

**CREDIT NUMBER 6626-HN**

# **Financing Agreement**

**(Honduras COVID-19 Emergency Response Project)**

**between**

**THE REPUBLIC OF HONDURAS**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**CREDIT NUMBER 6626-HN**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF HONDURAS ("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 the amount of twenty million Dollars (USD20,000,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service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..
- 2.05. The Interest Charge payable by the Recipient on the Withdrawal Credit Balance shall be equal to 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.

- 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 objective of the Project and the MPA Program. To this end, the Recipient, through INVEST-H, 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 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 SEFIN.
- 5.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

Secretaría de Estado en el Despacho de Finanzas  
Dirección General de Crédito Público  
Avenida Cervantes, Barrio El Jazmín  
Tegucigalpa, M.D.C.  
Honduras, C.A.; and

(b) the Recipient's Electronic Address is:

Facsimile:  
(504) 2237-4142

E-mail  
dgcp@sefin.gob.hn

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: ysakho@worldbank.org

AGREED as of the Signature Date.

**REPUBLIC OF HONDURAS**

By



\_\_\_\_\_  
**Authorized Representative**

**Name:** Rocío Izabel Tábora

**Title:** Secretaria de Estado

**Date:** 23 de abril de 2020

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By

*Seynabou Sakho*

\_\_\_\_\_  
**Authorized Representative**

**Name:** Y. Seynabou Sakho

**Title:** Director Central America

**Date:** 23-Apr-2020

## SCHEDULE 1

### Project Description

The objective of the Project is to detect and respond to the threat posed by COVID-19 in the Republic of Honduras.

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

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

(a) Strengthening the Recipient's epidemiologic surveillance and diagnostic capacity of SESAL, including, *inter alia*: (i) strengthening disease surveillance systems, public health laboratories, and epidemiological capacity for early detection and confirmation of COVID-19 cases at the central and sub-national levels through the provision of technical assistance, training, goods, supplies, energy-efficient equipment and systems; (ii) strengthening the international sanitary offices at points of entry as well as mass isolation units; (iii) providing operational support to SESAL's rapid response teams to investigate COVID-19 cases, perform contact tracing and implement community-based interventions for fast local outbreak containment; (iv) strengthening SESAL's existing information systems to provide data as needed to guide decision-making; (v) updating, disseminating, operationalizing and training SESAL's staff on relevant norms, protocols and guidelines on COVID-19 case management, patient care and infection prevention and control; and (vi) providing other measures supporting the detection and containment of COVID-19 and other potential infectious pathogens.

(b) Strengthening of the public health services, including, *inter alia*: (i) providing medical services, supplies, medicines and equipment to public health facilities, including ICUs, for patients' medical care and to minimize contagious risks of patients and health personnel; (ii) providing technical assistance and training to selected health personnel public health facilities on the appropriate use of the equipment and provision of quality health care according to WHO protocols promoting the use of climate smart technologies when applicable; and (iii) providing protective equipment, biosafety and hygiene materials for health personnel in public health facilities, including laboratories, isolation units, and international sanitary offices.

#### **Part 2: Implementation Management and Monitoring and Evaluation.**

(a) Carrying out project management activities including, *inter alia*: (i) the financial management, procurement, environmental and social requirements, and audits of the Project; (ii) monitoring and evaluation activities of the Project; and (iii) capacity building and monitoring and evaluation activities in pandemic preparedness, including, clinical and public health research training of relevant administrative staff, and joint learning activities within the Recipient's territory and other countries.

(b) Strengthening of INVEST-H and SESAL's capacity to carry out their respective responsibilities under the Project.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient shall operate and maintain throughout the implementation of the Project, a Project Implementing Unit (PIU) within INVEST-H, with functions, responsibilities, resources and composition satisfactory to the Association, as set forth in the Project Operational Manual.
2. The Recipient, through INVEST-H, no later than one (1) month after the Effective Date, shall designate or hire: a project coordinator, an environmental specialist and a social specialist, satisfactory to the Association, as set forth in the Project Operational Manual.
3. To facilitate the technical implementation of the Project, the Recipient, through INVEST-H, no later than (1) month from the Effective Date, shall enter into a technical coordination agreement (“Inter-institutional Coordination Agreement”) with SESAL, including, *inter alia*, INVEST-H and SESAL’s fiduciary and technical responsibilities, respectively, for the implementation of the Project, all under terms and conditions acceptable to the Association.

##### B. Project Operational Manual

1. No later than one (1) month after the Effective Date, the Recipient, through INVEST-H shall adopt, and thereafter carry out the Project in accordance with, a manual (the “Project Operational Manual”), satisfactory to the Association containing, *inter alia*: (a) specific provisions on detailed arrangements for the carrying out of the Project; (b) the composition and responsibilities of the PIU within INVEST-H and SESAL; (c) the plan for monitoring, evaluation and supervision of the Project; (d) the procurement, financial management and disbursement requirements thereof; (e) the criteria and mechanisms to select the public health facilities, health personnel and administrative staff participating in the Project; (f) Personal Data collection and processing requirements in accordance with good international practices; (g) the project performance indicators; and (h) the Anti-Corruption Guidelines.
2. The Recipient, through INVEST-H, shall not amend, waive, or fail to enforce any provision of the Project Operational Manual without the Association’s prior written approval. In case of any conflict between the terms of the Project Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

**C. Environmental and Social Standards**

1. The Recipient, through INVEST-H, 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, through INVEST-H, 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, through INVEST-H, 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, through INVEST-H, 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.

**Section II. Project Monitoring, Reporting and Evaluation**

1. The Recipient, through INVEST-H, shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.
2. 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, through INVEST-H, 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: (a) finance Eligible Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
Goods, non-consulting services, and consulting services, Training and Operating Costs for the Project	20,000,000	100%
<b>TOTAL AMOUNT</b>	20,000,000	

**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 USD 8,000,000 may be made for payments made prior to this date but on or after March 1, 2020 (but in no case more than 1 year prior to the signature date of this Agreement) , for Eligible Expenditures.
2. The Closing Date is April 30, 2022.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each April 15 and October 15:	
commencing October 15, 2025 to and including April 15, 2045	<b>1.65%</b>
Commencing October 15, 2045 to and including April 15, 2050	<b>3.40%</b>

\* 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

### Section I. 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. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
3. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “Concessional Financing” means, without limitation to the definition of said term in paragraph 19 of the Appendix to the General Conditions, the Credit extended by the Association to the Recipient on the terms referred to in Article II of this Agreement and in the General Conditions.
6. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
7. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated April 10, 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.
8. “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.

9. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018.
10. “INVEST-H” means the Recipient’s implementing unit under the General Government Coordination Secretariat (*Secretaría de Coordinación General de Gobierno*), created pursuant to the Recipient’s Law No. 233-2005, dated September 21, 2005, as amended to the date of this Agreement, or any successor thereto acceptable to the Association.
11. “ICU” means intensive care unit.
12. “MPA Program” means the multiphase programmatic approach program designed to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.
13. “Operating Costs” means reasonable and necessary incremental expenses incurred on account of Project implementation, including office supplies, vehicle rental, operation and maintenance, insurance costs, bank charges, office administration, maintenance and rental costs, communication costs, minor office refurbishing and equipment maintenance, utilities, document duplication/printing, consumables, travel, accommodation, *per diem* and supervision costs, and salaries of locally contracted employees as well as hazard payments for the Recipient’s civil service staff (excluding regular salaries of the Recipient’s civil service staff), and as approved by the Association.
14. “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.

15. "PIU" means the Project Implementation Unit operating pursuant to the Executive Decree No. 33,675 dated March 6, 2015, or its successor acceptable to the Bank.
16. "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.
17. "Project Operational Manual" means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement.
18. "SEFIN" means "*Secretaría de Estado en el Despacho de Finanzas*" the Recipient's Ministry of Finance, or its successor acceptable to the Bank.
19. "SESAL" means *Secretaría de Salud*, the Recipient's Secretariat within the Ministry of Health, or its successor acceptable to the Bank.
20. "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.
21. "Training" means the reasonable costs associated with training under the Project, as agreed between the Recipient and the Association, 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.
22. "WHO" means the World Health Organization, a specialized agency of the United Nations responsible for international public health.