Financing Agreement

(COVID-19 Emergency Response Project)

between

REPUBLIC OF KENYA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the REPUBLIC OF KENYA (the "Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the "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 the amount of forty five million five hundred thousand Euros (EUR 45,500,000) (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 the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.

2.05. The Interest Charge is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum; on the Withdrawn Credit Balance.

2.06. The Payment Dates are May 15 and November 15 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
2.08. The Payment Currency is Euro.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project and the MPA Program. To this end, the Recipient shall carry out the Project through the Ministry of Health (“MoH”) in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — TERMINATION

4.01. The Effectiveness Deadline is the date fourteen (14) 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 the Recipient’s Cabinet Secretary responsible for finance.

5.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient’s address is:
   The National Treasury and Planning
   Treasury Building, Harambee Avenue
   P.O Box 30007-00100
   Nairobi, Kenya; and

   (b) the Recipient’s Electronic Address is:
   Facsimile: 254 20 330426; 254 20 218475

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: 248423 (MCI) Facsimile: 1-202-477-6391 E-mail: kenyainfo@worldbank.org
AGREED as of the Signature Date.

REPUBLIC OF KENYA

By 

Authorized Representative
Name: **Vikur Yatani**
Title: **CS/National Treasury**
Date: **3rd April, 2020**

INTERNATIONAL DEVELOPMENT ASSOCIATION

By 

Authorized Representative
Name: **Carlos Felipe Jaramillo**
Title: **Country Director**
Date: **3rd April, 2020**
SCHEDULE 1

Project Description

The objective of the Project is to prevent, detect and respond to the COVID-19 outbreak and strengthen national systems for public health emergency preparedness in the Republic of Kenya.

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

Part 1: Medical supplies and equipment

Financing and support for provision of supplies and equipment needed to respond to COVID-19 and other public health emergencies and strengthening the capacity of the MoH to provide timely medical diagnosis for COVID-19 patients through:

(a) strengthening capacity of select laboratories (including zoonotic laboratories) to manage large scale testing for COVID-19 cases and other infectious diseases through procurement of specialized equipment (such as polymerase chain reaction machines and sequencers) and test-kits to allow screening of multiple pathogens;

(b) support for the provision of sample collection and packaging supplies, reagents and transport media, including shipment of samples to the National Public Health Laboratory (NPHL) and other referral laboratories;

(c) procurement of Personal Protective Equipment (PPE), pharmaceuticals and non-pharmaceutical commodities and supplies required for case management and infection prevention control; and

(d) strengthening clinical care capacity in selected hospitals to provide critical care for patients with severe illnesses.

Part 2: Response, capacity building and Training

Strengthening response and operational capacity of key stakeholders including health workers and communities through financing and support for:

(a) coordination of activities at national and county level, including support towards the National COVID-19 Steering Committee and the National COVID-19 Task force;

(b) training of health workers at all levels of the health system on relevant guidelines and protocols;
adaptation and roll out of the third edition of the Integrated Disease Surveillance and Response technical guidelines;

strengthening surveillance and screening at all Ports of Entry (PoE) and at the community level, including development and adaptation of an electronic community-based reporting system, training of community health workers and equipping them with the right tools to conduct surveillance, and equipping all PoE with the necessities to function effectively;

strengthening operational capacity of the Public Health Emergency Operations Center (PHEOC) and the rapid response and contact tracing teams;

cross hospital expert teleconferencing facilities in selected hospitals to enable clinicians to share their knowledge and experiences in management of diseases;

establishment and operationalization of the National Public Health Institute (NPHI); and

increasing the number of health workers required to meet the additional demands for surveillance, rapid response and case management.

Part 3: Quarantine, isolation and treatment centers

Strengthening the health systems capacity to effectively provide Infection, Prevention and Control (IPC) and case management of COVID-19 cases through financing and support for:

(a) facilities for isolation rooms in all PoE;

(b) isolation room facilities in high risk counties, level 5 hospitals and high-volume level 4 hospitals; and

(c) strengthening capacity of the Kenyatta National Hospital Infectious Disease Unit Mbagathi, Kenyatta University Teaching and Referral Hospital and Moi Teaching and Referral Hospital to manage infectious diseases – including structural changes to improve negative pressure airflow, floor and air quality among others.

Part 4: Medical waste disposal

Support for safe disposal of waste generated by laboratory and medical activities through financing and support for, (a) procurement of specialized incinerators for selected national-level referral hospitals and other referral laboratories, and (b) construction of
incinerator areas, acquisition of licenses and training on incinerator use and medical waste packaging.

Part 5: **Community discussions and information outreach**, through financing and support for:

(a) rapid community behavior assessment to gather information about different groups' knowledge, attitudes, beliefs and challenges related COVID-19 response;

(b) continuous behavior assessment and community sensitization through mobile feedback (text messages and social media platforms), public health address systems and dedicated radio call-in shows in both mainstream and indigenous languages;

(c) design, production and distribution of Information Education and Communication (IEC) materials;

(d) publication of electronic IEC materials through all media outlets, including translation of messages into various indigenous languages; and

(e) communication publicizing the Project grievance redress mechanism.

Part 6: **Availability of safe blood and blood products**

Strengthening the capacity of the Kenya National Blood Transfusion Service (KNBTS) to provide safe blood and blood products through financing and support for:

(a) enhancing blood collection and supply services through strengthening the coordination of national, Regional Blood Transfusion Centers (RBTCs) and satellite centers, procurement of consumables and supplies for blood collection, procurement of supplementary auxiliary equipment for the blood collection centers, and strengthening systems for blood mobilization, collection and retention;

(b) automation of blood transfusion service systems to enhance efficiency and traceability of blood and blood products between collection sites, RBTCs and transfusing health facilities;

(c) enhancing screening for transfusion transmissible infections (TTIs) by expanding KNBTS' testing capacity through provision of auxiliary and multiplex laboratory equipment and purchase of reagents for screening of TTI and pathogen inactivation;

(d) enhancing efficiency and quality of blood and blood products through, full automation of blood component processing systems, maintaining cold storage, and ensuring quality control through regular testing and accreditation.
rooms for blood storage, procurement and maintenance of generators to ensure limited loss of the blood and blood products and establishing a preventive maintenance plan for all the laboratory equipment in collaboration with the NPHL equipment maintenance centre of excellence; and

(e) strengthening quality assurance systems in line with international standards and best practices on blood safety including trainings and mentorship of technical staff, enrolment of the testing centres into proficiency testing schemes contract integrated courier services for blood transfusion.

Part 7: Project Implementation and Monitoring

Financing and support for; (a) Project management, coordination and implementation; (b) monitoring and evaluation including: (i) assessment of environmental and social risks management; (ii) establishment of a call center to handle complaints and feedback from the public linked to the PHEOC; and (iii) stakeholder engagement; and (c) Operating Costs.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Ministry of Health (MoH). The Recipient shall designate and charge the MoH with overall responsibility for implementation of the Project including inter alia, preparation of annual work plans, environmental and social risks management, financial management, procurement (except for medical supplies and equipment), monitoring and evaluation and Project reporting.

2. Kenya Medical Supplies Agency (KEMSA). The Recipient shall designate KEMSA to procure and distribute medical supplies and equipment under the Project.

3. National Emergency Response Committee on COVID-19 (NERC). The Recipient shall: (a) maintain, at all times during the implementation of the Project, NERC with composition, powers, functions, facilities and other resources satisfactory to the Association; and (b) designate NERC to provide overall oversight and strategic guidance for implementation of the Project.

4. National COVID-19 Task Force. The Recipient shall: (a) maintain, at all times during the implementation of the Project, the National COVID-19 Task Force with composition, powers, functions, facilities and other resources satisfactory to the Association; and (b) designate the National COVID-19 Task Force to provide technical support and guidance for implementation of the Project.

5. Project Management Team.

(a) The Recipient shall within thirty (30) days after the Effective Date establish and thereafter maintain throughout Project implementation, a Project Management Team (“PMT”), with adequate resources and facilitation, key staff holding such qualifications and under terms of reference acceptable to the Association, such staff to include a project manager, a monitoring and evaluation specialist, at least one dedicated specialist for each of social risks and environmental risks management and any other technical and fiduciary specialists as may have been agreed with the Association and as further detailed in the Project Implementation Manual (“PIM”).

(b) The PMT shall coordinate and manage the timely and effective implementation of the Project. Additionally, the PMT shall prepare
quarterly financial and technical reports and perform such other functions as may be further detailed in the PIM.

(c) The PMT shall work in close collaboration with the project management team designated under the Association-supported Transforming Health Systems for Universal Care Project (“THS-UCP”). The Recipient shall stipulate in the PIM specific cross-cutting functions that will be shared between the project management teams under this Project and the THS-UCP, including procurement, environmental and social risks management and financial management.

B. Implementation Covenants.

1. Project Implementation Manual (PIM)

(a) The Recipient shall:

(i) no later than thirty (30) days after the Effective Date, prepare a project implementation manual containing detailed arrangements and procedures for implementation of the Project including inter alia: (A) administration and coordination; (B) monitoring and evaluation; (C) financial management, procurement and accounting procedures; (D) environmental and social risks management; (E) corruption and fraud mitigation measures; (F) a grievance redress mechanism; (G) Personal Data collection and processing in accordance with applicable national law and good international practice; (H) roles and responsibilities for Project implementation; and (I) and such other arrangements and procedures as shall be required for the effective implementation of the Project;

(ii) furnish to and exchange views with the Association on such manual promptly upon its preparation, and consequently adopt such manual as shall have been approved in writing by the Association (Project Implementation Manual or PIM); and

(iii) thereafter implement the Project in accordance with the requirements set forth in the PIM.

(b) The PIM shall not be amended, abrogated or any provision thereof waived unless the Association has provided its prior written ‘no-objection’.

(c) In the event of any conflict between the provisions of the PIM and those of this Agreement, the provisions of this Agreement shall prevail.
2. **Work Plans and Budget**

(a) The Recipient shall no later than thirty (30) days after the Effective Date:

(i) prepare and furnish to the Association a proposed work plan and budget for Project implementation setting forth: (A) a detailed description of the planned activities, including any proposed conferences and Training, under the Project for the period covered by the plan; (B) the sources and proposed use of funds thereof; (C) procurement and environmental and social risks management arrangements thereof, as applicable; and (D) responsibility for the execution of said Project activities, budgets, start and completion dates, outputs and monitoring indicators to track progress of each activity; (ii) taking into account the Association's comments, finalize the plan and furnish it to Association for its approval; and (iii) adopt the plan as shall have been approved by the Association (Work Plan and Budget or WPB).

2. The Recipient shall ensure that the Project is implemented in accordance with the WPB.

3. The Recipient shall not make or allow to be made any change to the WPB without prior agreement in writing by the Association.

4. In the event of any conflict between the WPB and the provisions of this Agreement, the provisions of this Agreement shall prevail.

C. **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, as provided in the ESCP;

   (b) sufficient funds are available to cover the costs of implementing the ESCP;

   (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
(d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. The Recipient shall ensure that:

(a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

(b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.

6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.
Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than thirty (30) days after the end of each calendar quarter, covering the calendar quarter. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit (expressed in EUR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training for the Project</td>
<td>45,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>45,500,000</td>
<td></td>
</tr>
</tbody>
</table>

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 eighteen million Euros (EUR 18,000,000) may be made for payments made prior to this date but on or after January 1, 2020, for Eligible Expenditures under Category (1).

2. The Closing Date is March 31, 2025.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15th and November 15th:</td>
<td></td>
</tr>
<tr>
<td>commencing May 15, 2025 to and including November 15, 2044</td>
<td>1.65%</td>
</tr>
<tr>
<td>Commencing May 15, 2045 to and including November 15, 2049</td>
<td>3.40%</td>
</tr>
</tbody>
</table>

* 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. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.


4. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 25, 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.


7. "Kenya Medical Supplies Authority" or "KEMSA" means a state corporation of the Recipient established under the Kenya Medical Supplies Authority Act, 2013 or any successor to KEMSA.

8. "Ministry of Health" or "MoH" means the Recipient’s ministry responsible for health.

9. "MPA Program" means the multiphase programmatic approach program designed to assist countries in their efforts to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.

10. "Operating Costs" means the reasonable incremental expenses incurred by the Recipient on account of Project implementation, including costs related to audits, office equipment and supplies, vehicle operation and maintenance, shipping costs, office rentals, communication and insurance costs, office administration costs, bank charges, utilities, transport costs, travel, per diem and supervision costs, and salaries of contracted personnel, including reasonable hazard indemnity pay, but excluding salaries of officials of the Recipient’s civil service.

11. "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.


13. "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.

14. "Training" means the reasonable costs associated with training under the Project, based on the Work Plan and Budget, and attributable to study tours, training courses, seminars, workshops and other training activities, not included under service providers' contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers' fees, and other training related miscellaneous costs.