GRANT NUMBER D5930-AF

Financing Agreement

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

between

ISLAMIC REPUBLIC OF AFGHANISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
GRANT NUMBER D5930-AF

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between ISLAMIC REPUBLIC OF AFGHANISTAN ("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 grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to seventy-three million two hundred thousand Special Drawing Rights (SDR 73,200,000) ("Financing"), to assist in financing the project described in Schedule I 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 Payment Dates are January 1 and July 1 in each year.

2.05. The Payment Currency is Dollar.

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 its Ministry
of Public Health 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 Minister of Finance.

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

Ministry of Finance
Pashtunistan Watt
Kabul
Islamic Republic of Afghanistan; and

(b) the Recipient’s Electronic Address is:

Facsimile:
+93202103259

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:

Facsimile:
1-202-477-6391
AGREED as of the Signature Date.

ISLAMIC REPUBLIC OF AFGHANISTAN

By

[Signature]

Authorized Representative

Name: Abdul Hadi Ascaniwal
Title: Acting Finance Minister
Date: 8 April 2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Henry Kerali
Title: COUNTRY DIRECTOR
Date: 3 April 2020
SCHEDULE 1

Project Description

The objective of the Project is to respond to, and mitigate the threat posed by COVID-19 and strengthen national systems for public health preparedness of the Recipient.

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

**Part 1: Emergency COVID-19 Response**

Support to enhance disease detection capacities through increasing surveillance and information capacities, provision of technical expertise, medical equipment, supplies and commodities, strengthening laboratory and diagnostic systems to ensure prompt case finding and local containment, as well as financing of community awareness campaign, distribution and use of face masks, promotion of personal hygiene practices and community participation in slowing the spread of the pandemic.

**Part 2: Health Care System Strengthening**

Strengthening preparedness planning and clinical care capacity through establishing specialized units in selected hospitals, rehabilitation and equipment of selected health facilities, development of treatment guidelines, intrahospital infection control measures, strengthening waste management and disposal systems, mobilizing additional health personnel, provision of medical equipment and supplies, diagnostic reagents and kits, as well as financing other operational expenditures, including Compensation Benefits, as might be required to respond to infectious disease outbreak.

**Part 3: Mitigation of Social Impacts**

Support of social distancing measures, including school closing and development of radio programs for all school grades in several subjects as might be needed, provision of mental health and psychosocial services for vulnerable communities.

**Part 4: Implementation Management and Monitoring and Evaluation**

Support for Project implementation and management, including support for procurement, financial management, environmental and social risk management, monitoring and evaluation and reporting; provision of Training and Incremental Operating Costs.

**Part 5: 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

The Recipient shall vest responsibility for the overall implementation of the Project in MOPH with the Deputy Minister for Policy and Planning serving as the Project Coordinator. To this end the Recipient, through MOPH, shall:

(a) maintain throughout the implementation of the Project the COVID-19 Emergency Response Committee, with membership drawn from MOPH, MOF, UN, donors and representatives of service providers, and with mandate, composition, and terms of reference acceptable to the Association, to be responsible for overall guidance and monitoring of the Project, including, inter alia, conducting annual review of the Project;

(b) maintain, throughout the implementation of the Project, the Sehatmandi Coordination Office, with mandate, composition, and terms of reference acceptable to the Association, to be responsible for, inter alia, the responsibility of said office to coordinate and monitor the implementation of the Project in accordance with the provisions of this Agreement;

(c) implement the Project in accordance with the requirements and procedures set forth in the Standard Operating Procedures and the Financial Management Manual;

(d) maintain, throughout the implementation of the Project, the services of an independent third-party evaluator with qualification and experience satisfactory to the Association and operating under terms of reference acceptable to the Association;

(e) maintain, throughout the implementation of the Project, the procurement directorate of MOPH with adequate capacity, including qualified and experienced staff to be responsible for procurement and contract management services of the Project;

(f) ensure that the Project Implementation Staff is recruited and maintained as needed during the entire period of the Project implementation in strict compliance with the requirements of the detailed hiring procedure agreed upon between the Recipient and the Association;

(g) not later than forty-five (45) days after the Effective Date prepare the Compensation Benefits Manual satisfactory to the Association and setting
forth detailed conditions, criteria and procedures to be applied for the provision of Compensation Benefits.

(g) ensure that the collection, use and processing (including transfers to third parties) of any personal data collected under this Project will be done in accordance with the best practice, ensuring legitimate, appropriate and proportionate treatment of such data; and

(h) ensure that no new construction shall be carried out under the Project, limiting works to be financed under the Project to renovation and refurbishment of the existing public health facilities.

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, including, 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 5 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 Implementation Plan ("CERIP") 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 therefore ("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 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 CERIP;

(c) promptly adopt the CERIP 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 CERIP, provided, however, that in the event of any inconsistency between the provisions of the CERIP and this Agreement, the provisions of this Agreement shall prevail; and

(e) not amend, suspend, abrogate, repeal or waive any provision of the CERIP 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 Eligible Crisis or Health 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 5 of the Project shall be procured in accordance with the procurement methods and procedures set forth in the CERIP.
Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than one month after the end of each calendar quarter, covering the calendar quarter.

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 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, Compensation Benefits, Training and Incremental Operating Costs for the Project</td>
<td>73,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Emergency Expenditures under Part 5 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>73,200,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
(a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed twenty-nine million two hundred eighty (29,280,000) SDR may be made for payments made prior to this date but on or after January 1, 2020, for Eligible Expenditures; and

(b) for Emergency Expenditures under Category (2), unless and until the Association is satisfied, and has notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said expenditures:

(i) (A) the Recipient has determined that an Eligible Crisis or Health Emergency has occurred, (B) 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 (C) 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 Section I.C of this Schedule 2 to this Agreement;

(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 CERIP, in form and substance acceptable to the Association, and the provisions of the CERIP 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 March 31, 2024.
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.

3. "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.

4. “Contingent Emergency Response Implementation Plan” or “CERIP” means the action plan referred to in Section I.C of Schedule 2 to this Agreement, acceptable to the Association, and to be prepared by the Recipient for the implementation of the Contingent Emergency Response Part, in accordance with the provision of said Section.


6. “COVID-19 Emergency Response Committee” means a high-level committee established by the Recipient for the purposes of guiding and coordinating of activities within its territory aimed at prevention, detection and responding to the threat posed by COVID-19 and referred to in Part A (a) of Section I of Schedule 2 to this Agreement.

7. “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.

8. “Emergency Expenditures” means any of the Eligible Expenditures set forth in the CERIP in accordance with the provision of paragraph 1 (a) of Section I.C of Schedule 2 to this Agreement and required for the activities to be financed under the CERIP.
9. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 14, 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. “Financial Management Manual” or “FMM” means the manual satisfactory to the Association, prepared by the MOPH for the purposes of the Afghanistan Sehatmandi Project (Grant Number D2850-AF) and updated for the purposes of this Project, as such manual may be updated from time to time with the approval by the Association.


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. “Incremental Operating Costs” means Project-related incremental expenses incurred on account of Project implementation and management, including the rental of office space; operation, maintenance, rental and insurance of vehicles; fuel; communications supplies and charges; advertisements; books and periodicals; office administration and maintenance costs; bank transaction charges;
utility charges; travel and per diem; and remuneration of the Project Implementation Staff.

15. “Ministry of Finance” or “MOF” means the Ministry of Finance of the Recipient, or any successor thereto.

16. “Ministry of Public Health” or “MOPH” means the Recipient’s ministry responsible for public health.

17. “MPA Program” means the multiphase programmatic approach program supported by the Association and designed to assist countries to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.

18. “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.

19. “Project Implementation Staff” means additional staff recruited by the Recipient for the purposes of the Project implementation on a contractual and temporary basis in compliance with the detailed hiring procedure agreed upon between the Recipient and the Association, and such term does not include any members of the Recipient’s civil service.”

20. “Sehatmandi Coordination Office” means a unit within MOPH referred to in Part A (b) of Section I of Schedule 2 to this Agreement.

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. “Standard Operating Procedures” or “SOP” means the set of operating procedures developed and approved by MOPF for the purposes of the Afghanistan Sehatmandi Project (Grant Number D2850-AF) and updated for the purposes of this Project, as such procedures may be updated from time to time with the approval by the Association.

23. “Training” means the reasonable costs associated with training under the Project, 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.