the risks of gender-based violence and sexual exploitation and abuse, adopt measures to avoid, reduce, mitigate or offset environmental and social adverse risks and impacts, including measures that endeavor to prevent and respond to gender-based violence and sexual exploitation and abuse, procedural, budget and institutional arrangements and actions needed to implement these measures, and information on the agency or agencies responsible for addressing the Project’s risks and impacts; as well as for the preparation of any environmental and social instruments referred to therein, as such framework may be amended by the Borrower from time to time, with the prior written agreement of the Bank.
5. “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.

6. “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.
7. “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, and on December 21, 2020).
8. “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.
9. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
10. “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.