Loan Agreement

(Paraguay COVID-19 Emergency Response Project)

between

REPUBLIC OF PARAGUAY

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF PARAGUAY ("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 twenty million Dollars, ($20,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule 1 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 Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.06. The Payment Dates are May 15 and November 15 in each year.

2.07. 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 objectives of the Project and the MPA Program. To this end, the Borrower shall carry out the Project through MSPBS in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.
ARTICLE IV — TERMINATION

4.01 The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. Except as provided in the ESCP, the Borrower’s Representative is its Minister of Finance.

5.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower’s address is:

Ministry of Finance  
(*Ministerio de Hacienda*)  
Chile 128  
Asunción, Paraguay;

With a copy to:  
State Sub-secretariat of Financial Management of the Ministry of Finance  
(*Subsecretaría de Estado de Administración Financiera del Ministerio de Hacienda*)

(b) the Borrower’s Electronic Address is:

Facsimile: 59521-448-283  
E-mail: secretaria_general@hacienda.gov.py

With a copy to:  
Facsimile: 59521-493-641

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: jschwartz3@worldbank.org
AGREED as of the Signature Date.

REPUBLIC OF PARAGUAY

By

Authorized Representative

Name: Benigno U. López B.
Title: Ministro de Hacienda
Date: 07 de abril del 2020

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Jordan Schwartz
Title: Country Director, Argentina, Paraguay
Date: 06-Apr-2020
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the national health system for emergency preparedness and response to COVID-19 pandemic in the Republic of Paraguay.

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

Part 1: Emergency Response to COVID-19

1. Case Detection, Confirmation, Contact Tracing, Recording, Reporting.

   (a) Strengthening of the disease surveillance systems, public health laboratories, and epidemiological capacity for early detection and confirmation of cases; (b) combination of detection of new cases with active contact tracing; (c) provision of on-time data and information for guiding decision-making and response and mitigation activities; and (d) strengthening of health management information systems to facilitate recording and on-time virtual sharing of information; all through the financing of, inter alia: (i) medical and information technology equipment, supplies and information technology systems; (ii) laboratory equipment, supplies and reagents for the diagnosis of COVID-19, influenza-type illnesses and other respiratory and infectious diseases.

2. Health System Strengthening.

   Preparing and strengthening the health system to provide optimal medical care to patients at risk as well as for maintaining essential community services and to minimize risks for patients and health personnel, through the financing of, inter alia: (a) appropriate protective equipment and hygiene materials for health personnel; (b) medical supplies, medicines and equipment for public health facilities and specific equipment for intensive care units; (c) supplies and equipment for blood banks; (d) ambulances for patient transportation; and (e) medical waste management and disposal systems.

Part 2: Implementation Management and Monitoring and Evaluation

1. Project Management, Monitoring and Evaluation.

   Supporting Project implementation, management, supervision and coordination through, inter alia: (a) the provision of technical support to strengthen the capacity of the DHSNS and DGAF; and (b) the financing of the financial audit for the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. COVID-19 Preparedness and Response Plan

Without limiting any other provision of this Agreement, the Borrower shall: (a) ensure that the Project is carried out in accordance with the COVID-19 PRP; and (b) maintain, at all times during the implementation of the Project, adequate public health emergency coordination and management arrangements, all in a manner acceptable to the Bank.

2. Project Implementation and Management

The Borrower, through MSPBS, shall operate and maintain, throughout Project implementation:

(a) a Project technical team within DHNS staffed with personnel in number and with qualifications and experience acceptable to the Bank, and with functions and responsibilities acceptable to the Bank, including responsibility for the provision of technical support for the implementation of the Project, under the guidance of the Emergency Operations Center and in coordination with GDHS; and

(b) a Project fiduciary team within DGAF staffed with personnel in number and with qualifications and experience acceptable to the Bank, and with functions and responsibilities acceptable to the Bank, including responsibility for Project coordination and overall administrative and fiduciary matters, including financial management, procurement, monitoring and evaluation, and social and environmental standards in coordination with DIGESA and DINASAPI.

B. Project Implementation Manual

1. The Borrower, through MSPBS, shall by no later than one (1) month after the Effective Date, prepare and adopt a Project Implementation Manual ("Project Implementation Manual") containing detailed guidelines and procedures for the implementation of the Project, including with respect to: (a) administration and coordination; (b) monitoring and evaluation; (c) financial management; (d) procurement; (e) accounting procedures; (f) environmental and social standards; (g) corruption and fraud mitigation measures; (h) a grievance redress mechanism; (i) personal data collection and processing in accordance with good international practice; (j) roles and responsibilities for Project implementation, and such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Bank.

2. The Borrower, through MSPBS, shall carry out the Project in accordance with the Project Implementation Manual.
3. The Borrower, through MSPBS, shall ensure that the collection, use and processing (including transfers to third parties) of any personal data collected under this Project shall be done in accordance with the best international practice, ensuring legitimate, appropriate, and proportionate treatment of such data.

4. The Borrower, through MSPBS, shall ensure that the Project Implementation Manual is not amended, suspended, repealed or abrogated without the prior written approval of the Bank.

5. In the event of any conflict between the provisions of the Project Implementation Manual and this Agreement, the provisions of this Agreement shall prevail.

C. Environmental and Social Standards.

1. The Borrower, through MSPBS, 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 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 MSPBS, 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
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 MSPBS, 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

The Borrower, through MSPBS, shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar year, covering the calendar year. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Borrower, in sharing any information, report or document related to the activities described in Schedule I of this Agreement, the Borrower shall ensure that such information, report or document does not include Personal Data.

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: (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 USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>19,150,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Non-consulting services, consulting services and Operating Costs for the Project</td>
<td>800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) 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>(4) 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>-----------------------------------------------------</td>
<td>---</td>
<td>------------------------------------------------------------------</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 $8,000,000 may be made for payments made prior to this date but on or after December 1, 2019 (but in no case more than one year prior to the Signature Date), for Eligible Expenditures.

2. The Closing Date is April 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></td>
</tr>
<tr>
<td>Beginning May 15, 2029</td>
<td>2.27%</td>
</tr>
<tr>
<td>through May 15, 2050</td>
<td></td>
</tr>
<tr>
<td>On November 15, 2050</td>
<td>2.39%</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. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.


4. “COVID-19 PRP” means the Borrower’s COVID-19 preparedness and response plan for COVID-19, dated March 2020, and acceptable to the Bank, as said document may be modified from time to time during the COVID-19 outbreak, and such term includes all schedules and annexes to said documents.

5. “DGAF” means the General Directorate of Administration and Finance of MSPBS, or any successor thereto acceptable to the Bank.

6. “DHNS” means the General Directorate of Health Networks and Services of MSPBS, or any successor thereto acceptable to the Bank.

7. “DIGESA” means the General Directorate of Environmental Health of MSPBS, or any successor thereto acceptable to the Bank.

8. “DINASAPI” means the Directorate of Indigenous People Health (DINASAPI) of MSPBS, or any successor thereto acceptable to the Bank.

9. “Emergency Operations Center” means the emergency operations center, established within the MSPBS, created to respond to the COVID-19 outbreak, or any successor thereto acceptable to the Bank.

10. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 26, 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.

11. “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”;


13. “GDHS” means the General Directorate of Health Surveillance of MSPBS which is responsible for the COVID-19 outbreak monitoring, or any successor thereto acceptable to the Bank.


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

16. “Operating Costs” means the reasonable costs of incremental recurrent expenditures of MSPBS related to Project implementation such as, inter alia, consumable items, banking fees (excluding any taxes levied for financial transactions), utilities and supplies, and incremental salaries of MSPBS staff assigned to the Project, which would not have been incurred absent the Project.

17. “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.

18. “Procurement Regulations” means, for purposes of paragraph 85 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 Manual” means the manual referred to in Section 1.B of Schedule 2 to this Agreement, as such manual may be amended by the Borrower from time to time, with the approval of the Bank.
20. “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.