Financing Agreement

(Grant in support of the Pandemic Emergency Financing Facility)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, as trustee of the Pandemic Emergency Financing Facility Trust Fund

Dated June 23, 2017
MTO No. 069030

FINANCING AGREEMENT

AGREEMENT dated June 23, 2017, entered into between the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the International Bank for Reconstruction and Development ("Bank"), as trustee of the Pandemic Emergency Financing Facility ("PEF") Trust Fund (MTO No. 069030) (the "Trust Fund") ("Recipient"). The Association and the Recipient hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The following provisions of the General Conditions (as defined in the Appendix 1 to this Agreement), with the modifications set forth in Section 1.02 or as otherwise modified by this Agreement, constitute an integral part of this Agreement.

(i) Article I (Introductory Provisions);

(ii) Section 2.01 (b) (Financing Account, Withdrawals Generally, Currency of Withdrawals); Section 2.03 (a), (d) and (e) (Applications for Withdrawal or for Special Commitment);

(iii) Section 3.06 (Place of Payment); Section 3.07 (a) (Currency of Payment);

(iv) Section 6.01 (Cancellation by the Recipient);

(v) Section 6.03 (e) (Cancellation by the Association);

(vi) Section 9.02 (Action on Behalf of the Recipient and the Project Implementing Entity); Section 9.04 (Execution in Counterparts); Section 9.05 (Disclosure); and

(vii) Appendix (Definitions); except that if any terms defined in the Appendix are not used in this Agreement or the provisions of the General Conditions set forth above in this Section 1.01, such terms shall be disregarded.

1.02. The General Conditions, unless the context otherwise requires, shall be modified as follows:
(i) Paragraph 21 of the Appendix (Definitions) is modified to read as follows:

"21. "Eligible Expenditure" means any use of funds permitted under the Trust Fund, which is in support of the Activities."

(ii) Paragraph 45 of the Appendix (Definitions) is modified to read as follows:

"45. "Recipient" means the party to the Financing Agreement to which the Grant is extended."

1.03. Unless the context requires otherwise, and subject to Sections 1.01 and 1.02 above, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix 1 to this Agreement.

ARTICLE II — GRANT

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in the amount of fifty million Dollars (US$ 50,000,000) ("Grant"), to assist in financing the activities described in Schedule 1 to this Agreement ("Activities").

2.02. The Payment Currency is Dollar.

2.03. The Recipient shall, promptly after the date of this Agreement and in accordance with Section III of Schedule 2 to this Agreement, withdraw the proceeds of the Grant in full in Dollars to be deposited in the Trust Fund and administered by the Recipient in accordance with the Trust Fund Standard Provisions (attached hereto as Appendix 2, and as the same may be amended by written amendment of all Contributors), and consistent with the terms of the PEF Framework (as the same may be amended from time to time in accordance with its terms).

2.04. The proceeds of the Grant deposited in the Trust Fund shall be held in the Trust Fund together with other funds deposited in the Trust Fund including Contributions from other Contributors, without establishing a sub-account in the Trust Fund for purposes of the proceeds of the Grant. All funds deposited in the Trust Fund shall be accounted for as a single trust fund as set out in the Trust Fund Standard Provisions.

2.05. Unless the Association and the Recipient shall otherwise agree, the Recipient shall promptly after the Closing Date return to the Association any remaining amount of the Grant proceeds that are deposited in the Trust Fund and not required to
finance Eligible Expenditures on or before the Closing Date. Any such return of the Grant proceeds shall be made without any investment income thereon.

2.06. For purposes of the Trust Fund, including the Trust Fund Standard Provisions and the PEF Framework, references to "the Association", "this Agreement" and "the Grant" shall be deemed to be references to "a Contributor", "a Contribution Agreement/Arrangement" and "a Contribution", respectively.

ARTICLE III — EFFECTIVENESS; TERMINATION

3.01. This Agreement shall enter into effect on the date as of which it has been executed by the Association and the Recipient.

3.02. This Agreement and all obligations of the parties hereunder shall terminate when all such obligations have been fully performed.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Recipient’s Representative is Director, Trust Funds and Partnerships, Development Finance.

4.02. Any notice, request or other communication to be given or made under this Agreement shall be in writing and delivered by hand or by facsimile or email to the respective party’s address specified in this Agreement or at such other address as such party notifies in writing to the other party from time to time.

4.03. The Association’s Address is:
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

4.04. The Recipient’s Address is:
International Bank for Reconstruction and Development,
as Trustee of the Pandemic Emergency Financing Facility Trust Fund (MTO No. 069030)
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
E-mail: mttotrustee@worldbank.org
AGREED at Washington, D.C., USA, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: Lisa Fineman
Title: Director, IDA

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT, as Trustee of the Pandemic
Emergency Financing Facility Trust Fund

By

[Signature]
Authorized Representative

Name: Jae Hyang So
Title: Director, Trust Funds and Partnerships
SCHEDULE 1

Activities Description

1. Activities to be financed by the Grant are the following:

Issuance of Pandemic Bond(s) and/or purchase of Pandemic Insurance(s) by the Treasury Manager to obtain risk coverage for the period of up to three (3) years (with possible extension(s) upon pre-defined extension event(s)) against an outbreak(s) of covered disease(s), consistent with the terms of the PEF Framework; provided however that:

(a) the proceeds of the Grant may only be used to finance payment obligations of the Treasury Manager to the noteholders under the Pandemic Bond(s) and/or the counterparty(-ies) under the Pandemic Insurance(s). For the avoidance of doubt, such payment obligations may include any associated premiums (which may include risk coverage premiums and any call option premium in case of early redemption or termination) and other amounts payable to such noteholders or counterparties pursuant to the terms of the Pandemic Bond(s) or Pandemic Insurance(s) as applicable, in connection with the risk coverage so obtained by the Treasury Manager; and

(b) tracking and reporting of such application of Grant Proceeds will be made without establishing a sub-account in the Trust Fund for the Grant proceeds.
SCHEDULE 2
Activities Execution

Section I. Implementation Arrangements

A. Institutional Arrangements. The Activities are carried out as follows:

1. Operations of the PEF will be carried out as set out in the PEF Framework. The Bank performs its functions as Treasury Manager for the PEF consistent with the terms of the PEF Framework, and the Recipient administers the Trust Fund in accordance with the Trust Fund Standard Provisions and consistent with the terms of the PEF Framework.

Section II. Reporting and Evaluation

A. Activities Reports

1. The Recipient shall annually furnish to the Association a report on the Activities, indicating: (a) amounts of Trust Fund resources committed and/or transferred by the Recipient to the Treasury Manager, against which the proceeds of the Grant are applied in support of the Activities, and (b) receipts, disbursements and use of Trust Fund resources by the Treasury Manager.

2. The Recipient shall furnish to the Association not later than six (6) months after the Closing Date a report on the execution of the Activities and the accomplishment of the purposes of the Grant.

B. Financial Reports and Audits

1. The Recipient shall annually furnish to the Association:

   (a) a report on the receipts in, transfers from and fund balance of the Trust Fund, as set out in paragraph 6.2 of the Trust Fund Standard Provisions; and

   (b) an annual single audit report for all cash-based trust funds as a whole, as set out in paragraph 6.3 of the Trust Fund Standard Provisions.

Section III. Withdrawal of the Proceeds of the Grant

A. General

1. The Grant is provided with the objective of making funding available to the PEF to supplement Contributions from other Contributors in support of the Activities.
2. The Recipient may withdraw the proceeds of the Grant in accordance with Section 2.01 (b) (Financing Account, Withdrawals Generally, Currency of Withdrawals) and Section 2.03 (a), (d) and (e) (Applications for Withdrawal or for Special Commitment) of the General Conditions and this Section, to finance 100% (inclusive of Taxes) of Eligible Expenditures.

B. Withdrawal Period

1. The Closing Date is April 30, 2022.
APPENDIX 1

Definitions

1. "Contribution": means any funds made or to be made available to the Trust Fund by any Contributor.

2. "Contribution Agreement/Arrangement": means a contribution agreement, arrangement or deed entered into or to be entered into between a Contributor and the Recipient in respect of a Contribution.

3. "Contributor": means any donor that provides any Contribution to the Trust Fund.

4. "General Conditions": means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Article I of this Agreement.

5. "Pandemic Bond": means any catastrophe bond issued or to be issued by the Treasury Manager, under which agreed-upon payout(s) will be made available to the Treasury Manager through a reduction of principal amount of the bond due to the bondholders, upon meeting the activation criteria related to the severity of a covered disease that are set forth in the terms thereof.

6. "Pandemic Insurance": means any catastrophe insurance coverage purchased or to be purchased by the Treasury Manager, which may take the form of, but not limited to, over-the-counter derivatives, and under which agreed-upon payout(s) will be made to the Treasury Manager upon meeting of the activation criteria related to the severity of a covered disease that are set forth in the terms thereof.


8. "PEF Framework": means the "Pandemic Emergency Financing Facility Framework", which sets out, inter alia, the governance arrangements of the PEF.

9. "Treasury Manager": means the Bank, either as the issuer of Pandemic Bond(s) and/or the purchaser of Pandemic Insurance(s).

APPENDIX 2

Standard Provisions for the Pandemic Emergency Facility Trust Fund

These Standard Provisions for the Pandemic Emergency Financing Facility Trust Fund (these “Standard Provisions”) shall be applicable to and form an integral part of all contribution agreements/arrangements/deeds between the Trustee and the respective donors to the Trust Fund (each a “Contributor”, collectively, “Contributors”) (each a “Contribution Agreement”, collectively, “Contribution Agreements”).

1. Establishment of the Trust Fund

1.1 The Pandemic Emergency Financing Facility Trust Fund (the “Trust Fund”) is established by the International Bank for Reconstruction and Development (the “World Bank”) acting in its capacity as trustee (the “Trustee”) to support the purpose and objectives of the Pandemic Emergency Financing Facility (the “PEF”). The governance and operational framework applied to the PEF is set out in the PEF Framework, as such document may be amended from time to time in accordance with its terms.

1.2 The Trustee shall hold in trust as a holder of the legal title, and administer the funds, assets and receipts that constitute the Trust Fund, in accordance with the terms of Contribution Agreements entered into between the Trustee and the respective Contributors that provide financial contributions to the Trust Fund (“Contributions”).

1.3 The Trustee shall be responsible only for performing those functions specifically set forth in this Contribution Agreement, including its annexes, and shall not be subject to any other duties or responsibilities to the Contributors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Contribution Agreement shall be considered a waiver of any privileges or immunities of the World Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.

2. Receipt of the Contributions and Other Funds in the Trust Fund

2.1 The Trustee may accept Contributions, and receive payments thereof, from the Contributors in accordance with the provisions of the Contribution Agreements.

2.2 The Trustee may also receive in the Trust Fund:

(a) any amount transferred from the Treasury Manager (as defined in the PEF Framework) to the Trustee pursuant to the arrangements agreed between the Trustee and the Treasury Manager in accordance with paragraph 4.2 below, in respect of any Pandemic Bond/Insurance Payout Amount (as defined in the PEF Framework) in accordance with the PEF Framework; and
(b) any amount of fee payment if such payment is required to be made by or on behalf of any country in order for such country to receive any PEF Coverage as PEF Eligible Country (as defined in the PEF Framework); provided that the Trustee has entered into an agreement with such country (or any entity on its behalf) for this purpose.

3. **Management of the Funds deposited in the Trust Fund**

3.1 The funds deposited in the Trust Fund shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the World Bank. The funds deposited in the Trust Fund may be commingled with other trust fund assets maintained by the World Bank. The World Bank, in its capacity as trustee, has legal title to the funds deposited in the Trust Fund.

3.2 The currency in which the funds in the Trust Fund shall be held is the United States dollar (the “Holding Currency”).

3.3 Contributors agree to deposit their Contributions in the Holding Currency, or such other freely convertible currency acceptable to the Trustee, as stated in their respective Contribution Agreements. In the case of deposits received in a Contribution Currency other than the Holding Currency, promptly upon the receipt of such amounts and the accompanying Deposit Instructions, the Trustee shall convert such amounts into the Holding Currency at the exchange rate obtained by the Trustee on the date of the conversion. Where deposits prove to be insufficient to complete activities as a result of exchange rate fluctuations, neither the Trustee nor the Contributor shall bear any responsibility for providing any additional financing.

3.4 The funds deposited in the Trust Fund may be freely exchanged by the Trustee into other currencies as may facilitate their administration as provided herein at the exchange rate obtained by the Trustee on the date of the conversion.

3.5 The Trustee shall invest and reinvest the funds deposited in the Trust Fund pending their transfer in accordance with the World Bank’s applicable policies and procedures for the investment of trust funds administered by the World Bank. The Trustee shall credit all income from such investment to the Trust Fund to be used for any purposes provided for under these Standard Provisions.

4. **Commitment, Transfer and Use of Trust Fund Resources**

4.1 Subject at all times to availability of applicable resources in the Trust Fund consistent with applicable provisions of the PEF Framework and Contribution Agreements, the Trustee may commit, transfer and/or use Trust Fund resources for any purposes permitted under the PEF Framework. The Trustee will make any commitment and transfer of Trust Fund resources: (a) to the Treasury Manager in accordance with the PEF Framework and the arrangements agreed under paragraph 4.2 below, and (b) to any
Responding Agencies (as defined in the PEF Framework) based on the amounts of allocations notified by the PEF Coordinator, in accordance with the PEF Framework and the provisions of paragraphs 4.3 through 4.6 below.

4.2 The Trustee and the Treasury Manager shall agree to the arrangements, under which: (a) the Trustee will commit, transfer or otherwise make available to the Treasury Manager, Trust Fund resources to cover any amount payable under Pandemic Bond(s) and/or Pandemic Insurance(s) or related to performing the roles of the Treasury Manager in accordance with the PEF Framework, including any associated fees, costs, expenses or other amounts payable, and (b) the Treasury Manager will transfer to the Trustee any applicable amount of Pandemic Bond/Insurance Payout Amount received or to be received by, or made available to, the Treasury Manager under the Pandemic Bond or the Pandemic Insurance, as applicable, in accordance with the PEF Framework.

4.3 The Trustee shall enter into a financial procedures agreement (a “Financial Procedures Agreement”) with each Responding Agency that receives Trust Fund funds directly from the Trustee. The Trustee will commit and transfer Trust Fund funds to the Responding Agencies in accordance with the terms of the Financial Procedures Agreements.

4.4 The Financial Procedures Agreement will provide, inter alia, that each Responding Agency will be responsible for:

(i) the use of the Trust Fund resources transferred to it and activities carried out therewith in accordance with: (a) its policies and procedures, and (b) the applicable terms and conditions under which funding from the PEF are provided, including the purpose for which the allocations of the Trust Fund resources have been provided and the applicable decisions of the Steering Body (as defined in the PEF Framework) based on which the PEF funding has been provided;

(ii) reporting to the Steering Body on its activities in accordance with the terms of the PEF Framework and the Operations Manual of the PEF as approved by the Steering Body from time to time; and

(iii) taking reasonable measures, in accordance with its policies and procedures, to ensure that the funds provided to the Responding Agency by the Trustee are used for intended purposes and not diverted to terrorists or their agents, in line with PEF participating countries obligations to give effect to the relevant decisions of the Security Council taken under Chapter VII of the Charter of the United Nations.

4.5 Subject to paragraph 4.6 below, the Trustee will require, and accept from, the Responding Agencies that have received Trust Fund funds from the Trustee, periodic financial reports in accordance with the provisions of the Financial Procedures Agreement.
The Trustee will, upon request, furnish the Steering Body and/or each Contributor with copies of any relevant financial reports made available from the Responding Agencies under, and subject to the provisions of, the Financial Procedures Agreements.

4.6 Upon transfer of funds, the Trustee shall have no responsibility for the use of Trust Fund funds transferred and activities carried out therewith. Each Responding Agency shall be responsible for reporting to the Steering Body on the use of Trust Fund funds transferred to it and its activities carried out therewith, including the provisions of progress reports thereon, in accordance with the PEF Framework and the respective Financial Procedures Agreement.

5. **Administrative Costs**

5.1 Trust Fund resources may be used to cover any costs, expenses, fees and other payment obligations incurred by the World Bank in its capacity as the Trustee, the PEF Coordinator, the Treasury Manager in accordance with the provisions of the PEF Framework.

5.2 With respect to the administrative costs, expenses, fees and other payment obligations incurred by the Treasury Manager (including any costs, expenses, fees or other payment obligations incurred in connection with the services provided by the Treasury Manager prior to the effectiveness of the PEF Framework or these Standard Provisions, for issuance of any Pandemic Bond or purchasing of Pandemic Insurance), the Trustee may commit and transfer to the Treasury Manager upon request any such amount incurred by it in accordance with the arrangements agreed under paragraph 4.2 above, to cover the full costs of services to be provided by the Treasury Manager.

5.3 With respect to the administrative costs, expenses and fees of the Trustee and the PEF Coordinator, the Trustee and the PEF Coordinator, respectively, will submit an annual work plan and indicative budget to the Steering Body for allocation of Trust Fund funds to cover the full costs of services to be provided by the Trustee and the PEF Coordinator, respectively, in the upcoming period (and/or the services provided prior to the effectiveness of the PEF Framework or these Standard Provisions), in connection with the performance of their functions under the Contribution Agreements. Upon allocation of the Trust Fund funds by the Steering Body, the allocated amount shall be transferred from the Trust Fund resources to the account of the Trustee and the PEF Coordinator, respectively; provided that the amount of the resources transferred may be subject to an end of budget period adjustment on the basis of full cost recovery for the services provided during that period, as such arrangement may be agreed between the Steering Body and the Trustee or the PEF Coordinator, as the case may be, in connection with the aforementioned allocation.

6. **Accounting and Financial Reporting**

6.1 The Trustee shall maintain separate records and ledger accounts in respect of the funds deposited in the Trust Fund and transfers made therefrom.
6.2 Unless otherwise agreed between the Steering Body and the Trustee, the Trustee shall annually furnish to the Steering Body a report on the receipts in, transfers from and fund balance of the Trust Fund in the Holding Currency. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts in, transfers from and fund balance of the Trust Fund in the Holding Currency shall be made available to the Contributors.

6.3 The Trustee shall provide to the Contributors via the World Bank’s Trust Fund Donor Center secure website, within six (6) months following the end of each World Bank fiscal year, an annual single audit report, comprising: (i) a management assertion together with an attestation from the World Bank’s external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (ii) a combined financial statement for all cash-based trust funds together with the World Bank’s external auditor’s opinion thereon. The cost of the single audit shall be borne by the Trustee.

6.4 If the Steering Body or an individual Contributor wishes to request, on an exceptional basis, a financial statement audit by the World Bank’s external auditors of the Trust Fund, the Steering Body or such Contributor, as the case may be, and the Trustee shall first consult as to whether such an external audit is necessary. The Trustee and the Steering Body or the Contributor shall agree on the appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Trustee shall arrange for such external audit. The costs of any such audit, including the internal costs of the World Bank with respect to such audit, shall be borne by the Trust Fund if the audit was requested by the Steering Body, or by the requesting Contributor if the audit was requested by the Contributor.

7. Disbursement; Refund; Termination

7.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Trustee by April 30, 2022, except that such date may be extended up to twenty (20) years from the establishment of the Trust Fund with the decision of the Steering Body and agreement of the Trustee (the “End Disbursement Date”); provided that such date shall not end earlier than the date falling on six (6) months after the last maturity or expiry date of any Pandemic Bond issued or to be issued and Pandemic Insurance purchased or to be purchased.

7.2 The Trustee may terminate its role as trustee of the Trust Fund in accordance with the provisions of the PEF Framework.

7.3 Following the End Disbursement Date or termination by the Trustee of its role as trustee of the Trust Fund, unless otherwise agreed between the Trustee and the Contributor, the Trustee shall return any remaining balance of the Trust Fund to each Contributor in the
Holding Currency in the manner specified in its respective Contribution Agreement on a pro rata basis with regard to the total funds deposited in the Trust Fund by such Contributor for the relevant Window designated in the Contribution Agreement relative to the total funds deposited in the Trust Fund by all Contributors for the same Window, all calculated as Holding Currency amounts; provided that the Trustee may return any such balance of the Trust Fund to each Contributor only after satisfying or adequately providing for the satisfaction of all commitments and/or liabilities and upon receipt of such releases and indemnities as it may deem necessary for its protection.

7.4 Notwithstanding paragraph 7.3 above, if so specified in the relevant Contribution Agreement, the Trustee may, following the scheduled End Disbursement Date as at the effectiveness of the Contribution Agreement (or such other date as the Trustee may agree), return the International Development Association (the "IDA") in the Holding Currency any remaining balance of the relevant Contribution from the IDA, if any, which is deposited in the Trust Fund but no longer necessary or available for Trustee commitments, transfers or use for the purposes provided under that Contribution Agreement with IDA.

8. Disclosure; Dispute Resolution

8.1 The Trustee shall disclose the Contribution Agreements and related information on this Trust Fund in accordance with the World Bank's Policy on Access to Information. By entering into Contribution Agreements, the Contributors consent to such disclosure of their respective Contribution Agreements and such related information.

8.2 The Contributors and the Trustee shall use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Contribution Agreements.