

CREDIT NUMBER 6604-NP

Financing Agreement

(COVID-19 Emergency Response and Health Systems Preparedness Project)

between

NEPAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6604-NP

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between NEPAL (“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 credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to twenty-one million two hundred thousand Special Drawing Rights (SDR 21,200,000) (variously, “Credit” and “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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Payment Dates are April 1 and October 1 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the MPA Program. To this end, the Recipient shall carry out the Project through MoHP 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 Secretary, Ministry of Finance, or its Joint Secretary of the International Economic Cooperation Coordination Division, Ministry of Finance.
- 5.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

Ministry of Finance
Government of Nepal
Singha Durbar
Kathmandu
Nepal; and

(b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
(977-1) 4211-164	secretary@mofgov.np

- 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:

Telex:

Facsimile:


248423 (MCI)

1-202-477-6391

AGREED as of the Signature Date.

NEPAL

By



Authorized Representative


Name: Sishir Kumar Dungana

Title: Finance Secretary

Date: April 7, 2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Faris H. Hadad-Zervos

Title: Country Manager

Date: April 7, 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.

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

Part 1: Emergency COVID-19 Prevention Response

- (a) Support for: (i) strengthening disease surveillance systems, public health laboratories, and epidemiological capacity for early detection and confirmation of cases; (ii) combining detection of new cases with active contact tracing; (iii) epidemiological investigation; (iv) strengthening risk assessment; (v) providing on-time data and information for guiding decision-making and response and mitigation activities; and (vi) strengthening health management information for the early warning reporting system surveillance network; (vii) the National Public Health Laboratory of the Recipient to be fully functional as the Bio-Safety Level 3 laboratory for handling infectious disease of public health concern; and (viii) other designated hospitals to have basic laboratory functions for handling public health emergencies.
- (b) Support for strengthening capacities of the selected hospitals for diagnosing and treating patients with communicable disease of public health concern by upgrading their emergency, isolation and critical care facilities, through the provision of goods, works, consulting services as well as financing other operational expenditures, including Compensation Benefits, as might be required to respond to infectious disease outbreak.

Part 2: Community Engagement and Risk Communication

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.

Part 3: 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 4: 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. The Recipient shall vest responsibility for the overall implementation of the Project in MoHP with the Chief Specialist of its Health Coordination Division serving as the Project Coordinator with the support from the HEOC. To this end the Recipient, through MoHP, shall maintain throughout the implementation of the Project, the Ministerial Level COVID-19 Coordination Committee within the MoHP, with a mandate, composition and resources satisfactory to the Association, to be chaired by its Secretary, to be responsible for, *inter alia*, coordinating and monitoring the implementation of the Project in accordance with the provisions of this Agreement.
2. The Recipient, through MoHP, shall:
 - (a) by no later than one (1) month after the Effective Date, prepare and submit to the Association the protocols with respect to personal data collection and processing in accordance with applicable national law and good international practice and such other arrangements and procedures, in form and substance satisfactory to the Association; and
 - (b) ensure, based on the protocols referred to in (a) above, that the collection, use, and processing (including transfers to third parties) of any personal data collected under this Project shall be done in accordance with best international practice ensuring legitimate, appropriate, and proportionate treatment of such data.

B. 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 Environmental and Social Commitment Plan ("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.

C. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project (“Contingent Emergency Response Part”), the Recipient shall:
 - (a) prepare and furnish to the Association 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 Association a reasonable opportunity to review the proposed CERCM;
 - (c) promptly adopt the CERCM for the Contingent Emergency Response Part as accepted by the Association;
 - (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 Association.
2. The Recipient 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 Recipient has determined that an Eligible Crisis or Health Emergency has occurred, has furnished to the Association a request to include said activities in the Contingent Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

- (b) the Recipient has ensured the disclosure of all environmental and social instruments/plans required for said activities in accordance with the ESCP, the Recipient has approved all such instruments, and the Recipient 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 4 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 Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each Fiscal Quadrimester, covering the Fiscal Quadrimester. 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 to 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 Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Compensation Benefits, Incremental Operating Costs and Training for the Project	21,200,000	100%
(2) Emergency Expenditures	0	
TOTAL AMOUNT	21,200,000	

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 SDR8,480,000 may be made for payments made prior to this date but on or after January 1, 2020, for Eligible Expenditures under Category (1); or
 - (b) for Emergency Expenditures under Category (2), unless and until the Association is satisfied that all of the following conditions have been met in respect of said expenditures:
 - (i) the Recipient has determined that an Eligible Crisis or Health Emergency has occurred, has furnished to the Association a request to include said activities in the Contingent Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;
 - (ii) the Recipient has prepared and disclosed all environmental/social documents, (including ESCP) required for said activities, and the Recipient 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 Association that it has adequate staff and resources for the purposes of said activities; and

- (iv) the Recipient has adopted the CERCM, in form and substance acceptable to the Association, 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 July 16, 2022.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 1 and October 1, commencing October 1, 2026 to and including April 1, 2058	1.5625%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

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. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “Compensation Benefits” means the Recipient’s package of benefits to be provided to clinical and non-clinical workers (including volunteers) implementing COVID-19 outbreak response activities and consisting of: (a) provision of hazard pay to such workers; (b) provision of medical care to workers exposed to COVID-19 in the course of duty; and (c) provision of death benefits to families of the workers fatally exposed to COVID-19 in the course of duty.
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 Recipient for the Contingent Emergency Response Part in accordance with the provisions of said Section.
6. “Contingent Emergency Response Part” means Part 4 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 Recipient, 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. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 27, 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.

11. “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.
12. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018.
13. “Health Emergency” means an event that has caused, or is likely to imminently cause, a major adverse health impact to the Recipient, associated with a natural or man-made crisis or disaster.
14. “HEOC” means the Recipient’s Health Emergency Operation Center, established within the MoHP premises, through the decision by its Secretary on January 12, 2012, or any successor thereto.
15. “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 Recipient’s existing policy); and salaries and allowances of contractual staff (other than consultants) but excluding salaries and salary top ups of the Recipient’s civil servants and those items included in the Compensation Benefits.

16. “Ministerial Level COVID-19 Coordination Committee” means the committee established through the decision by the Minister, MoHP on March 25, 2020.
17. “MoHP” means the Recipient’s Ministry of Health and Population, or any successor thereto.
18. “MPA Program” means the global emergency 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.
19. “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.
20. “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.
21. “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.
22. “Steering Committee” means the committee established through the decision by the Minister, MoHP on February 29, 2020.
23. “Technical Coordination Committee” means the technical working group established through the decision by the Minister, MoHP on February 29, 2020.
24. “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 Association 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.