

LOAN NUMBER 9433-EC

# Loan Agreement

(Second Additional Financing to the Ecuador COVID-19 Emergency Response and  
Vaccination Project)

between

REPUBLIC OF ECUADOR

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT



SUBSECRETARÍA DE FINANCIAMIENTO PÚBLICO

REGISTRO N°: 716

FECHA: 16 / 12 / 2022

PAGINA N°: 35

REGISTRO DE LA DEUDA PÚBLICA

## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF ECUADOR (“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 one hundred million Dollars (\$100,000,000), 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. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is its Vice Minister of Finance.
- 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 December 26, 2023 shall be zero percent (0%).
- 2.05. The interest rate is the Reference Rate plus the Variable Spread<sup>1</sup> 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of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Loan withdrawn during six consecutive Interest Periods

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<sup>1</sup> Only Variable Spread is available due to FSL suspension effective April 1, 2021.

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 January 1 and July 1 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 objectives of the Project and the MPA Program. To this end, the Borrower shall carry out the Project through MSP 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 Additional Conditions of Effectiveness consist of the following:
  - (a) the ESMF and IPP have been updated, and the SEP has been updated and consulted upon, in each case in form and substance satisfactory to the Bank;
  - (b) a Project coordinator, an environmental specialist, a social specialist, a financial management specialist, and a procurement specialist have been hired for the PIU, in each case with qualifications, experience and functions acceptable to the Bank; and
  - (c) the Borrower, through the MSP, has updated and adopted the Project Implementation Manual in form and substance satisfactory to the Bank.
- 4.02. The Effectiveness Deadline is the date ninety days (90) days after the Signature Date.

### **ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. Except as provided in Section 2.02 of this Agreement, the Borrower's Representative is the Borrower's Minister of Economy and Finance.
- 5.02. For purposes of Section 10.01 of the General Conditions:
  - (a) the Borrower's address is:

Ministry of Economy and Finance  
Av. Amazonas y Pereira, Plataforma Financiera  
Quito, Ecuador; and

(b) the Borrower's Electronic Address is:

E-mail: [documentosmef@finanzas.gob.ec](mailto:documentosmef@finanzas.gob.ec)

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:

Facsimile: 1-202-477-6391

AGREED as of the Signature Date.

**REPUBLIC OF ECUADOR**

By



Authorized Representative

Name: José A. Alvarado

Title: Subsecretario Financiero Plt

Date: 16-12-2022

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Boris Weber

Title: Representante Residente

Date: 16.12.2022



Ministerio  
de Economía  
y Finanzas

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## SCHEDULE 1

### Project Description

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

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

#### **Part 1: Support the national plan to respond to COVID-19 pandemic**

- 1.1. ***Communication Program.*** Support the national communication strategy to:
- (a) control the spread of COVID-19, including *inter alia*: (i) materials and messages for the general public to raise awareness and increase understanding about the risks and impacts of the pandemic; (ii) preparing and disseminating guidelines for health care workers for self-care and mental health practices; and (iii) producing and disseminating material to support households in mandatory isolation, including those aimed at increasing awareness to climate-sensitive diseases and the ways of preventing them; and
  - (b) implement the Borrower's National COVID-19 Vaccination Plan.
- 1.2. ***Health System Strengthening.***
- (a) Strengthen critical aspects of health delivery to cope with increased demand of services posed by COVID-19 pandemic, through the financing of, *inter alia*: (i) medical and non-medical equipment for essential medical services, mainly for intensive care units; (ii) medical and non-medical equipment for public health facilities; and (iii) medical supplies and devices for public health facilities needed for triage and to treat severe cases affected by COVID-19 emergency, promoting the use of climate smart technologies when possible;
  - (b) Supporting Project COVID-19 Vaccine acquisition, planning and distribution, including, *inter alia*: (i) procurement of Project COVID-19 vaccines; (ii) acquisition of ancillary supply kits that may include needles, syringes, preparation pads, supplies for safe waste management, Project COVID-19 vaccination record cards for each vaccine, and Personal Protective Equipment ("PPE") for vaccinators; (iii) provision of training and contracting of consulting and non-consulting services that may be required to administer the vaccines, including a third party monitoring agency to supervise the implementation of the National COVID-19 Vaccination Plan; (iv) adoption of global tools such as VIRAT/VRAF, and adaptation of supply chain systems with best practices, including transportation; (v) strengthening remote temperature monitoring systems; (vi) acquisition of equipment to store and distribute vaccines (including cold chain resources); (vii) strengthening the logistics information systems to accommodate COVID-19 vaccines; and (viii) carrying out of minor works for physical adaptation of facilities to facilitate the vaccination process and receive the public.

- (c) Providing critical health care services within Health Coordination Zones #4 (including the provinces of Manabí and Santo Domingo de los Tsáchilas), #7 (including the provinces of El Oro, Loja, and Zamora Chinchipe), and #8 (including the province of Guayas) that were disrupted during the COVID-19 pandemic related to dialysis, hemodialysis, cancer diagnosis and treatment, complications of non-communicable diseases, and other specialized treatments for chronic and non-chronic conditions contracted to hospitals in the RPC.
- (d) Developing and operationalizing the new 10-year Health Sector Strategy, including, *inter alia*, through consultant services for elaborating and developing (i) the intersectoral operational plan for pandemic preparedness and response (encompassing the different actors of the health sector), (ii) the territorial plans on the basis of the operational plan, and (iii) the plan for the strengthening of the health care delivery networks and health system resilience.

## **Part 2: Project Management and Monitoring**

Supporting Project management and monitoring through, *inter alia*: (a) strengthening the capacity of the PIU, including financing Operating Costs; and (b) financing of the relevant monitoring activities for the Project and of technical assistance activities as needed.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements.**

##### **1. Emergency Preparedness and Response Plan (“EPRP”) and National COVID-19 Vaccination Plan**

Without limiting any other provision of this Agreement, the Borrower, through MSP, shall: (a) ensure that the Project is carried out in accordance with the EPRP and the National COVID-19 Vaccination Plan; 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 MSP, shall maintain, throughout Project implementation, a Project implementation unit (“PIU”) staffed with personnel dedicated exclusively to the Project in number and with qualifications, experience and functions acceptable to the Bank, including responsibility for Project coordination and overall administrative and fiduciary matters, including financial management, social and environmental standards and monitoring and evaluation, as further described in the Project Implementation Manual.

##### **B. Project Implementation Manual.**

1. The Borrower, through MSP, shall carry out the Project in accordance with the provisions of a manual (the “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; and (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, including compliance with the rules and procedures of the National COVID-19 Vaccination Plan.

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

3. 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. Standards for Project COVID-19 Vaccine Approval.**

All Project COVID-19 Vaccines shall satisfy the Vaccine Approval Criteria.

**D. Environmental and Social Standards.**

1. The Borrower, through MSP, 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 MSP, 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, as 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 MSP, 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 MSP, 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, as set out in the ESCP.



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

The Borrower, through MSP, 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. 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.

**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 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 Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) Goods, non-consulting services, consulting services and Operating Costs for the Project (other than Part 1.2(c))	\$20,000,000	100%
(2) Goods, non-consulting services, and consulting services for Part 1.2(c) of the Project	\$80,000,000	100%
<b>TOTAL AMOUNT</b>	<b>\$100,000,000</b>	

**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 eighty million Dollars (\$80,000,000) may be made for payments prefinanced by the Borrower from its own resources prior to this date but on or after January 1, 2022 (and in no case more than one year before the Signature Date), for Eligible Expenditures under Part 1.2(c) of the Project under Category (2), provided that a rapid environmental and social assessment has been carried out with respect to such Eligible Expenditures in accordance with the ESCP and in form and substance satisfactory to the Bank.
3. The Closing Date is March 30, 2024.

### 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”).

#### Level Principal Repayments

Principal Payment Date	Installment Share
On each January 1 and July 1 Beginning July 1, 2027 through July 1, 2033	7.14%
On January 1, 2034	7.18%

## APPENDIX

### Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 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. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
4. “Emergency Preparedness and Response Plan” and “EPRP” means the Borrower’s emergency preparedness and response plan for COVID-19, dated February 28, 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. “Emergency Use Authorization” means an authorization issued by a Stringent Regulatory Authority to facilitate the availability and use of medical countermeasures, including vaccines, during a declared state of public health emergency.
6. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated June 13, 2022, 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.
7. “Environmental and Social Management Framework” or “ESMF” means the framework, referred to in Article IV, Section 4.01 to this Agreement, to be updated, disclosed, consulted upon and adopted for the Project, as set out in the ESCP, in accordance with the Environmental and Social Standards.
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 African 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 Bank.

9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).
10. “Health Coordination Zones” means *Coordinaciones Zonales de Salud*, the nine health coordination zones of Ecuador corresponding to the nine administrative planning zones of the *Secretaría Nacional de Planificación y Desarrollo*, the National Secretariat of Planning and Development (*SENPLADES*).
11. “Indigenous Peoples Plan” or “IPP” means the plan, referred to in Article IV, Section 4.01 to this Agreement, and to be updated, disclosed, consulted upon and adopted for the Project, as set out in the ESCP, in accordance with the Environmental and Social Standards.
12. “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.
13. “MSP” means *Ministerio de Salud Pública*, the Borrower’s Ministry of Public Health, or any successor thereto acceptable to the Bank.
14. “National COVID-19 Vaccination Plan” means the Borrower’s immunization plan for COVID-19, dated January 21, 2021 and published on March 4, 2021, and available on MSP’s website <https://www.planvacunarse.ec>, containing the rules and procedures for vaccine allocation, management, monitoring, and distribution of vaccines, acceptable to the Bank, as said document may be modified from time to time, and such term includes all schedules and annexes to said document.
15. “Operating Costs” means the reasonable costs of incremental recurrent expenditures of PIU related to Project implementation such as, *inter alia*, consumable items, utilities and supplies, and salaries of PIU staff assigned to the Project (but excluding salaries, fees, honoraria, bonuses, and any other salary supplements of members of the Borrower’s civil service), which would not have been incurred absent the Project.
16. “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.

17. “PIU” means the Project implementation unit within MSP’s General Financial Administrative Coordination (*Coordinación General Administrativa Financiera*), referred to in Section I.A.2 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Bank.
18. “Procurement Regulations” means, for purposes of paragraph 84 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
19. “Project COVID-19 Vaccine” means a vaccine for the prevention of COVID-19, authorized by the Borrower’s national regulatory authority for distribution, marketing and administration within the territory of the Borrower, and acquired or deployed under the Project; “Project COVID-19 Vaccines” means the plural thereof.
20. “Project Implementation Manual” means the manual referred to in Section I.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.
21. “Regions” mean the regional areas of the North America, South America, Europe, Asia, Asia Pacific, and Africa.
22. “RPC” means *Red Privada Complementaria*, the Borrower’s complementary private network for the provision of private healthcare services, as referenced in Ministerial Agreement 0217-2018 and Ministerial Agreement 0091-2017.
23. “Stakeholder Engagement Plan” or “SEP” means the plan, referred to in Article IV, Section 4.01 to this Agreement, to be updated, disclosed, consulted upon and adopted for the Project, as set out in the ESCP, in accordance with the Environmental and Social Standards.
24. “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.
25. “Stringent Regulatory Authority” means a National Regulatory Authority (“NRA”) that is classified by WHO as a Stringent Regulatory Authority.
26. “Vaccine Approval Criteria” means that the Project COVID-19 Vaccine: (a) has been approved by three (3) Stringent Regulatory Authorities (including by Emergency Use Authorization) in three (3) Regions; or (b) has received the WHO Prequalification and has been approved by one (1) Stringent Regulatory Authority (including by Emergency Use Authorization); or (c) has met such other criteria as may be agreed in writing between the Borrower and the Bank.
27. “VIRAT/VRAF” means the Vaccine Introduction Readiness Assessment Tool developed by WHO, UNICEF and World Bank.
28. “WHO” means the World Health Organization.

29. "WHO Prequalification" means a service provided by WHO to assess the quality, safety, and efficacy of medical products for priority diseases, and which are intended for United Nations and international procurement to developing countries.