Financing Agreement

(Mongolia COVID-19 Emergency Response and Health System Preparedness Project)

between

MONGOLIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between MONGOLIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS the Recipient has requested the Bank to provide assistance towards the financing of the project described in Schedule 1 to this Agreement ("Project") and the Bank has agreed to provide a loan in the amount thirteen million eight hundred thousand Dollars ($13,800,000) pursuant to a loan agreement of even date herewith between the Recipient and the Bank ("Loan Agreement").

NOW THEREFORE, 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, the Loan Agreement or in this Agreement (including the Preamble and Appendix hereto).

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 nine million six hundred thousand Special Drawing Rights (SDR$9,600,000) (variously, "Credit" and "Financing"), to assist in financing the Project.

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section II 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Withdrawn Credit Balance.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 Interest Charge is one and a quarter percent (1.25%) per annum on the
Withdrawn Credit Balance.

2.06. The Payment Dates are April 15 and October 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 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 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 Condition of Effectiveness is that the Loan Agreement has been
executed and delivered and all conditions precedent to its effectiveness or to the
right of the Recipient to make withdrawals under it (other than the effectiveness of
this Agreement) have been fulfilled.

4.02. The Effectiveness Deadline is the date one hundred eighty (180) days after the
Signature Date.

4.03. 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 Minister at the time responsible for finance.

5.02. For purposes of Section 11.01 of the General Conditions:
(a) the Recipient’s address is:

Ministry of Finance  
Government Building II  
S. Danzan Street 5/1 D  
Ulaanbaatar 15160  
Mongolia; and

(b) the Recipient’s Electronic Address is:

Facsimile:

976-11-320247

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.

MONGOLIA

By

[Signature]

Authorized Representative

Name: Chimed Khurelbaatar
Title: Minister of Finance
Date: April 9, 2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Andrei Mikheev
Title: Country Manager for Mongolia
Date: April 9, 2020
SCHEDULE 1

Project Description

The objective of the Project is to strengthen Mongolia’s capacity to prevent and to respond to the COVID-19 outbreak and strengthen national systems for public health preparedness.

The Project constitutes a phase of the MPA Program, and consists of the parts described in the Loan Agreement.
Section I. Implementation Provisions

A. Sections I (Implementation Arrangements) and Section II (Project Monitoring Reporting and Evaluation) of Schedule 2 to the Loan Agreement are hereby incorporated by reference in this Part A, and shall apply, mutatis mutandis, to this Agreement, and the Recipient, hereby undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, except that:

(a) the term “Borrower” shall be read as “Recipient”; and

(b) the term “Bank” shall be read as “Association”.

B. For greater clarity and the avoidance of doubt, in view of the above incorporation of Sections I and II of Schedule 2 to the Loan Agreement in this Agreement, if the Loan Agreement terminates prior to the termination of this Agreement, such termination shall have no effect for purposes of this Agreement, and the provisions of the Loan Agreement incorporated in this Agreement pursuant to Section I. A above shall continue in full force and effect between the Recipient and the Association for purposes of this Agreement following and notwithstanding such termination of the Loan Agreement.

Section II. 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 Financing Allocated (expressed in SDR)</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 under Parts 1, 2 and 3 of the Project</td>
<td>9,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Emergency Expenditures under Part 4 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>9,600,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

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 SDR 1,500,000 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, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said expenditures:

   (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include the proposed activities in the 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 ensured that all safeguard instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Sections I.D and I.E of the Schedule 2 to the Loan Agreement (as applicable, *mutandis mutandis*, pursuant to Section I of this Schedule);
(iii) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.E of Schedule 2 to the Loan Agreement (as applicable, *mutandis mutandis*, pursuant to Section I of this Schedule), for the purposes of said activities; and

(iv) the Recipient has adopted the ERM, in form and substance acceptable to the Association, and the provisions of the ERM remain - or have been updated in accordance with the provisions of Section I.E of Schedule 2 to the Loan Agreement (as applicable, *mutandis mutandis*, pursuant to Section I of this Schedule) so as to be - appropriate for the inclusion and implementation of the Emergency Response Part.

2. The Closing Date is March 31, 2023.
### 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 April 15 and October 15:</td>
<td></td>
</tr>
<tr>
<td>commencing April 15, 2025 to and including October 15, 2044</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing April 15, 2045 to and including October 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. “Category” means a category set forth in the table in Section II.A of Schedule 2 to this Agreement.


3. “Loan Agreement” means the loan agreement for the Project between the Recipient and the Bank, dated the same date as this Agreement, as such loan agreement may be amended from time to time. “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.

4. “Operating Costs” means the reasonable costs of goods and non-consulting services 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, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), transportation, translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, Project-related meeting expenses, Project-related travel, subsistence and lodging expenses, contractual support staff and other administrative costs directly related to the Project, but excluding salaries, bonuses, fees and honoraria or equivalent payments of members of the Recipient’s civil service.

5. “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.