Loan Agreement

(El Salvador COVID-19 Emergency Response Project)

between

REPUBLIC OF EL SALVADOR

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF EL SALVADOR ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank 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 — LOAN

2.01. The Bank agrees to lend to the Borrower twenty million dollars (USD20,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule I to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance provided that the Commitment Charge for the period beginning on the date of accrual of the Commitment Charge and ending on the date of the first anniversary of such date of accrual shall be zero percent (0%).

2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.06. The Borrower elects to apply the Automatic Rate Fixing Conversion to the Loan. Accordingly, without limitation upon the provisions of Article IV of the General Conditions and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to consecutive withdrawals from the Loan Account which in the aggregate equal or exceed three million Dollars (USD3,000,000.00) shall be converted from the initial Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
2.07. The Payment Dates are May 15 and November 15 in each year.

2.08. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project and the MPA Program. To this end, the Borrower, through MoH, 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 9.05 (b) of the General Conditions, the date on which the obligations of the Borrower 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 Borrower’s Representative is its minister in charge of finance, or any successor thereto.

5.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower’s address is:

Boulevard de los Héroes 1231
San Salvador
El Salvador; and

(b) the Borrower’s Electronic Address is:

Facsimile: (503) 2225 7491
E-mail: ministro@mh.gob.sv

5.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank’s address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and
(b) the Bank’s Electronic Address is:

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
E-mail: ysakho@worldbank.org

AGreed as of the Signature Date.

REPUBLIC OF EL SALVADOR

By

Authorized Representative

Name: Nelson Eduardo Fuentes Mejía
Title: MINISTRO DE HACIENDA
Date: 04 JUN 20

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Oscar A. Arákle
Title: Country Manager
Date: 04 JUN 2020
SCHEDULE 1

Project Description

The objective of the Project is to respond to and mitigate the threat posed by COVID-19 and strengthen the national system for public health preparedness in El Salvador.

The Project constitutes a phase of the Multiphase Programmatic Approach (MPA) Program, and consists of the following parts:

Part 1: Emergency COVID-19 response to prevention, detection and treatment

1. Provision of medicines, medical supplies and equipment, through the: (a) procurement of medical supplies and energy efficient medical equipment (when applicable) aimed at increasing the number of hospital beds and of ICUs, and (b) rehabilitation and installation works to make said hospital beds and ICUs operational; and (c) drugs and vaccines (i.e. influenza and pneumococcal).

2. Preparedness, capacity building, communication and training activities, including inter alia: (a) carrying out training of selected health personnel of public hospitals; (b) supporting a communication strategy including health prevention education campaigns, guidance materials for citizens and health personnel of the COVID-19 Health Facilities Network; and (c) supporting a mitigation response, including call centers for medical advice, and other activities to support a subsequent phase of the pandemic.

Part 2: Project Management and Monitoring

Carrying out Project management activities including: (a) financial management, procurement, environmental and social requirements, and audits of the Project; and (b) monitoring and evaluating the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall maintain and operate throughout the implementation of the Project, a Project Coordination Unit (PCU) within MoH, with functions, responsibilities, resources and composition satisfactory to the Bank, as set forth in the Project Operational Manual.

2. The Borrower shall, no later than one (1) month after the Effective Date, through MoH, hire or assign: a project coordinator, one procurement specialist, one financial management specialist, and one environmental specialist and one social specialist, satisfactory to the Bank, as set forth in the Project Operational Manual.

B. Project Operational Manual

1. No later than one (1) month after the Effective Date, the Borrower, through MoH, shall adopt, and thereafter carry out the Project in accordance with, a manual (the “Project Operational Manual”), satisfactory to the Bank containing, inter alia: (a) specific provisions on detailed arrangements for the carrying out of the Project; (b) the composition and responsibilities of the PCU; (c) the procurement, financial management and disbursement requirements thereof; (d) the description of the COVID-19 Health Facility Network; (e) Personal Data collection and processing requirements in accordance with good international practices; (f) the performance indicators; and (g) the Anti-Corruption Guidelines.

2. The Borrower, through MoH, shall not amend, waive, or fail to enforce any provision of the Project Operational Manual without the Bank’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 Borrower, through MoH, shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

2. Without limitation upon paragraph 1 above, the Borrower, through MoH, shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower 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 Bank 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 Borrower, through MoH, shall ensure that:

(a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, 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 Bank, 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 Bank 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 Borrower, through MoI, 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 Bank.

Section II. Project Monitoring Reporting and Evaluation

1. The Borrower, through MoI, shall furnish to the Bank 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 Bank, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Borrower, through MoH shall ensure that such information, report or document does not include Personal Data.

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Section III. Withdrawal of Loan Proceeds

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 Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay the Front-end Fee; 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 Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consulting services, Training and Operating Costs for the Project</td>
<td>19,950,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>50,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>20,000,000</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 USD 8,000,000 may be made for payments made prior to this date but on or after January 23, 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 July 29, 2022.
SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15</td>
<td>2.50%</td>
</tr>
<tr>
<td>Beginning May 15, 2025</td>
<td></td>
</tr>
<tr>
<td>through November 15, 2044</td>
<td></td>
</tr>
</tbody>
</table>
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. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.


5. "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Project, dated April 13, 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 Borrower 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.

6. "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"; and (x) "Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure"; effective on October 1, 2018, as published by the Bank.


8. "ICU" means intensive care unit.

10. “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.

11. “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 Borrower’s civil service staff (excluding regular salaries of the Borrower’s civil service staff), and as approved by the Bank.

12. “PCU” means the Project Coordination Unit established by MoH’s Executive Agreement No. 1095 dated June 22, 2018 referred to in Section I.A.1 of Schedule 2 to this Agreement.

13. “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. “Project Operational Manual” means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement.

16. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.

17. “Training” means the reasonable costs associated with training under the Project, as agreed between the Borrower and the Bank, 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.