

Public Disclosure Authorized

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IDA GRANT NUMBER H109 RAF

# Development Grant Agreement

(Regional HIV/AIDS Treatment Acceleration Project)

between

WORLD HEALTH ORGANIZATION

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 14, 2004

Public Disclosure Authorized

**IDA GRANT NUMBER H109 RAF**

**DEVELOPMENT GRANT AGREEMENT**

AGREEMENT, dated July 14, 2004, between WORLD HEALTH ORGANIZATION, a public international organization consisting of 192 member states and a specialized agency of the United Nations established by its constitution dated 22 July 1946 (hereinafter referred to as “the Recipient” or “WHO”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has undertaken to support the Treatment Acceleration Program (the Program) in Burkina Faso, Republic of Ghana and Republic of Mozambique (the Participating Countries) so as to test the feasibility of scaling-up existing HIV/AIDS treatment initiatives in Africa, and to promote in-country and cross-country learning with the support of the Recipient and the United Nations Organization represented by the United Nations Economic Commission for Africa (UNECA);

(B) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, and having been requested by the Association to provide support to the Association and the Participating Countries in the implementation of the Program as an advisory agency, has requested the Association to assist in the financing of the Project which forms part of the Program;

(C) the Association has entered into development grant agreements with Burkina Faso, Ghana and Mozambique each dated July 14, 2004, under which the Association has agreed to provide to each Participating Country a grant to assist in the financing of part of the Program, on the terms and conditions set forth in each respective agreement;

(D) the Association has also entered into an agreement with the United Nations Organization represented by the United Nations Economic Commission for Africa dated July 14, 2004 (the UNECA Agreement), under which the Association has agreed to provide a grant to assist in the financing of cross-country learning activities under the Program, on the terms and conditions set forth in the UNECA Agreement; and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Grant to the Recipient for the purpose of assisting in the carrying out of the Project 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 the Development Grant Agreements with World Health Organization and United Nations Organization (represented by the United Nations Economic Commission for Africa), for the Treatment Acceleration Project, set out in Schedule 5 to this Agreement (the General Conditions), constitute an integral part of this Agreement.

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

- (a) "AFRO" means the WHO regional office for Africa;
- (b) "Country Scale Up Team" means the unit within the Recipient's HIV/AIDS Department at WHO headquarters which shall be responsible for coordinating activities under the Project in accordance with paragraph A.1 of Schedule 4 to this Agreement;
- (c) "Eligible Categories" means Categories (1), (2), and (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;
- (d) "Eligible Expenditures" means the expenditures for goods, consultants' services and operating costs referred to in Section 2.02 of this Agreement;
- (e) "3 by 5 Initiative" means the WHO program for supporting countries to scale up the treatment of three million people living with HIV/AIDS by the end of 2005;
- (f) "Financial Monitoring Report" or "FMR" means each report prepared in accordance with Section 4.02 of this Agreement;
- (g) "HIV/AIDS" means Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome;
- (h) "Implementing Partner" means a non-governmental organization or private sector entity that has been selected by each Participating Country to take part in the Program pursuant to a Sub-grant Agreement between such entity and a Participating Country;

(i) “Ledger Account” means the account referred to in Paragraph 4 of Schedule 1 to this Agreement;

(j) “Regional Clinical Coordination Sub-Committee” or “RCCC” means the committee comprised of clinical experts to be set up within RAP, and referred to in Part C of Schedule 2 to this Agreement;

(k) “Regional Multi-disciplinary Advisory Panel” or “RAP” means a panel of representatives from each Participating Country, the Association, WHO, UNECA, each Implementing Partner and other stakeholders, to be set up under the Program for the promotion of rapid incorporation of lessons learned from the implementation of the Program into other HIV/AIDS programs in Africa;

(l) “Report-based Disbursements” means the Recipient’s option for withdrawal of funds from the Grant Account referred to in Paragraph 6 of Schedule 1 to this Agreement;

(m) “TAP Country Coordinator” means the officer in each Participating Country appointed by the Recipient and referred to in paragraph A.3 of Schedule 4 to this Agreement responsible for coordinating the implementation of the Treatment Acceleration Program;

(n) “WHO Proposal” means the Proposal dated April 28, 2004, as updated and augmented by its annex dated May 20, 2004. This Proposal is referred to in paragraph A.4 of Schedule 4 to this Agreement.

## **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 two million eight hundred thousand Special Drawing Rights (SDR 2,800,000).

Section 2.02. The amount of the Grant may be withdrawn by the Association on behalf of the Recipient 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, services and operating costs (hereinafter referred to as Eligible Expenditures) required for carrying out the Project and to be financed out of the proceeds of the Grant.

Section 2.03. (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, but 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 2.04 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 the Recipient; 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 2.04. Commitment charges shall be payable semiannually on March 1 and September 1 in each year.

Section 2.05. The Closing Date (as defined in Section 2.01 of the General Conditions) shall be September 30, 2007, or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.

### **ARTICLE III**

#### **Execution of the Project**

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, environmental and public health practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Recipient and the Association shall otherwise agree, the Recipient shall carry out the Project in accordance with the implementation program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods 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 8.05 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 months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Association, a final report of the Project; and

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

#### **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 the operations, resources and expenditures related to the Project.

(b) Upon the Association's request, the Recipient shall:

(i) have the financial statements referred to in paragraph (a) of this Section, audited, for the period indicated in the Association's request, in accordance with 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 six months after the date of the Association's request for such audit: (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such period as so audited; and (B) an opinion on such statements, by said auditors, in scope and detail satisfactory to the Association;

(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 reports referred to in paragraph 6 of Schedule 1 to this Agreement (Report-based Disbursements) or on the basis of statements of expenditure, the Recipient shall:

- (i) retain, until at least one year after the end of 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) furnish to the Association other relevant information concerning such records as the Association shall have reasonably requested; and
- (iii) ensure that such reports or statements of expenditure are included in any audit that the Association may have requested pursuant to paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Recipient's progress reporting obligations set out in paragraph B of Schedule 4 to 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 ; 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 60 days after the end of the first six month period 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 six month period; thereafter, each FMR shall be furnished to the Association

not later than 60 days after each subsequent six month period, and shall cover such six month period.

## **ARTICLE V**

### **Remedies of the Association**

Section 5.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional event is specified, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

## **ARTICLE VI**

### **Effectiveness; Termination**

Section 6.01. The following event is specified as a condition to the effectiveness of this Agreement within the meaning of Section 11.01 (b) of the General Conditions, namely that all conditions precedent to the effectiveness of the Development Grant Agreements between the Association and each Participating Country as well as the UNECA Agreement, except only the effectiveness of this Development Grant Agreement, have been fulfilled. The Association shall notify the Recipient when the last of such conditions precedent have been fulfilled.

Section 6.02. The date one hundred twenty days (120) days after the date of this Agreement is hereby specified for the purposes of Section 11.04 (which provides for termination of the development grant agreement for failure to become effective) of the General Conditions.



## ARTICLE VII

### Representative of the Recipient; Addresses

Section 7.01. The Assistant Director General of the HIV/AIDS, Tuberculosis and Malaria Department of the Recipient is designated as representative of the Recipient for the purposes of Section 10.03 of the General Conditions.

Section 7.02 The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Recipient:

World Health Organization  
20 Avenue Appia  
CH – 1211 Geneva 27  
Switzerland

Facsimile:  
+41 22 7914834

For the Association:

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

Cable address:

INDEVAS  
Washington, D.C.

Telex:

248423 (MCI) 64145 (MCI)

Facsimile:

(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 the District of Columbia, United States of America, as of the day and year first above written.

WORLD HEALTH ORGANIZATION

By /s/ Fabricio Bassani

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Nils Tcheyan

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) Goods and equipment	90,000	100%
(2) Consultants' services, workshops and training	2,070,000	100%
(3) Operating Costs	310,000	100%
(4) Unallocated	330,000	
	<u>=====</u>	
TOTAL	<u>2,800,000</u>	

2. For the purposes of this Schedule, the term "Operating Costs" means incremental operating costs arising under the Project on account of contractual support staff salaries, travel expenditures and other travel-related allowances; office materials and supplies; and communications expenses.

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 270,000, may be made on account of payments made for expenditures before that date but after April 1, 2004.

4. The Recipient shall maintain a separate Ledger Account, through which all receipts and disbursements for the purposes of carrying out the Project will be channeled.

5. Immediately upon the effectiveness of this Agreement, the Recipient shall submit a blanket withdrawal application covering the total estimated cost contemplated under this Agreement. Based on the blanket withdrawal application, the Association shall commit to make payment to the Recipient of all amounts requested by the Recipient in order to carry out the Project.

6. The Recipient shall request withdrawals from the Grant Account to be made on the basis of reports to be submitted to the Association in form and substance satisfactory to the Association, such reports to include the FMR and any other information as the Association shall specify by notice to the Recipient (Report-based Disbursements). In the case of the first such request submitted to the Association before any withdrawal has been made from the Grant Account, the Recipient shall submit to the Association only a statement with the projected sources and applications of funds for the Project covering 80% of the one year forecast expenditures following the date of such request.

7. The Recipient shall deliver such requests for withdrawals from the Grant Account to the Association, in such amounts as the Recipient reasonably concludes are necessary in order to carry out the Project for the six-month period following the date of such request. When the Recipient shall desire to withdraw any amount from the Grant Account, it shall deliver to the Association, together with the reports referred to in paragraph 6 of this Schedule 1 above, a written application for withdrawal of such amount in the form specified by the Association. Withdrawal applications shall be: (a) signed on behalf of the Recipient by the Executive Secretary or such other person as he or she shall have authorized in writing; and (b) accompanied by such evidence in support of the application as the Association shall reasonably request. Authenticated specimen signatures of the person authorized to sign withdrawal applications shall be provided with the first application bearing his or her signature. Each withdrawal application for an amount of the Grant and its supporting evidence must be sufficient in form and substance to satisfy the Association that the Recipient is entitled to withdraw such amount from the Grant Account and that such amount is to be used in the carrying out of the Project. The Association shall pay the amounts requested by the Recipient from the Grant Account only to or on the order of the Recipient.

8. Upon receipt of each application for withdrawal of an amount of the Grant, the Association shall, on behalf of the Recipient, withdraw from the Grant Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Association has determined, based on the reports referred to in paragraph 6 of this Schedule 1 applicable to such withdrawal application, is required to be withdrawn in order to finance Eligible Expenditures during the six-month period following the date of such reports.

9. Payments shall be made exclusively for Eligible Expenditures. For each payment made by the Recipient out of the amounts withdrawn, 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.

## **SCHEDULE 2**

### **Description of the Project**

The objective of the Project is to assist the Participating Countries and Implementing Partners to scale-up and implement comprehensive treatment programs for people living with HIV/AIDS by providing a range of quality services which are effective, affordable and equitable.

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: In-Country Learning

Enhancement of in-country learning within the Participating Countries through technical support for: (a) the updating and adaptation of policy strategy and operational treatment guidelines and protocols; (b) the provision of technical advisory services for the development of national standards, criteria and assessment tools for accrediting laboratories and treatment sites; (c) the provision of assistance to Participating Countries in the setting up of quality assurance systems for drug procurement and testing to the extent of available resources, in collaboration with on-going initiatives; (d) the provision of assistance for the carrying out of training programs for HIV/AIDS care; (e) the provision of assistance for the development of a monitoring and evaluation framework in the Participating Countries; (f) the provision of advice on the use of instruments and tools for the management and education of HIV/AIDS patients; and (g) the development of an ART package for clinical monitoring and health information systems.

#### Part B: Support to Implementing Partners

Provision of technical support to Implementing Partners in the carrying out of activities under the Program, including preparation of annual work plans, setting up of systems for monitoring and evaluation and training service providers in HIV/AIDS treatment.

#### Part C: Regional Multi-disciplinary Advisory Panel

Supporting the RAP and RCCC under the coordination of UNECA, in the review of progress on project specific outcomes, through the facilitation and attendance of workshops, carrying out of research and studies that capture experiences and lessons learned from the Program and the provision of technical advisory services.

\* \* \*

The Project is expected to be completed by March 31, 2007.

### **SCHEDULE 3**

#### **Procurement**

1. General

For the specific purposes of this Agreement, the Recipient shall carry out procurement of goods and services in accordance with the provisions of the United Nations procurement guidelines and procedures and with the same care and diligence in undertaking procurement using its own funds.

2. Post Review

During Project implementation and up to two years after the Closing Date of this Agreement, the Recipient shall retain all documentation with respect to each contract (including, but not limited to, the signed original of the contract, the analysis of the respective proposals, and recommendations for award), for examination by the Association. Upon the Association's reasonable request and in the event that allegations of fraud, corruption, or serious procurement irregularities arise, the Recipient shall provide such documentation, data and information on specific procurement transactions to the Association for its review and appropriate action.

## **SCHEDULE 4**

### **Implementation Program**

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

1. The Recipient shall vest in the Country Scale Up Team the overall responsibility for coordinating the Recipient's activities under the Project, including liaising with the Association and UNECA on the implementation and policy related aspects of the Program, coordinating the financial management, audit and accounting for the Project, coordinating with AFRO on the carrying out of the technical aspects of the Project and ensuring the harmonization of the Recipient's output under the Project. The main focal point for the Project shall be the Country Scale Up Team director.

2. AFRO shall be responsible for carrying out the technical, activities under the Project, providing technical support to the Participating Countries and Implementing Partners, coordinating the reports and activities of TAP Country Coordinators, coordinating with UNECA on the technical aspects of the Project and selecting participants from the Recipient for the RAP. AFRO, in conjunction with the Country Scale-Up Team director, shall provide input on the carrying out of these activities under the Project to the Country Scale Up Team.

3. TAP Country Coordinators shall be responsible for coordinating Project activities within each Participating Country including the technical assistance and consultancy work needed for the Project, preparation of annual work plans, coordinating with the 3 by 5 Initiative teams within each Participating Country and providing reports to AFRO on the carrying out of the Project within each Participating Country.

4. The Recipient shall implement the Project in accordance with this Agreement and the WHO Proposal which, *inter alia*: (i) sets forth the respective roles and responsibilities of the different institutional levels of the Recipient involved in the implementation of the Project; and (ii) includes the accounting, financial reporting and auditing arrangements under the Project, and the monitoring and evaluation procedures to be followed under the Project.

#### **B. Progress Reports**

The Recipient shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the Recipient's internal rules, regulations and procedures, 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 on a semi-annual basis, commencing six (6) months after the effectiveness date, a progress 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, no later than thirty (30) days after submission, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take 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 report and the Association's views on the matter.

## **SCHEDULE 5**

### **International Development Association**

#### **General Conditions**

#### **Applicable to the**

#### **Development Grant Agreements**

**with World Health Organization and United Nations Organization (UNECA)  
(represented by the United Nations Economic Commission for Africa) respectively,  
for the Regional HIV/AIDS Treatment Acceleration Project**

### **ARTICLE I**

#### **Application to Development Grant Agreements**

##### *Section 1.01. Application of General Conditions*

These General Conditions set forth certain terms and conditions applicable to development grants granted by the Association to WHO and UNECA for the Regional HIV/AIDS Treatment Acceleration Project. They apply to the development grant agreements providing for such development grant to the extent and subject to any modifications set forth in such agreement.

##### *Section 1.02. Inconsistency with Development Grant Agreement*

If any provision of the Development Grant Agreement is inconsistent with a provision of these General Conditions, the provision of the Development Grant Agreement shall govern.

### **ARTICLE II**

#### **Definitions; Headings**

##### *Section 2.01. Definitions*

The following terms have the following meanings wherever used in these General Conditions:

1. "Association" means the International Development Association.
2. "Bank" means the International Bank for Reconstruction and Development.

3. "Grant" means the development grant provided for in the Development Grant Agreement.
4. "Grant Account" means the account opened by the Association on its books in the name of the Recipient to which the amount of the Grant is credited.
5. "Closing Date" means the date specified in the Development Grant Agreement after which the Association may, by notice to the Recipient, terminate the right of the Recipient to withdraw from the Grant Account.
6. "Currency of a country" means the coin or currency which is legal tender for the payment of public and private debts in that country.
7. "Development Grant Agreement" means the particular development grant agreement to which these General Conditions apply, as such agreement may be amended from time to time. Development Grant Agreement includes these General Conditions as applied thereto, and all schedules and agreements supplemental to the Development Grant Agreement.
8. "Dollars" and the sign "\$" mean dollars in the currency of the United States of America.
9. "Effective Date" means the date on which the Development Grant Agreement shall enter into effect as provided in Section 11.03.
10. "Project" means the project or program for which the Grant is granted, as described in the Development Grant Agreement and as the description thereof may be amended from time to time by agreement between the Recipient and the Association.
11. "Recipient" means the party to the Development Grant Agreement to which the Grant is provided.
12. "Special Drawing Rights" and the symbol "SDR" mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement.
13. "Taxes" includes imposts, levies, fees and duties of any nature, whether in effect at the date of the Development Grant Agreement or thereafter imposed.

#### Section 2.02. *References*

References in these General Conditions to Articles or Sections are to Articles or Sections of these General Conditions.

#### Section 2.03. *Headings*

The headings of the Articles and Sections and the Table of Contents are inserted for convenience of reference only and are not a part of these General Conditions.

### **ARTICLE III**

#### **Grant Account; Payment of Charges; Place of Payment**

##### *Section 3.01. Grant Account*

The amount of the Grant shall be credited to the Grant Account and may be withdrawn therefrom by the Recipient as provided in the Development Grant Agreement and in these General Conditions.

##### *Section 3.02. Payment of Charges*

(a) If the Association shall at any time receive less than the full amount of any charges then due and payable to it under the Development Grant Agreement, the Association shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Development Grant Agreement as the Association shall in its sole direction determine.

(b) Any charges due on the Grant shall be paid at such places as the Association shall reasonably request.

### **ARTICLE IV**

#### **Currency Provisions**

##### *Section 4.01. Currencies in which Withdrawals are to be Made*

Except as the Recipient and the Association shall otherwise agree, withdrawals from the Grant Account shall be made in the respective currencies in which the expenditures to be financed out of the proceeds of the Grant have been paid or are payable.

##### *Section 4.02. Currencies in which Charges are Payable*

(a) The Recipient shall pay any charges due on the Grant in the currency specified in the Development Grant Agreement for the purposes of this Section 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) For the purposes of this Section, the term "eligible currency" means the currency of any member of the Association which the Association from time to time determines to be freely convertible or freely exchangeable by the Association for currencies of other members of the Association for the purposes of its operations.

(c) If at any time the Recipient shall desire that, commencing on a given future payment date, any such charges shall be payable in an eligible currency other than that so specified or than one previously designated pursuant to this paragraph (c) or selected pursuant to paragraph (e) below, the Recipient shall deliver to the Association, not less than three nor more than five months prior to such payment date, a notice in writing to that effect and designating such other eligible currency. Upon receipt of such notice and commencing on such payment date, the currency so designated shall be the currency in which any such charges shall be payable.

(d) If at any time the Association shall determine that a currency payable pursuant to the provisions of this Section is not an eligible currency, the Association shall so notify the Recipient in writing and furnish the Recipient with a list of eligible currencies.

(e) Within thirty days from the date of such notice from the Association, the Recipient shall notify the Association in writing of its selection from such list of a currency in which payment shall be made, failing which the Association shall select a currency for such purpose from such list. Upon such selection in either manner, such charges shall, commencing on the payment date next succeeding such thirty-day period, be payable in the currency so selected.

#### 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 the respective dates, of withdrawal from the Grant Account) of the value of the currency or currencies so withdrawn.

#### Section 4.04. *Purchase of Currency of Withdrawal with Other Currency*

If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Grant so withdrawn shall be deemed to have been withdrawn from the Grant Account in such other currency for the purposes of Section 4.03.

#### Section 4.05. *Valuation of Currencies*

Whenever it shall be necessary for the purposes of the Development Grant Agreement, or any other agreement to which these General Conditions apply, to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Association.

Section 4.06. *Manner of Payment*

(a) Any payment required under the Development Grant Agreement to be made to the Association in the currency of a country shall be made in such manner, and in currency acquired in such manner, as shall be permitted under the laws of such country for the purpose of making such payment and effecting the deposit of such currency to the account of the Association with a depository of the Association in such country.

(b) Any such payment shall be made without restrictions of any kind imposed by, or in the territory of, the Recipient.

**ARTICLE V**

**Withdrawal of Proceeds of Grant**

Section 5.01. *Withdrawal from the Grant Account*

The Recipient shall be entitled to withdraw from the Grant Account amounts expended or, if the Association shall so agree, amounts to be expended for the Project in accordance with the provisions of the Development Grant Agreement and of these General Conditions. Except as the Association and the Recipient shall otherwise agree, no withdrawals shall be made for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

Section 5.02. *Special Commitment by the Association*

Upon the Recipient's request and upon such terms and conditions as shall be agreed upon between the Recipient and the Association, the Association may enter into special commitments in writing to pay amounts to the Recipient or others in respect of expenditures to be financed out of the proceeds of the Grant notwithstanding any subsequent suspension or cancellation by the Association or the Recipient.

Section 5.03. *Applications for Withdrawal or for Special Commitment*

When the Recipient shall desire to withdraw any amount from the Grant Account or to request the Association to enter into a special commitment pursuant to Section 5.02,

the Recipient shall deliver to the Association a written application in such form, and containing such statements and agreements, as the Association shall reasonably request. Applications for withdrawal, including the documentation required pursuant to this Article, shall be made promptly in relation to expenditures for the Project.

#### Section 5.04. *Reallocation*

Notwithstanding the allocation of an amount of the Grant or the percentages for withdrawal set forth or referred to in the Development Grant Agreement, if the Association has reasonably estimated that the amount of the Grant then allocated to any withdrawal category set forth in the Development Grant Agreement or added thereto by amendment will be insufficient to finance the agreed percentage of all expenditures in that category, the Association may, by notice to the Recipient:

(a) reallocate to such category, to the extent required to meet the estimated shortfall, proceeds of the Grant which are then allocated to another category and which in the opinion of the Association are not needed to meet other expenditures; and

(b) if such reallocation cannot fully meet the estimated shortfall, reduce the percentage for withdrawal then applicable to such expenditures in order that further withdrawals under such category may continue until all expenditures thereunder shall have been made.

#### Section 5.05. *Evidence of Authority to Sign Applications for Withdrawal*

The Recipient shall furnish to the Association evidence of the authority of the person or persons authorized to sign applications for withdrawal and the authenticated specimen signature of any such person.

#### Section 5.06. *Supporting Evidence*

The Recipient shall furnish to the Association such documents and other evidence in support of the application as the Association shall reasonably request, whether before or after the Association shall have permitted any withdrawal requested in the application.

#### Section 5.07. *Sufficiency of Applications and Documents*

Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Association that the Recipient is entitled to withdraw from the Grant Account the amount applied for and that the amount to be withdrawn from the Grant Account is to be used only for the purposes specified in the Development Grant Agreement.

Section 5.08. *Treatment of Taxes*

It is the policy of the Association that no proceeds of the Grant shall be withdrawn on account of payments for any taxes levied on goods or services, or on the importation, manufacture, procurement or supply thereof. To that end, if the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the Grant decreases or increases, the Association may, by notice to the Recipient, increase or decrease the percentage for withdrawal set forth or referred to in respect of such item in the Development Grant Agreement as required to be consistent with such policy of the Association.

Section 5.09. *Payment by the Association*

The Association shall pay the amounts withdrawn by the Recipient from the Grant Account only to or on the order of the Recipient.

## **ARTICLE VI**

### **Cancellation and Suspension**

Section 6.01. *Cancellation by the Recipient*

The Recipient may, by notice to the Association, cancel any amount of the Grant which the Recipient shall not have withdrawn, except that the Recipient may not so cancel any amount of the Grant in respect of which the Association shall have entered into a special commitment pursuant to Section 5.02.

Section 6.02. *Suspension by the Association*

If any of the following events shall have occurred and be continuing, the Association may, by notice to the Recipient, suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account:

(a) The Recipient shall have failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of any charges or any other amount due to the Association or the Bank: (i) under the Development Grant Agreement, or (ii) under any other agreement between the Recipient and the Association, or (iii) under any agreement between the Recipient and the Bank, or (iv) in consequence of any guarantee or other financial obligation of any kind extended by the Bank to any third party with the agreement of the Recipient.

(b) The Recipient shall have failed to perform any other obligation under the Development Grant Agreement.



(c) (i) The Association or the Bank shall have suspended in whole or in part the right of the Recipient to make withdrawals under any agreement between the Recipient and the Association because of a failure by the Recipient to perform any of its obligations under such agreement; or (ii) the Bank shall have suspended in whole or in part the right of any borrower to make withdrawals under a loan agreement with the Bank guaranteed by the Recipient because of a failure by such borrower to perform any of its obligations under such agreement.

(d) As a result of events which have occurred after the date of the Development Grant Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Project can be carried out or that the Recipient will be able to perform its obligations under the Development Grant Agreement.

(e) After the date of the Development Grant Agreement and prior to the Effective Date, any event shall have occurred which would have entitled the Association to suspend the Recipient's right to make withdrawals from the Grant Account if the Development Grant Agreement had been effective on the date such event occurred.

(f) A representation made by the Recipient, in or pursuant to the Development Grant Agreement, or any statement furnished in connection therewith, and intended to be relied upon by the Association in making the Grant, shall have been incorrect in any material respect.

(g) The Recipient or any Project implementation entity shall, without the consent of the Association, have: (i) assigned or transferred, in whole or in part, any of its obligations arising under the Development Grant Agreement; or (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in part out of the proceeds of the Grant, except with respect to transactions in the ordinary course of business which, in the opinion of the Association: (A) do not materially and adversely affect the ability of the Recipient to perform any of its obligations under the Development Grant Agreement or to achieve the objectives of the Project, or the ability of the Recipient or the Project implementation entity to perform any of its obligations arising under, or entered into pursuant to, the Development Grant Agreement, or to achieve the objectives of the Project; and (B) do not materially and adversely affect the financial condition or operation of the Recipient or the Project implementation entity.

(h) The Recipient or any Project implementation entity shall have ceased to exist in the same legal form as that prevailing as of the date of the Development Grant Agreement.

(i) Any action shall have been taken for the dissolution, disestablishment or suspension of operations of the Recipient or any Project implementation entity.

(j) In the opinion of the Association, the legal character, ownership or control of the Recipient or any Project implementation entity shall have changed from that prevailing as of the date of the Development Grant Agreement so as to materially and adversely affect: (i) the ability of the Recipient to perform any of its obligations under the Development Grant Agreement or to achieve the objectives of the Project; or (ii) the ability of the Project implementation entity to perform any of its obligations arising under, or entered into pursuant to, the Development Grant Agreement, or to achieve the objectives of the Project.

(k) Any other event specified in the Development Grant Agreement for the purposes of this Section shall have occurred.

The right of the Recipient to make withdrawals from the Grant Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to suspension shall have ceased to exist, unless the Association shall have notified the Recipient that the right to make withdrawals has been restored in whole or in part, as the case may be.

#### Section 6.03. *Cancellation by the Association.*

If: (a) the right of the Recipient to make withdrawals from the Grant Account shall have been suspended with respect to any amount of the Grant for a continuous period of thirty days, or (b) at any time, the Association determines, after consultation with the Recipient, that an amount of the Grant will not be required to finance the Project's costs to be financed out of the proceeds of the Grant, or (c) at any time, the Association determines, with respect to any contract to be financed out of the proceeds of the Grant, that corrupt or fraudulent practices were engaged in by representatives of the Recipient or of a beneficiary of the Grant during the procurement or the execution of such contract, without the Recipient having taken timely and appropriate action satisfactory to the Association to remedy the situation, and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Grant, or (d) at any time, the Association determines that the procurement of any contract to be financed out of the proceeds of the Grant is inconsistent with the procedures set forth or referred to in the Development Grant Agreement and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Grant, or (e) after the Closing Date, an amount of the Grant shall remain unwithdrawn from the Grant Account, the Association may, by notice to the Recipient, terminate the right of the Recipient to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Grant shall be cancelled.

#### Section 6.04. *Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association*

No cancellation or suspension by the Association shall apply to amounts subject to any special commitment entered into by the Association pursuant to Section 5.02 except as expressly provided in such commitment.

*Section 6.05. Effectiveness of Provisions after Suspension or Cancellation*

Notwithstanding any cancellation or suspension, all the provisions of the Development Grant Agreement shall continue in full force and effect except as specifically provided in this Article.

## **ARTICLE VII**

### **Taxes**

*Section 7.01. Taxes*

(a) Any charges on the Grant shall be paid without deduction for, and free from, any taxes levied thereon.

(b) The Development Grant Agreement, and any other agreement to which these General Conditions apply, shall be free from any taxes levied on or in connection with the execution, delivery or registration thereof.

## **ARTICLE VIII**

### **Cooperation and Information; Project Implementation**

*Section 8.01. Cooperation and Information*

(a) The Recipient and the Association shall cooperate fully to assure that the purposes of the Grant will be accomplished. To that end, the Recipient and the Association shall:

- (i) from time to time, at the request of any one of them, exchange views with regard to the progress of the Project, the purposes of the Grant, and the performance of their respective obligations under the Development Grant Agreement; and furnish to the other party all such information related thereto as it shall reasonably request; and

- (ii) promptly inform each other of any condition which interferes with, or threatens to interfere with, the matters referred to in paragraph (i) above.

(b) The Recipient shall afford all reasonable opportunity for representatives of the Association to visit any part of its premises for purposes related to the Grant.

#### Section 8.02. *Insurance*

The Recipient shall insure or cause to be insured, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Grant against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation. Any indemnity for such insurance shall be payable in a freely usable currency to replace or repair such goods.

#### Section 8.03. *Use of Goods and Services*

Except as the Association shall otherwise agree, the Recipient shall cause all goods and services financed out of the proceeds of the Grant to be used exclusively for the purposes of the Project.

#### Section 8.04. *Plans and Schedules*

The Recipient shall furnish, or cause to be furnished, to the Association, promptly upon their preparation, the plans, specifications, reports, contract documents and construction and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

#### Section 8.05. *Records and Reports*

(a) The Recipient shall: (i) maintain records and procedures adequate to record and monitor the progress of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Grant, and to disclose their use in the Project; (ii) enable the Association's representatives to visit any facilities and construction sites included in the Project and to examine the goods financed out of the proceeds of the Grant and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of the obligations of the Recipient under the Development Grant Agreement; and (iii) furnish to the Association at regular intervals all such information as the Association shall reasonably request concerning the Project, its cost and, where appropriate, the benefits to be derived from it, the expenditure of the proceeds of the Grant and the goods and services financed out of such proceeds.

(b) Upon the award of any contract for goods or services to be financed out of the proceeds of the Grant, the Association may publish a description thereof, the name and nationality of the party to which the contract was awarded and the contract price.

(c) Promptly after completion of the Project, but in any event not later than six months after 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 and initial operation 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.

#### Section 8.06. *Maintenance*

The Recipient shall at all times operate and maintain, or cause to be operated and maintained, any facilities relevant to the Project, and, promptly as needed, make or cause to be made all necessary repairs and renewals thereof.

#### Section 8.07. *Land Acquisition*

The Recipient shall take, or cause to be taken, all such action as shall be necessary to acquire as and when needed all such land and rights in respect of land as shall be required for carrying out the Project and shall furnish to the Association, promptly upon its request, evidence satisfactory to the Association that such land and rights in respect of land are available for purposes related to the Project.

## ARTICLE IX

### **Enforceability of Development Grant Agreement; Failure to Exercise Rights; Arbitration**

#### Section 9.01. *Enforceability*

The rights and obligations of the Recipient and the Association under the Development Grant Agreement shall be valid and enforceable in accordance with their terms. Neither the Recipient nor the Association shall be entitled in any proceeding under this Article to assert any claim that any provision of these General Conditions or the

Development Grant Agreement is invalid or unenforceable because of any provision of the Articles of Agreement of the Association.

*Section 9.02. Failure to Exercise Rights*

No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under the Development Grant Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default. No action of such party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

*Section 9.03. Arbitration*

(a) Any controversy between the parties to the Development Grant Agreement and any claim by either such party against the other arising under the Development Grant Agreement which has not been settled by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

(b) The parties to such arbitration shall be the Association and the Recipient.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Association; a second arbitrator shall be appointed by the Recipient; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by said President, by the Secretary-General of the United Nations. If either of the parties shall fail to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought, and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty days after such notice, the other party shall notify to the party instituting the proceeding the name of the arbitrator appointed by such other party.

(e) If within sixty days after the notice instituting the arbitration proceeding, the parties shall not have agreed upon an Umpire, either party may request the appointment of an Umpire as provided in paragraph (c) of this Section.

(f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

(h) The Arbitral Tribunal shall afford to the parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Development Grant Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

(i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the Development Grant Agreement or of any claims by either party against the other party arising thereunder.

(k) The Association shall not be entitled to enter judgment against the Recipient upon the award, to enforce the award against the Recipient by execution or to pursue any other remedy against the Recipient for the enforcement of the award, except as such procedure may be available against the Recipient otherwise than by reason of the provisions of this Section. If, within thirty days after counterparts of the award shall have been delivered to the parties, the award shall not be complied with by the Association, the Recipient may take any such action for the enforcement of the award against the Association.

(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 10.01. The parties to the

Development Grant Agreement waive any and all other requirements for the service of any such notice or process.

## **ARTICLE X**

### **Miscellaneous Provisions**

#### *Section 10.01. Notices and Requests*

Any notice or request required or permitted to be given or made under the Development Grant Agreement and any other agreement between the parties contemplated by the Development Grant Agreement shall be in writing. Except as otherwise provided in Section 10.03, such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or facsimile to the party to which it is required or permitted to be given or made at such party's address specified in the Development Grant Agreement, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. Deliveries made by facsimile transmission shall also be confirmed by mail.

#### *Section 10.02. Evidence of Authority*

The Recipient shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of the Recipient, take any action or execute any documents required or permitted to be taken or executed by the Recipient under the Development Grant Agreement, and the authenticated specimen signature of each such person.

#### *Section 10.03. Action on Behalf of the Recipient*

Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Development Grant Agreement on behalf of the Recipient may be taken or executed by the representative of the Recipient designated in the Development Grant Agreement for the purposes of this Section or any person thereunto authorized in writing by such representative. Any modification or amplification of the provisions of the Development Grant Agreement may be agreed to on behalf of the Recipient by written instrument executed on behalf of the Recipient by the representative so designated or any person thereunto authorized in writing by such representative, provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Recipient under the Development Grant Agreement. The Association may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Development Grant Agreement effected by such



instrument is reasonable in the circumstances and will not substantially increase the obligations of the Recipient thereunder.

Section 10.04. *Execution in Counterparts*

The Development Grant Agreement may be executed in several counterparts, each of which shall be an original.

**ARTICLE XI**

**Effective Date; Termination**

Section 11.01. *Conditions Precedent to Effectiveness of Development Grant Agreement*

The Development Grant Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that:

(a) the execution and delivery of the Development Grant Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary organizational action; and

(b) all other events specified in the Development Grant Agreement as conditions to its effectiveness have occurred.

Section 11.02. *Legal Opinions or Certificates*

As part of the evidence to be furnished pursuant to Section 11.01, the Recipient shall furnish to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association or, if the Association so requests, a certificate satisfactory to the Association of a competent official of the Recipient, showing:

(a) that the Development Grant Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Recipient and is legally binding upon the Recipient in accordance with its terms; and

(b) such other matters as shall be specified in the Development Grant Agreement or as shall be reasonably requested by the Association in connection therewith.

Section 11.03. *Effective Date*

(a) Except as the Recipient and the Association shall otherwise agree, the Development Grant Agreement shall enter into effect on the date on which the Association dispatches to the Recipient notice of its acceptance of the evidence required by Section 11.01.

(b) If, before the Effective Date, any event shall have occurred which would have entitled the Association to suspend the right of the Recipient to make withdrawals from the Grant Account if the Development Grant Agreement had been effective, the Association may postpone the dispatch of the notice referred to in paragraph (a) of this Section until such event or events shall have ceased to exist.

*Section 11.04. Termination of Development Grant Agreement for Failure to Become Effective*

If the Development Grant Agreement shall not have entered into effect by the date specified therein for the purposes of this Section, the Development Grant Agreement and all obligations of the parties thereunder shall terminate, unless the Association, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section. The Association shall promptly notify the Recipient of such later date.

*Section 11.05. Termination of Development Grant Agreement*

The obligations of the Recipient shall terminate once all the actions required to be taken by the Recipient under the Development Grant Agreement have been fulfilled.