Loan Agreement

(Bosnia and Herzegovina Emergency COVID-19 Project)

between

BOSNIA AND HERZEGOVINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between BOSNIA AND HERZEGOVINA ("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 the amount of thirty-three million one hundred thousand Euro, (€33,100,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section II 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 Fixed 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of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Loan withdrawn during each Interest Period shall be converted from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the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 February 15 and August 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 shall cause Part A of the Project to be carried out by the RS and Part B of the Project to be carried out by the Federation, all in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement and the Project Agreements.
ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consists of the following: namely, that the Project Implementing Entities' respective legislation establishing Cash Transfers and/or Social Services has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the Project Implementing Entity’s ability to carry out the Project or to perform any of its obligations under their respective Project Agreement.

4.02. The Additional Event of Acceleration consists of the following: namely, that the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is its Minister of Finance and Treasury.

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

Ministry of Finance and Treasury
Trg BiH 1
71000 Sarajevo
Bosnia and Herzegovina; and

(b) the Borrower’s Electronic Address is:

Facsimile: (387-33) 202-930
E-mail: trezorbih@mft.gov.ba

6.03. 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: lvangelder@worldbank.org
AGREED as of the Signature Date.

BOSNIA AND HERZEGOVINA

By

Authorized Representative

Name: VJESKO SLAV BEVANDA

Title: MINISTER OF FINANCE AND TREASURY

Date: MAY 13, 2020

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: MANUEL SALINAS MUNOZ

Title: COUNTRY MANAGER

Date: MAY 13, 2020
SCHEDULE 1

Project Description

The objective of the Project is to prevent, detect, and respond to the threat posed by the COVID-19 pandemic in Bosnia and Herzegovina.

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

Part A. Republika Srpska

1. Responding to the COVID-19 Pandemic in Republika Srpska.

Providing immediate support to prevent additional cases of COVID-19, limit local transmission through containment strategies and prevent affected individuals and households from falling into destitution through:

1. Strengthening health care delivery and health system’s through, inter alia:

   (a) Enhancing case detection, confirmation and reporting, and contact tracing through inter alia: (i) strengthening disease surveillance systems, public health laboratories, and epidemiological capacity for early detection and confirmation of cases by, inter alia, adequately equipping public health laboratories with, inter alia, diagnostic kits and reagents; (ii) combining detection of new cases with active contact tracing; (iii) supporting epidemiological investigation by, inter alia, expanding the number of public health workers trained to undertake contact tracing and enhancing collaboration with the Inspectorate of RS; (iv) providing on-time data and information for guiding decision-making and response and mitigation activities, by, inter alia, enhancing systems and protocols for data reporting, analysis and dissemination.

   (b) Supporting the implementation of social distancing measures through, inter alia: (i) promoting personal hygiene, including information campaigns on handwashing and proper use of masks; and (ii) supporting the MOHSW in protecting the wellbeing of health care professionals and other personnel involved in pandemic control activities through, inter alia, the supply of PPE and the provision of psychological support.

   (c) Strengthening the health system through; inter alia: (i) the provision of training and the development of guidelines for health care workers on, inter alia, identifying and treating COVID-19; appropriate use of PPE; surveillance and prevention of the spread of respiratory infections within healthcare facilities; (ii) the acquisition and distribution of PPE; (iii) the provision of medical supplies, including diagnostic kits and reagents for COVID-19; and (iv) the repurposing of health care facilities to meet the expected surge in demand for hospital beds, and intensive care beds in particular; and the establishment of specialized units in selected hospitals.
Supporting communication preparedness and activities through, *inter alia*: (i) developing and distributing basic communication materials on COVID-19 for the general public; (ii) developing and distributing, *inter alia*, information and guidelines, training modules or presentations for health care professionals; and (iii) carrying out workshops and symposia on COVID-19 surveillance treatment and prophylaxis for a wide audience.

Supporting animal and environmental health by, *inter alia*, strengthening and equipping, through the MAFWM, veterinarian professionals, laboratories and organizations to rapidly identify, control and eradicate possible outbreaks of zoonotic potential.

2. (a) Providing Cash Transfers to vulnerable households adversely affected by the economic impact of the COVID-19 pandemic; (b) providing Cash Transfers and Social Services to socially vulnerable and elderly individuals with need of protection and care; (c) supporting the registration and in-take of beneficiaries in the Cash Transfer and Social Services Programs; (d) carrying out outreach and communication activities for the promotion of the Cash Transfer and Social Services Programs and of appropriate hygiene, preventive health services and COVID-19 infection prevention; and (e) acquiring PPE and hygiene products for social care institutions.

2. Implementation Management and Monitoring and Evaluation

1. Carrying out Project management activities including: (a) the carrying out of financial management and procurement requirements of the Project; (b) the monitoring and evaluation of the Project, including spot checks of the provision of Cash Transfers and social care and beneficiary surveys; and (c) if needed, the recruitment of additional staff/consultants responsible for overall administration, procurement, and financial management under country specific projects.

Part B. Federation of Bosnia and Herzegovina


Providing immediate support to prevent additional cases of COVID-19, limit local transmission through containment strategies and prevent affected individuals and households from falling into destitution through:

1. Strengthening health care delivery and health system’s through, *inter alia*:

(a) Enhancing case detection, confirmation and reporting, and contact tracing through *inter alia*: (i) strengthening disease surveillance systems, public health laboratories; and adequately equipping public health laboratories with, *inter alia*, diagnostic kits and reagents; (ii) combining detection of new cases with active contact tracing, by enhancing the surveillance and contact tracing modules of the health system’s current information system and linking primary care providers to it; (iii) supporting epidemiological investigation by, *inter alia*, expanding the number of public health workers trained to undertake contact tracing and enhancing collaboration with the FDIF; (iv) providing on-time data and information for guiding decision-making and response and mitigation activities,
by, *inter alia*, enhancing systems and protocols for data reporting, analysis and dissemination.

(b) Strengthening the health system through; *inter alia*: (i) the provision of training and the development of guidelines for health care workers on, *inter alia*, identifying and treating COVID-19; appropriate use of PPE; surveillance and prevention of the spread of respiratory infections within healthcare facilities; (ii) the acquisition and distribution of PPE; (iii) the provision of medical and technical supplies, including diagnostic kits and reagents for COVID-19; (iv) the repurposing of health care facilities to meet the expected surge in demand for hospital beds, and intensive care beds in particular; the establishment of specialized units in selected hospitals; and the establishment of health care facilities in non-traditional sites to help address temporary surge needs; and (v) the strengthening of medical waste management and disposal systems; including ensuring safe water and basic sanitation in health facilities.

2. (a) Providing Cash Transfers to vulnerable households adversely affected by the economic impact of the COVID-19 pandemic; (b) Providing Cash Transfers and Social Services to socially vulnerable and elderly individuals with need of protection and care; (c) supporting the registration and in-take of beneficiaries in the Cash Transfer and Social Services Programs; (d) carrying out outreach and communication activities for the promotion of the Cash Transfer and Social Services Programs and of appropriate hygiene, preventive health services and COVID-19 infection prevention; and (e) acquiring PPE and hygiene products for social care institutions.

2. **Implementation Management and Monitoring and Evaluation**

1. Carrying out project management activities, including: (a) the carrying out of financial management, procurement, environmental and social requirements of the Project; (b) the monitoring and evaluation of the Project, including spot checks of the provision of Cash Transfers and social care and beneficiary surveys; and (c) the recruitment of additional staff/consultants responsible for overall administration, procurement, and financial management under country specific projects.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of Part A of the Project, the Borrower shall make part of the proceeds of the Loan, in an amount equal to thirteen million two hundred forty thousand one hundred Euro (EUR 13,240,100), including the proceeds of the Loan allocated from time to time to Category (1) available to RS under a subsidiary agreement between the Borrower and the RS, under terms and conditions acceptable to the Bank (“the RS Subsidiary Agreement”).

2. To facilitate the carrying out of Part B of the Project, the Borrower shall make part of the proceeds of the Loan, in an amount equal to nineteen million eight hundred fifty nine thousand nine hundred Euro (EUR 19,859,900), including the proceeds of the Loan allocated from time to time to Categories (2) and (3), available to the Federation under a subsidiary agreement between the Borrower and the Federation, under terms and conditions acceptable to the Bank (“the Federation Subsidiary Agreement”).

3. The Borrower shall exercise its rights and carry out its obligations under each Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Agreements or any of their provisions.

B. Environmental and Social Standards.

1. The Borrower shall, and shall cause the Project Implementing Entities to, 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 shall, and shall cause the Project Implementing Entities to, 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, and shall cause the Project Implementing Entities to, 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
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 shall, and shall cause the Project Implementing Entities to, 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 shall, and shall cause the Project Implementing Entities to, 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.

6. The Borrower shall, and shall cause the Project Implementing Entities to, 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. 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: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; 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 EUR)</th>
<th>Percentage of Expenditures to be financed (inclusive exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Training, Operating Costs and Cash Transfers for Part A of the Project</td>
<td>13,207,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consulting services, Training, and Operating Costs for Parts B.1.1 and B.2 of the Project</td>
<td>10,103,250</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, non-consulting services, consulting services, Training, Operating Costs, and Cash Transfers for Part B.1.2 of the Project</td>
<td>9,707,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Front-end Fee</td>
<td>82,750</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>(5) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 4.05 (c) of the General Conditions</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>33,100,000</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 fourteen million eight hundred ninety-five thousand Euro (EUR 14,895,000) may be made for payments made prior to this date but on or after January 16, 2020, for Eligible Expenditures.

   (b) Under Category (1) unless:
        (i) the RS Project Agreement has been executed by its parties; and
        (ii) the RS Subsidiary Agreement has been executed by its parties.

   (c) Under Categories (2) and (3) unless:
        (i) the Federation Project Agreement has been executed by its parties; and
(ii) the Federation Subsidiary Agreement has been executed by its parties.

2. The Closing Date is June 30, 2022.
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 February 15 and August 15</td>
<td>2%</td>
</tr>
<tr>
<td>Beginning August 15, 2027</td>
<td></td>
</tr>
<tr>
<td>through February 15, 2052</td>
<td></td>
</tr>
</tbody>
</table>
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. “Cash Transfers” means a grant provided out of the proceeds of the Loan to an eligible beneficiary pursuant to the criteria and requirements set forth in the respective Project Operational Manual.

3. “Cash Transfers and Social Services Programs” means each of the project Implementing Entities’ programs regulating the provision of Cash Transfers and Social Services, as set forth in the respective Project Operational Manual.

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


6. “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 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.


8. “Federation of Bosnia and Herzegovina” or “Federation” means the Federation of Bosnia and Herzegovina, a constitutive part of the Borrower.
9. "Federation Project Agreement" means the agreement between the Bank and the Federation for this Project, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Federation Project Agreement.

10. "Federation Subsidiary Agreement" means the agreement entered into between the Borrower and the Federation, referred to in Section I.A.2 of Schedule 2 to this Agreement, as the same may be amended from time to time, with the agreement of the Bank.

11. "FDIF" means the Federal Department for Inspection Affairs, responsible for inter alia: health inspection service, labour inspection service, agriculture inspection service.

12. "General Conditions" means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018, with the modifications set forth in Section II of this Appendix.

13. "Inspectorate of RS" means the Administration for Inspection Activities of Republika Srpska, responsible for inter alia: health inspection service, labour inspection service, agriculture inspection service.

14. "MAFWM" means the RS Ministry of Agriculture, Forestry and Water Management, or its successor acceptable to the Bank.

15. "MOH" means the Federation Ministry of Health, or its successor acceptable to the Bank.

16. "MOHSW" means the RS Ministry of Health and Social Welfare, or its successor acceptable to the Bank.

17. "MOLSP" means the Federation Ministry of Labor and Social Policy, or its successor acceptable to the Bank.

18. "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.

19. "Operating Costs" means the reasonable incremental expenses incurred by the Project Implementing entity on account of Project implementation, including costs related to 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 including reasonable hazard/indemnity pay to health employees.

20. "PHI" means the RS Public Health Institute.

21. "PIU" means the Project Implementation Unit referred to in Section I.A.1 of the Schedule to the Federation Project Agreement.
22. "PIT" means the Project Implementation Team referred to in Section I.A.2 of the Schedule to the Federation Project Agreement.

23. "PPE" means personal protective equipment.

24. "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.

25. "Project Agreements" means the Federation Project Agreement and the RS Project Agreement.

26. "Project Implementing Entity” means either the Republika Srpska or the Federation, jointly referred to as the “Project Implementing Entities”.

27. "Project Operational Manual" means the manual referred to in Section I.B.1 of the Schedule to the respective Project Agreement.

28. "Project Steering Committee” means the committee referred to in Section I.A.3 of the Schedule to the Federation Project Agreement.

29. "Republika Srpska” or “RS” means Republika Srpska, a constitutive part of the Borrower.

30. “RS Project Agreement” means the agreement between the Bank and the Republika Srpska for this Project, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the RS Project Agreement.

31. “RS Subsidiary Agreement” means the agreement entered into between the Borrower and the Republika Srpska, referred to in Section I.A.1 of Schedule 2 to this Agreement, as the same may be amended from time to time.

32. “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.

33. “Social Services” means in kind assistance (basic consumer goods hygiene products and personal protective equipment), home visits and/or follow up by social workers, as applicable, for targeted beneficiaries, as set forth in the Project Operational Manual.

34. “Subsidiary Agreements” means the Federation Subsidiary Agreement and the RS Subsidiary Agreement.

35. “Training” means the reasonable costs associated with training under the Project, as agreed between the Project Implementing Entity 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.
Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 9.01 (Conditions of Effectiveness of Legal Agreements) is hereby amended as follows:

   “The Legal Agreements shall not become effective until the Loan Party and at least one of the Project Implementing Entities confirms and the Bank is satisfied that the conditions specified in paragraphs (a) through (c) of this Section are met.

   (a) The execution and delivery of each Legal Agreement on behalf of the Loan Party and said Project Implementing Entity which is a party to such Legal Agreement have been duly authorized by all necessary actions and delivered on behalf of such party, and the relevant Legal Agreement is legally binding upon such party in accordance with its terms.

   (b) If the Bank so requests, the condition of said Project Implementing Entity, as represented and warranted to the Bank at the date of the Legal Agreements, has not undergone any material adverse change after such date.

   (c) Each condition specified in the Loan Agreement as a condition of its effectiveness has occurred. (“Additional Condition of Effectiveness”).”