

Public Disclosure Authorized

CONFORMED COPY

GRANT NUMBER H077-0-6R

Development Grant Agreement

(Pan Caribbean Partnership Against HIV/AIDS Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

THE CARIBBEAN COMMUNITY

Dated April 28, 2004

Public Disclosure Authorized

GRANT NUMBER H077-0-6R

DEVELOPMENT GRANT AGREEMENT

AGREEMENT, dated April 28, 2004, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and The CARIBBEAN COMMUNITY (the Recipient).

WHEREAS (A) the Recipient is a duly established international organization and represents that it has the necessary legal capacity and powers to enter into this Agreement and perform its obligations herein set forth;

(B) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement (the Project), has requested the Association to assist in the financing of the Project;

(C) the Executive Directors of the Association approved: (i) on June 28, 2001, the first in a series of credits supporting Multi-Country HIV/AIDS Prevention and Control Program for the Caribbean Region (the Program) estimated to total an amount of US\$155,000,000 equivalent over a period of six years; and (ii) on March 25, 2004 the Project to be part of the Program;

(D) Part C of the Project will be carried out by CAREC (as defined below) with the Recipient's assistance and, as part of such assistance, the Recipient will make part of the proceeds of the Grant provided for in this Agreement available to CAREC, as set forth in this Agreement; and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through October 6,

1999), with the modifications set forth in Schedule 5 to this Agreement (the General Conditions), constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) "AIDS" means Acquired Immune Deficiency Syndrome;
- (b) "Annual Action Plan" means any of the plans referred to in Section 3.07 (a) and/or (c) of this Agreement;
- (c) "CAREC" means the Caribbean Epidemiology Centre, an international regional organization and a specialized center of the Pan American Health Organization, vested with legal personality, whose objective is to improve the health status of the Caribbean people by working with and advancing the capability of its members in epidemiology, laboratory technology, and related public health disciplines;
- (d) "CAREC Agreement" means the agreement referred to in Section 3.04 (a) of this Agreement;
- (e) "CRN+" means a non-profit entity devoted to enhance the quality of life of people living with HIV/AIDS in the Caribbean region, vested with legal personality and duly incorporated in the Republic of Trinidad and Tobago on June 16, 1998;
- (f) "Eligible Country" means a Member Country (as defined below) which has met the criteria set forth in the Operational Manual for participating in the partnership program mentioned in Part D.3 (a)(ii) of the Project, and is a member of the Association;
- (g) "FMR" means each report prepared in accordance with Section 4.02 of this Agreement;
- (h) "HIV" means Human Immune-deficiency Virus;
- (i) "Implementation Letter" means the letter of even date herewith from the Recipient to the Association setting forth the Project monitoring indicators;
- (j) "Implementation MOU" means any of the memoranda referred to in Section 3.05 (a) of this Agreement;

(k) “Member Countries” means the Recipient’s member and/or observer states (as the case may be) set forth in Schedule 6 to this Agreement to be benefited by the Project’s regional activities;

(l) “Operational Manual” means the manual referred to in Section 3.06 (a) of this Agreement;

(m) “PCU” means the unit referred to in Section 3.08 (a) of this Agreement;

(n) “Special Account” means the account referred to in Section 2.02 (b) of this Agreement; and

(o) “UNAIDS” means the joint and co-sponsored United Nations program on HIV/AIDS to further mobilize the global response to the epidemic and provide means of coordinated action, which program was created pursuant to the terms of a Memorandum of Understanding of 1995, as amended.

ARTICLE II

The Grant

Section 2.01. The Association agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to six million one hundred thousand Special Drawing Rights (SDR 6,100,000) (the Grant).

Section 2.02. (a) The amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Grant.

(b) The Recipient may, for the purposes of the Project, open and maintain in Dollars a separate special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2007 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Recipient shall pay to the Association a commitment charge on the principal amount of the Grant not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, such rate not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Recipient from the Grant Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.05 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Co-Operative Republic of Guyana; and (iii) in Dollars or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of Section 4.02 of the General Conditions.

Section 2.05. Commitment charges shall be payable semiannually on June 15 and December 15 in each year.

ARTICLE III

Execution of the Project

Section 3.01. The Recipient declares its commitment to the objective of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall:

(a) carry out Parts A, B and D of the Project with due diligence and efficiency and in conformity with appropriate health, technical, administrative, financial, social, educational and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for said Parts of the Project; and

(b) cause CAREC (pursuant to the terms of the CAREC Agreement) to carry out Part C of the Project with due diligence and efficiency and in conformity with appropriate health, biomedical waste, technical, administrative, financial, social and environmental practices, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable CAREC to carry out said Part of the Project, and shall not take or permit to be

taken any action which would prevent or interfere with the carrying out of said Part of the Project.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Recipient shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months before the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Association, a regional plan for the future operation of the Project; and

(b) afford the Association a reasonable opportunity to exchange views with the Recipient on said plan.

Section 3.04. (a) For purposes of carrying out Part C of the Project, the Recipient shall make part of the proceeds of the Grant (allocated under Categories (1) (a), (2) (a), (3) (b), (4) (a) and (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement) available to CAREC under a subsidiary grant agreement (the CAREC Agreement) to be entered into between the Recipient and CAREC, under terms and conditions which shall have been approved by the Association which shall include, *inter alia*, the obligation of CAREC:

(i) to carry out Part C of the Project in accordance with the pertinent provisions of this Agreement and the Operational Manual;

(ii) (A) to maintain a financial management system (including records and accounts and any other information and/or documentation as the Association may request from time to time), all in accordance with accounting standards acceptable to the Association consistently applied, adequate to reflect its operations and financial condition and register separately the operations, resources and expenditures related to the carrying out of said Part of the Project; and (B) to furnish to the Recipient the documentation referred to in (A) herein so as to enable the Recipient to comply with its obligations under Sections 4.01 and 4.02 of this Agreement;

- (iii) to comply with the obligations referred to in: (A) Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of said Part of the Project; and (B) Section 8.01 (b) of the General Conditions (as amended pursuant to paragraph 5 (b) of Schedule 5 to this Agreement);
- (iv) to take or permit to be taken all action to enable the Recipient to comply with its obligations under Section 3.09 (a) and (b) of this Agreement;
- (v) to participate in the review referred to in Section 3.09 (c) of this Agreement;
- (vi) to employ a financial specialist with qualifications and experience acceptable to the Association;
- (vii) to undertake all necessary actions with the Republic of Trinidad and Tobago to permit the Recipient's and the Association's representatives to visit CAREC's facilities in said country for purposes related to the Grant; and
- (viii) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the CAREC Agreement or any provision thereof.

(b) The Recipient shall exercise its rights and carry out its obligations under the CAREC Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Grant, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce the CAREC Agreement or any provision thereof.

Section 3.05. (a) For purposes of carrying out Parts D.2 and D.3 of the Project, the Recipient shall, prior to carrying out any activity which will benefit a particular entity under such Part of the Project, enter into a memorandum of understanding (the Implementation MOU) with said entity, on terms and conditions acceptable to the Association, including, *inter alia*, the obligation of said entity to:

- (i) permit the Recipient to carry out the pertinent Project activities under said Part of the Project which will benefit said entity, including but not limited to the necessary assistance in the

procurement of goods, works and/or services, as the case may be (in accordance with the pertinent Annual Action Plan); and

- (ii) undertake all necessary actions to permit the Recipient's and the Association's representatives to visit said entity's facilities in the country in which said entity has established its legal residence for purposes related to the Grant.

(b) The Recipient shall exercise its rights and carry out its obligations under each Implementation MOU in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Grant, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce any Implementation MOU or any provision thereof.

Section 3.06. (a) Without limitation to the provisions of Section 3.01 of this Agreement, the Recipient shall: (i) carry out Parts A, B and D of the Project; and (ii) cause CAREC to carry out Part C of the Project, all in accordance with a manual (the Operational Manual), acceptable to the Association, said manual to include, *inter alia*, the environmental guidelines and recommendations (resulting from the Project's environmental assessment dated May 7, 2003) to be followed during the construction of health facilities under Part C of the Project, the construction guidelines for small works under Parts C and D.3 (a) (iii) of the Project, CAREC's biomedical waste management and disposal system and procedures (including any improvement to the same as a result of carrying out Part C.8 of the Project), the guidelines for the preparation of Annual Actions Plans and the disbursement and procurement procedures (including an acceptable procurement filing system) under the Grant.

(b) In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

Section 3.07. The Recipient shall: (a) not later than November 30 of each year of Project implementation, starting in year 2004, furnish to the Association, for its approval, an annual action plan (the Annual Action Plan), each said plan to include, *inter alia*: (i) the Project activities to be carried out by the Recipient and CAREC, as the case may be (with the assistance of the corresponding entity referred to in Section 3.05 of this Agreement), during the calendar year following the presentation of each said plan; and (ii) the updated procurement plan and disbursement schedule for each said Project activities; (b) thereafter implement and cause to be implemented said Annual Action Plan in accordance with its terms; and (c) carry out and cause to be carried out the Annual Action Plan for the year 2004 (as approved by the Association prior to the date of this Agreement) in accordance with its terms.

Section 3.08. (a) The Recipient shall operate and maintain, at all times during Project implementation, a Project coordination unit (the PCU) with a structure, functions and responsibilities acceptable to the Association, including, *inter alia*, the responsibility of the PCU to coordinate, monitor and supervise the carrying out of the Project.

(b) The Recipient shall ensure that the PCU is, at all times during Project implementation, headed by a Regional Project manager and assisted by a deputy Project manager with expertise in administrative and financial matters and adequate professional and administrative staff, all with qualifications and experience acceptable to the Association.

Section 3.09. The Recipient shall:

(a) maintain, and cause CAREC to maintain, as the case may be, policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in the Implementation Letter, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, not later than October 31 of year during Project implementation, starting in the year 2004, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association and CAREC, by November 30, 2006, or such later date as the Association shall request, the pertinent reports referred to in paragraph (b) of this Section, and, thereafter, take and/or cause to be taken, as the case may be, all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said reports and the Association's views on the matter.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Recipient shall maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, adequate to

reflect its operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) The Recipient shall:

- (i) have its financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year (or other period agreed to by the Association), audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than four months after the end of each such year (or such other period agreed to by the Association): (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Association), as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and
- (iii) furnish to the Association such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Association may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Grant Account were made on the basis of statements of expenditure, the Recipient shall:

- (i) retain, until at least one year after the Association has received the audit report for, or covering, the fiscal year in which the last withdrawal from the Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (ii) enable the Association's representatives to examine such records; and
- (iii) ensure that such statements of expenditure are included in the audit for each fiscal year (or other period agreed to by the Association), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Recipient's progress reporting obligations set forth in Section 3.09 of this Agreement, the Recipient shall prepare and furnish to the Association a financial monitoring report, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Grant, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation (as described in the corresponding Annual Action Plan); and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

ARTICLE V

Other Covenants

Section 5.01. The Recipient shall cause CAREC:

(a) to take out and maintain with responsible insurers, or to make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice;

(b) to carry on its operations and conduct its affairs in accordance with sound health, biomedical waste, technical, administrative, financial and environmental practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; and

(c) at all times to operate and maintain its plants, machinery, equipment and other property, and from time to time, promptly as needed, to make all necessary repairs and renewals thereof, all in accordance with sound health, biomedical waste, technical, engineering and financial practices.

ARTICLE VI

Remedies of the Association

Section 6.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) That CAREC shall have failed to perform any of its obligations under the CAREC Agreement.

(b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that CAREC will be able to perform its obligations under the CAREC Agreement.

ARTICLE VII

Effective Date; Termination

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the CAREC Agreement has been executed by the parties thereto;

(b) the Recipient and CAREC have adopted the Operational Manual in a manner acceptable to the Association;

(c) the Recipient has established the PCU and hired at least the deputy Project manager as referred to in Section 3.08 of this Agreement; and

(d) CAREC has hired one financial specialist as provided in Section 3.04 (a) (vi) of this Agreement.

Section 7.02. The following is specified as an additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or

opinions to be furnished to the Association, namely that, the CAREC Agreement has been duly authorized or ratified by the Recipient and CAREC, and is legally binding upon the Recipient and CAREC in accordance with its terms.

Section 7.03. The date July 27, 2004 is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VIII

Representative of the Recipient; Addresses

Section 8.01. The Secretary General of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

The Caribbean Community
Bank of Guyana Building
Georgetown, Guyana

Facsimile:

(592) 226-7816

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI) or
64145 (MCI)

(202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Port of Spain, Trinidad and Tobago, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Caroline Anstey

Acting Regional Vice President
Latin America and the Caribbean Region

THE CARIBBEAN COMMUNITY

By /s/ Edwin Carrington

Authorized Representative

SCHEDULE 1**Withdrawal of the Proceeds of the Grant**

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Works		
(a) under Part C of the Project	25,000	88%
(b) under Part D of the Project	375,000	100%
(2) Goods (including laboratory reagents)		
(a) under Part C of the Project	750,000	100% of foreign expenditures; and 88% of local expenditures
(b) under Part D of the Project	350,000	100%
(3) Consultants' services		
(a) under Parts A, B and D of the Project	2,500,000)	100%
)	
(b) under Part C of the Project	500,000)	
(4) Training		
(a) under Part C of the Project	100,000)	100%
)	
(b) under Part D of the Project	200,000)	

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(5) Operating Costs	1,300,000	80% until disbursements under this Category have reached an aggregate amount equivalent to SDR 550,000; and 60% thereafter
TOTAL	<u>6,100,000</u>	

2. For the purposes of this Schedule:

(a) the term “foreign expenditures” means expenditures in the currency of any country other than that of the Republic of Trinidad and Tobago for goods or services supplied from the territory of any country other than that of the Republic of Trinidad Tobago;

(b) the term “local expenditures” means expenditures in the currency of the Republic of Trinidad and Tobago or for goods or services supplied from the territory of the Republic of Trinidad and Tobago;

(c) the term “Training” means expenditures (other than those for consultants’ services) incurred by the Recipient and/or CAREC to finance reasonable transportation costs and per-diem of trainees and trainers (if applicable) and rental of training facilities and equipment under the Project; and

(d) the term “Operating Costs” means reasonable recurrent expenditures that would not have been incurred by the Recipient and/or CAREC absent the Project, for transportation and per-diem costs of its staff, office rent and utilities, operation and maintenance of office equipment, and non-durable goods (excluding laboratory reagents), all needed for the implementation of the Project.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 610,000, may be made in respect of Categories (3), (4) and (5) set forth in the table in paragraph 1 of this Schedule on account of payments made for expenditures before that date but within twelve months before the date of this Agreement.

4. The Association may require withdrawals from the Grant Account to be made on the basis of statements of expenditure for expenditures: (a) under contracts for goods: (i) to be procured under Part C.1 of Section I of Schedule 3 to this Agreement with the exception to the first contract to be procured under said section; (ii) to be procured under Part C.2 of Section I of Schedule 3 to this Agreement with the exception to the first two contracts to be procured under said section; and (iii) estimated to cost less than \$25,000 equivalent each and to be procured under Part C.3 of Section I of Schedule 3 to this Agreement ; (b) under contracts for work estimated to cost less than \$150,000 each with the exception of the first contract for works to be procured under Part C.4 of Section I of Schedule 3 to this Agreement; (c) under contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each with the exception of the first contract for the employment of consulting firms estimated to cost less than \$100,000 equivalent; (d) under contracts for the employment of individual consultants estimated to cost less than \$50,000 equivalent each with the exception of the first contract for the employment of individual consultants estimated to cost less than \$50,000 equivalent; and (e) under Training and Operating Costs as set forth in Categories (4) and (5) of the table in paragraph 1 of this Schedule, respectively, all under such terms and conditions as the Association shall specify by notice to the Recipient.

SCHEDULE 2

Description of the Project

The objective of the Project is to expand, consolidate and effectively coordinate regional support within the Member Countries in an effort to reduce the impact of HIV/AIDS on the human and economic development of the Caribbean region.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time to achieve such objectives:

Part A: Advocacy and Policy Development

1. Development of a regional strategy to raise public awareness and knowledge of the HIV/AIDS epidemic, including changing public attitudes and behavior towards the individuals living with HIV/AIDS and their families in order to reduce stigma and discrimination and generate social/public support to confront the epidemic at the regional level.
2. Carrying out of the following regional studies: (a) a study on the nature and scale of interplay between tourism and HIV/AIDS; (b) a study on the costing, monitoring and implementation of HIV/AIDS programs; (c) a study on the link between poverty and HIV/AIDS; (d) a study on the experience of the Commonwealth of the Bahamas in successfully reducing the incidence of HIV/AIDS; and (e) a study of the legal frameworks of the Member Countries for purposes of developing regional model policies, guidelines and legislation (as the case may be) to assist in reducing the stigma and discrimination against people living with HIV/AIDS and their families.

Part B: Prevention of the Spread of HIV/AIDS

1. Carrying out of a regional study to identify the conditions which increase the risk of HIV infection for mobile populations, and design of a regional program to reduce said risk (which program shall take into account the recommendations of said study, as applicable, and include an action plan acceptable to the Association).
2. Design of a regional program to provide comprehensive services for the prevention of HIV infection at tertiary educational institutions, including an action plan, acceptable to the Association, to implement and finance said program.

3. Design of a regional program which will enable multi-country enterprises to assist in the development and dissemination of materials concerning the prevention and control of HIV/AIDS.
4. Design of a regional condom social marketing program to promote safer sexual social practices among youth and other vulnerable groups.
5. Design of a regional communications campaign to promote behavior change among youth and mobile populations.
6. Design of a regional program to promote corporate responsibility on HIV/AIDS prevention in the enterprises mentioned in Part B.3 above, which program shall include, *inter alia*, the development of policies to be adopted at the workplace and a training program for the staff of said enterprises.

Part C: Strengthening Regional Laboratory Services to Support the Expansion of Treatment and Care

Strengthening of CAREC's regional laboratory services to improve the care and treatment of HIV/AIDS, other sexually transmitted infections and other opportunistic infections, such as tuberculosis, through, *inter alia*: (1) the renovation and expansion of its existing small high security mycobacteriology laboratory; (2) the acquisition and utilization of new laboratory equipment and related supplies; (3) the upgrade of clinical testing systems; (4) the strengthening of proficiency testing; (5) the design and carrying out of a training program concerning new tuberculosis laboratory methods; (6) the design of a regional training workshop on critical aspects of tuberculosis control; (7) the expansion, on a pilot basis, of a diagnostic laboratory information system; and (8) the strengthening of its biomedical waste management and disposal system and procedures.

Part D: Strengthening the Regional Response Capacity

1. Strengthening of the Recipient's capacity to coordinate the role of regional HIV/AIDS agencies/entities in the Caribbean region.
2. (a) Carrying out of a review and analysis of CRN+'s legal mandate, organizational structure, communication and marketing program, resource mobilization program, human resources program, monitoring, evaluation and control program and information technology system for purposes of, if applicable, strengthening CRN+'s institutional and operational capacity; and (b) if the review and analysis carried out in (a) herein determines that the institutional and operational capacity of CRN+ needs to be strengthened, strengthening of CRN+'s institutional and operational capacity, through the expansion and renovation of its existing communications and monitoring infrastructure,

the provision of technical assistance and training and the acquisition and utilization of goods required thereof.

3. (a) Strengthening of the functions and responsibilities of the University of West Indies' Health Economics Unit (including its institutional capacity) in order to improve its contribution to the regional HIV/AIDS response program, through, *inter alia*: (i) the design and implementation of a training program on health economics for its undergraduate and graduate students; (ii) the short term partnering with staff of existing HIV/AIDS programs in Eligible Countries for the purpose of mentoring in program development; (iii) the expansion of its existing infrastructure facilities; and (iv) the hiring of staff; and (b) strengthening of the University of West Indies' own internal HIV/AIDS (UWIHARP) program to expand its outreach objectives.

4. Strengthening the UNAIDS' objectives to expand country capabilities in monitoring the evolution of the HIV/AIDS epidemic.

5. Carrying out of an assessment of the patent system for drugs and the drug registration system of the Member Countries from the standpoint of the promotion of public health.

6. Sponsoring of HIV/AIDS care and treatment meetings in order to facilitate cross-fertilization arrangements among care and treatment units of the Member Countries.

7. Provision of technical assistance to the Recipient to enable it to comply with the carrying out of the annual audits referred to in Section 4.01 (b) (i) of this Agreement.

* * *

The Project is expected to be completed by June 30, 2007.

SCHEDULE 3

Procurement

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of this Section.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.
2. The following provision shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B, namely that, to the extent practicable, contracts for: (a) goods shall be grouped in bid packages estimated to cost \$25,000 equivalent or more each; and (b) works shall be grouped in bid packages estimated to cost \$150,000 equivalent or more each.

Part C: Other Procurement Procedures

1. Limited International Bidding

Laboratory reagents, test kits and laboratory equipment which the Association agrees can only be purchased from a limited number of suppliers, regardless of the cost thereof, may be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

2. Direct Contracting

Laboratory reagents, test kits and laboratory equipment which must be purchased from the original supplier to be compatible with existing equipment or are of a

proprietary nature may, with the Association's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

3. Shopping

Goods (with the exception of laboratory reagents, test kits and laboratory equipment) estimated to cost less than \$25,000 equivalent per contract may be procured under contracts awarded on the basis of international or national shopping procedures, at the Recipient's option, in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

4. Procurement of Small Works

Works estimated to cost less than \$150,000 equivalent per contract may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors (from the country in which the works shall take place) in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts for a given year, the procurement plan (which is part of the pertinent Annual Action Plan for the year in question) shall be furnished to the Association for its review and approval as provided in Section 3.07 of this Agreement.

2. Prior Review

(a) With respect to: (i) each contract for goods and works to be procured under Part B; and (ii) the first contract for goods to be procured under Part C.1 of this Section, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to the first two contracts for goods to be procured under Part C.2 of this Section, the following procedures shall apply:

- (i) prior to the execution of any contract procured under said Part, the Recipient shall provide to the Association a copy of the specifications and the draft contract; and
- (ii) the procedures set forth in paragraphs 2 (f), 2 (g) and 3 of Appendix 1 to the Guidelines shall apply.

(c) With respect to the first contract for works to be procured under Part C.4 of this Section, the following procedures shall apply:

- (i) prior to the selection of any contractor under said Part, the Recipient shall provide to the Association a report on the comparison and evaluation of quotations received;
- (ii) prior to the execution of any contract procured under said Part, the Recipient shall provide to the Association a copy of the specifications and the draft contract; and
- (iii) the procedures set forth in paragraphs 2 (f), 2 (g) and 3 of Appendix 1 to the Guidelines shall apply.

3 Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines), paragraph 1 of Appendix 1 thereto, Appendix 2 thereto and the following provisions of this Section.

Part B: Quality- and Cost-based Selection

Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of

the Consultant Guidelines, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Consultants' services under the Project estimated to cost less than \$100,000 equivalent per contract and which, in the Association's views, are of a standard or routine nature, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Consultant's services for the Project estimated to cost less than \$100,000 equivalent per contract and which, in the Association's views, are not of a standard or routine nature, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Individual Consultants

Consultants' services of individual consultants for the Project that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning

The procurement plan (which is part of the pertinent Annual Action Plan for the year in question), shall be furnished to the Association for its review and approval as provided in Section 3.07 of this Agreement.

2. Prior Review

(a) With respect to: (i) each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more; and (ii) the first contract for the employment of consulting firms estimated to cost less than \$100,000 the equivalent, the

procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to: (i) each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more; and (ii) the first contract for the employment of individual consultants estimated to cost less than \$50,000 equivalent, the report on the comparison of the qualifications and experience of candidates, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:
 - (a) the term “eligible Categories means Categories (1) through (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement in respect of the Project;
 - (b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and
 - (c) the term “Authorized Allocation” means the amount of \$800,000 to be withdrawn from the Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that the initial deposit shall be limited to \$400,000 until the Association determines based on the amounts and frequencies of withdrawal applications that a higher amount is necessary.
2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.
3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:
 - (a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Association a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.
 - (b)
 - (i) For replenishment of the Special Account, the Recipient shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.
 - (ii) Prior to or at the time of each such request, the Recipient shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is

requested. On the basis of each such request, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Recipient directly from the Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Recipient shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Grant allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Grant Account of the remaining unwithdrawn amount of the Grant allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Recipient. Such further withdrawals shall be

made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Recipient shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Recipient may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

SCHEDULE 5

Modifications to the General Conditions

For the purpose of this Agreement, the provisions of the General Conditions are modified as follows:

1. Sections 3.02, 3.03, 3.04 (a) and (b), 3.05, 6.02 (b) (iii) and (iv), (c)(ii) and (iii) and (e), 6.05 and Article VII, are deleted in their entirety.

2. Wherever used in the General Conditions, the following terms are modified to read as follows:

(a) The term “Borrower” is modified to read “Recipient”.

(b) The term “Credit” is modified to read “Grant”.

(c) The term “credit” is modified to read “grant”; except that where used in Section 6.02 (a)(ii), as modified below, the term “credit” shall continue to read “credit”.

(d) The term “Credit Account” is modified to read “Grant Account”.

(e) The term “Development Credit Agreement” is modified to read “Development Grant Agreement”.

3. Article IV is modified as follows:

(a) Section 4.02 (a) and the heading of Section 4.02 are modified to read as follows:

“Section 4.02. Currencies in which Commitment Charges are Payable

(a) The Recipient shall pay the commitment charge on the Grant in the currency specified in the Development Grant Agreement or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to paragraph (c) or (e) of this Section.”.

(b) Wherever used in Section 4.02 (c) and (e) of the General Conditions the words “principal and service charges” are modified to read “commitment charge”.

(c) Section 4.03 and its heading are modified to read as follows:

“Section 4.03. Amount of the Grant

The amount of the Grant withdrawn from time to time shall be the equivalent in terms of SDR (determined as of the date or respective dates of withdrawal from the Grant Account) of the value of the currency or currencies so withdrawn.”.

4. Section 6.02 is modified as follows:

(a) The phrase “any other development credit agreement” in Section 6.02 (a) (ii) is modified to read: “any other development grant agreement or any development credit agreement or development financing agreement”.

(b) The phrase “any development credit agreement” in Section 6.02 (c) (i) is modified to read: “any development grant agreement, development credit agreement or development financing agreement”.

5. Section 8.01 is modified as follows:

“Section 8.01. Taxes

(a) The commitment charge on the Grant shall be paid without deduction for, and free from any taxes levied by, or in the territory of, the Co-Operative Republic of Guyana.

(b) The Development Grant Agreement, and any other agreement to which these General Conditions apply, shall be free from any taxes levied by, or in the territory of, the Co-Operative Republic of Guyana and/or the Republic of Trinidad and Tobago (as the case may be) on or in connection with the execution, delivery or registration thereof.”.

6. Paragraph (b) of Section 9.01 is modified as follows:

“(b) The Recipient shall afford all reasonable opportunity for representatives of the Association to visit any part of the territory of the Co-Operative Republic of Guyana for purposes related to the Grant.”.

7. Paragraph (c) of Section 9.06 is modified to read as follows:

“(c) Not later than six months before the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Association, the Recipient shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the Project, its cost and the benefits derived and to be derived from it, the performance by the Recipient and the Association of their respective obligations under the Development Grant Agreement and the accomplishment of the purposes of the Grant.”.

8. Section 12.05 and its heading are modified to read as follows:

“Section 12.05. *Termination of Development Grant Agreement.*

The obligations of the Recipient under the Development Grant Agreement shall terminate on the date 20 years after the date of the Development Grant Agreement.”.

SCHEDULE 6

List of the Recipient's Member Countries

1. Antigua and Barbuda;
2. Commonwealth of the Bahamas;
3. Barbados;
4. Belize;
5. Commonwealth of Dominica;
6. Grenada;
7. Co-operative Republic of Guyana;
8. Jamaica;
9. Montserrat;
10. St. Kitts and Nevis;
11. Saint Lucia;
12. St. Vincent and the Grenadines;
13. Suriname;
14. The Dominican Republic;
15. The Republic of Haiti; and
16. The Republic of Trinidad and Tobago.