

**CONFORMED COPY  
IDA GRANT NUMBER H150-RAF**

# **Development Grant Agreement**

**(Great Lakes Initiative on AIDS Support Project)**

**between**

**Great Lakes Initiative on AIDS**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated April 14, 2005**

**IDA GRANT NUMBER H150-RAF**

**DEVELOPMENT GRANT AGREEMENT**

AGREEMENT, dated April 14, 2005, between Great Lakes Initiative on AIDS (the Recipient or GLIA) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

(A) WHEREAS the Recipient has for its objectives to contribute to the reduction of new HIV infections and to mitigate the socio-economic impact of the HIV/AIDS epidemic in the Great Lakes Region (as hereinafter defined) and declaring the Recipient's commitment to the execution of the objectives; and

(B) WHEREAS 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;

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 May 1, 2004), with the modifications set forth 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) "AIDS" means Acquired Immuno Deficiency Syndrome;
- (b) "Annual Work Plan" means the plan referred to Section D.1 of Schedule 4 to this Agreement;
- (c) "Compensation Plan" or "CP" means a plan that outlines the measures required to compensate affected persons for loss of livelihoods and / or loss of access to economic assets in cases where there is no displacement;

(d) “Eligible Categories” means Categories (1) - (5) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(e) “Eligible Expenditures” means the expenditures for goods, works and consultants’ services referred to in Section 2.02 of this Agreement;

(f) “Environmental and Social Management Framework” or “ESMF” means the framework, dated September 27, 2004, which sets out the environmental and social screening process to be followed in identifying, assessing, and mitigating the potential adverse environmental and social impact associated with activities to be implemented under the Project;

(g) “Fiduciary Management Agent” or “FMA” means an agent contracted by the Recipient to manage, disburse, and account for the resources and procure under the Project;

(h) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of this Agreement;

(i) “GLIA Convention” means the Convention Establishing the Great Lakes Initiative on AIDS of July 27, 2004;

(j) “GLIA Core Professional Staff” means the GLIA Finance and Administration Director, Technical and Planning Director, Monitoring and Evaluation Coordinator, Internal Auditor, Procurement Officer, and Country Focal Point Liaison Officer, in accordance with the GLIA Convention;

(k) “GLIA Council of Ministers” means the supreme organ of GLIA, comprising the Ministers in charge of HIV/AIDS in the Member States (as hereinafter defined) of the Recipient or such other Minister as each Member State of the Recipient may determine, which shall determine GLIA policy and program direction and establish Council Rules of Procedure, in accordance with the GLIA Convention;

(l) “GLIA Country Focal Point” means the person appointed by the National AIDS Commission, National AIDS Secretariat or equivalent institution in each of the Member States of the Recipient for purposes of collaboration with the GLIA Secretariat (as hereinafter defined), in accordance with the GLIA Convention and GLIA Operations Manual (as hereinafter defined);

(m) “GLIA Executive Committee” means the decision-making organ of GLIA, comprising the Chief Executive or any other duly appointed member of the National AIDS Commission, National AIDS Secretariat or equivalent institution of each of the Member States of the Recipient, in accordance with the GLIA Convention;

(n) “GLIA Operations Manual” or “GOM” means the manual containing details of the financial and accounting procedures, procurement arrangements,

environmental and social management, and other organizational and administrative arrangements, as shall have been agreed by GLIA for purposes of its activities, as the same may be amended by the GLIA from time to time, and such term includes any annexes thereto, in accordance with the GLIA Convention;

(o) “GLIA Secretariat” means the administrative organ of GLIA, in accordance with the GLIA Convention;

(p) “GLIA Technical Subcommittee” means the subcommittee of the GLIA Executive Committee with responsibilities as set out in the GLIA Convention;

(q) “GLIA-UNHCR Management Contract” means the agreement to be entered into between the Recipient and UNHCR (as hereinafter defined) pursuant to Section 3.02 (a) of this Agreement, as the same may be amended from time to time, and such term includes all schedules thereto;

(r) “Great Lakes Region” means the Great Lakes Region of Africa, namely Republic of Burundi, Democratic Republic of Congo, Republic of Kenya, Republic of Rwanda, United Republic of Tanzania, and Republic of Uganda;

(s) “HIV” means Human Immuno Deficiency Virus;

(t) “IAPSO” means the United Nations Inter-Agency Procurement Services Office;

(u) “Internally Displaced Person” or “IDP” means a person who has been forced or obliged to flee or leave his home or place of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights, or natural or human-made disasters and who has not crossed an internationally recognized State border;

(v) “Member States” means the States-Parties signatories to the GLIA Convention, namely Republic of Burundi, Democratic Republic of Congo, Republic of Kenya, Republic of Rwanda, United Republic of Tanzania, and Republic of Uganda;

(w) “Non-Governmental Organization” or “NGO” means an entity operating as such under the laws of the GLIA Member State in which it is domiciled;

(x) “PLWHA” means People Living with HIV/AIDS;

(y) “Policy Framework for Compensation” or “PFC” means the framework, dated September 27, 2004, agreed with the Association for the resettlement and compensation of persons affected by potential changes in land use associated with activities to be implemented under the Project;

(z) “Procurement Plan” means the Recipient’s procurement plan, dated October 14, 2004, covering the initial 18-month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.03 to this Agreement, to cover succeeding 18-month periods (or longer) of Project implementation;

(aa) “Project Preparation Advance” means the project preparation advance granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on October 26, 2004 and on behalf of the Recipient on November 18, 2004;

(bb) “Project Year” means the period beginning from the Effective Date and ending 12 months thereafter (Project Year 1) and any subsequent 12-month period thereafter;

(cc) “Refugee” means any person who is outside his country of origin or habitual residence and is unable or unwilling to return there owing to: a well-founded fear of persecution because of his race, religion, nationality, membership in a particular social group or political opinion, or serious and indiscriminate threats to life, physical integrity, or freedom resulting from generalized violence or events seriously disturbing public order;

(dd) “Refugee-Surrounding Host Population” means a community living among or near a Refugee community and whose infrastructure and resources have been impacted by the presence of the latter;

(ee) “Report-based Disbursements” means the Recipient’s option for withdrawal of funds from the Grant Account referred to in Part A.5 of Schedule 1 to this Agreement;

(ff) “Resettlement Action Plan” or “RAP” means a plan that outlines the procedures, including related compensation measures, to be applied in the event of the physical displacement of persons affected by activities to be implemented under the Project;

(gg) “Results Framework” means the framework of indicators prepared by the Recipient for Project implementation;

(hh) “Returnee” means a refugee who has returned to his country or area of origin or habitual residence;

(ii) “Special Account” means the account referred to in Part B of Schedule 1 to this Agreement;

(jj) “Subproject Grant” means a grant made or proposed to be made by the Recipient for the purpose of financing Subprojects (as hereinafter defined) under Part A of the Project;

(kk) “Subproject” means a development activity under Part A of the Project and financed or to be financed through a Subproject Grant made out of the proceeds of the Grant;

(ll) “UNFPA” means the United Nations Population Fund;

(mm) “UNHCR” means the United Nations High Commissioner for Refugees;

(nn) “UNICEF” means the United Nations Children’s Fund; and

(oo) “WHO” means the World Health Organization.

## **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 thirteen million seven hundred thousand Special Drawing Rights (SDR 13,700,000).

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 and services required for carrying out the Project and to be financed out of the proceeds of the Grant.

(b) Promptly after the Effective Date, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be March 31, 2009 or such later date as the Association shall establish. The Association shall promptly notify the Recipient 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, 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 (60) 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, or in the territory of, the Recipient; and (iii) in United States 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 April 15 and October 15 in each year.

### **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 cause Part A of the Project to be carried out by UNHCR and the national HIV/AIDS authorities in each GLIA Member State, and carry out Parts B-D of the Project through its Executive Committee, with due diligence and efficiency and in conformity with appropriate health care, environmental, social, financial, and administrative 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 cause Part A of the Project to be carried out by UNHCR and the national HIV/AIDS authorities in each GLIA Member State, and carry out Parts B-D of the Project through its Executive Committee, in accordance with the implementation program set forth in Schedule 4 to this Agreement.

Section 3.02. (a) The Recipient shall, for purposes of implementation of Refugee-related activities under Part A of the Project, enter into a Management Contract, in form and substance satisfactory to the Association, with UNHCR.

(b) Without any limitation or restriction upon any of its other obligations under this Agreement, the Recipient shall cause UNHCR to perform in accordance with the provisions of the GLIA-UNHCR Management Contract all the obligations of UNHCR therein set forth, and shall take and cause to be taken all action, including the

provision of funds, facilities, services and other resources, necessary or appropriate to enable UNHCR to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(c) The Recipient shall exercise its rights under the GLIA-UNHCR Management Contract 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 or waive the GLIA-UNHCR Management Contract or any provision thereof.

Section 3.03. (a) Except as the Association shall otherwise agree, procurement of the goods, works, and 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, as said provisions may be further elaborated in the Procurement Plan.

(b) The Recipient shall update the Procurement Plan in accordance with guidelines acceptable to the Association, and furnish such update to the Association not later than 12 months after the date of the preceding Procurement Plan, for the Association's approval.

Section 3.04. 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 after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Association, a plan designed to ensure the continued achievement of the objectives of the Project; and

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

## **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, 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), commencing with



the fiscal year in which the first withdrawal under the Project Preparation Advance was made and the records and accounts for the Special Account 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 six (6) 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 reports referred to in Part A.5 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 (1) 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 reports and 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 out in Section D of Schedule 4 to this Agreement, the Recipient shall prepare and furnish to the Association an FMR, 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 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**

### **Remedies of the Association**

Section 5.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional events are specified:

- (a) an extraordinary situation shall have arisen which shall make it improbable that the objectives of the Recipient or a significant part thereof will be carried out; and
- (b) the GLIA Convention shall have been amended, abrogated, repealed, or waived so as to, in the opinion of the Association, materially or adversely affect the ability of the Recipient to perform any of its respective obligations in the pursuit of the objectives of the Project.

## **ARTICLE VI**

### **Effectiveness; Termination**

Section 6.01. The following events are specified as conditions to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) a Headquarters Agreement relating to the privileges and immunities of the Recipient and its officers, in form and substance satisfactory to the Association, has been executed on behalf of the Recipient and its host country;

(b) the GOM, in form and substance satisfactory to the Association, has been adopted by the Recipient;

(c) the GLIA Executive Secretary, Director of Finance and Administration, Finance Officer, Technical and Planning Director, and Monitoring and Evaluation Coordinator, all with qualifications, experience, and terms of reference satisfactory to the Association, have been appointed by the Recipient;

(d) an FMA acceptable to the Association, and with terms of reference satisfactory to the Association, has been identified by the Recipient;

(e) a financial and procurement management system, in form and substance satisfactory to the Association, has been established by the Recipient; and

(f) terms of reference, in form and substance satisfactory to the Association, have been prepared by the Recipient for the firm to be contracted for purposes of the audit referred to in Section 4.01 (b) (i) of this Agreement.

Section 6.02. The date one hundred and twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

**ARTICLE VII**

**Representative of the Recipient; Addresses**

Section 7.01. The Chairperson of the GLIA Council of Ministers is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 7.02 The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Great Lakes Initiative on AIDS (GLIA)  
c/o GLIA Secretariat  
5, Avenue Bigogwe  
B. P. 4320  
Kigali, Rwanda

Facsimile:

(250) 50 26 33

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.

GREAT LAKES INITIATIVE ON AIDS

By */s/ Antoine Ntamobwa*  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By */s/ Gobind Nankani*  
Authorized Representative

**SCHEDULE 1**

**Withdrawal of the Proceeds of the Grant**

A. General

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) Subproject Grants	5,500,000	100% of amounts disbursed
(2) Works	70,000	100%
(3) Goods	920,000	100%
(4) Consultants' services (including audits)	4,780,000	100%
(5) Incremental operating costs	1,430,000	100%
(6) Refunding of Project Preparation Advance	410,000	Amount due pursuant to Section 2.02 (b) of this Agreement
(7) Unallocated	590,000	
<b>TOTAL</b>	<u><u>13,700,000</u></u>	

2. For the purposes of this Schedule, "incremental operating costs" means the incremental expenses incurred by the Recipient on account of Project implementation, management, and monitoring, including office space rental, utilities, and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, building and equipment maintenance, travel and supervision, and salaries of supporting staff, but excluding salaries of officials of the civil service of any of the GLIA Member States.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures:

(a) prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 1,370,000, may be made on account of payments made for expenditures before that date but after December 5, 2003; and

(b) for Refugee-related activities under Category (1) of the table in Part A.1 of this Schedule, including prior to the date of this Agreement as set out in the preceding paragraph, unless the GLIA-UNHCR Management Contract to be concluded in accordance with Section 3.02 (a) of this Agreement has been duly authorized or ratified by the Recipient and UNHCR and is legally binding upon the Recipient and UNHCR in accordance with its terms.

4. The Association may require withdrawals from the Grant Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods costing less than \$250,000 equivalent per contract; (b) works costing less than \$250,000 equivalent per contract; (c) services of individual consultants costing less than \$50,000 equivalent per contract; (d) services of consulting firms under contracts costing less than \$100,000 equivalent per contract; (e) training expenditures not subject to contract; and (f) incremental operating costs, all under such terms and conditions as the Association shall specify by notice to the Recipient.

5. The Recipient may 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 for the six-month period following the date of such request.

**B. Special Account**

1. The Recipient may open and maintain in Dollars a special deposit account in a commercial Bank acceptable to the Association, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure, and attachment.

2. After the Association has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Grant Account of amounts to be deposited into the Special Account shall be made as follows:

(a) if the Recipient is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) if the Recipient is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. 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.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if the Association, at any time, is not satisfied that the reports referred to in Part A.5 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

(b) if the Association determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Recipient directly from the Grant Account; or

(c) 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: (A) the records and accounts for the Special Account; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.

5. The Association shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule 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 Section 6.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Recipient of its determination.

6. (a) If the Association determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Recipient shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or 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. 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 determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six (6)-month period following such determination, 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 subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the Grant Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Grant Agreement.

**Annex A**

**to**

**SCHEDULE 1**

**Operation of Special Account  
When Withdrawals Are Not  
Report-based Disbursements**

1. For the purposes of this Annex, the term “Authorized Allocation” means the amount of \$1,500,000 to be withdrawn from the Grant Account and deposited into the Special Account pursuant to paragraph 2 of this Annex.
2. 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 in the aggregate do not exceed the Authorized Allocation. 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.
  - (b) For replenishment of the Special Account, the Recipient shall furnish to the Association requests for deposit into the Special Account at such intervals as the Association shall specify. 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 Part B.3 of Schedule 1 to this Agreement 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. Each such deposit into the Special Account shall be withdrawn by the Association from the Grant Account under one or more of the Eligible Categories.
3. The Association shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Grant minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions 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 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.

**Annex B**

**to**

**SCHEDULE 1**

**Operation of Special Account  
When Withdrawals Are  
Report-based Disbursements**

1. Withdrawals from the Grant Account shall be deposited by the Association into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Association from the Grant Account under one or more of the Eligible Categories.

2. 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 and deposit into the Special 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 Part A.5 of this Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such reports.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to support the Recipient in the: (i) establishment of HIV/AIDS prevention, care, treatment, and mitigation programs for mobile and vulnerable groups such as Refugees, transport sector workers, and infected / affected populations in the territory of each of the Member States of the Recipient; and (ii) enhancement of prospects for coordinated approaches to HIV/AIDS prevention, care, treatment, and mitigation amongst the Member States of the Recipient.

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.

A. Refugees, Refugee-Surrounding Host Populations, Internally Displaced Persons, and Returnees

Carrying out of Subprojects in specific catchment sites in the territory of each GLIA Member State.

B. Networks in Transport Sector and of People Living with HIV/AIDS

1. Support to specific networks and organizations in the territory of GLIA Member States, with focus on long-haul land and lake transport sector, such as along Mombasa - Goma and Dar-es-Salaam - Goma transport corridors, and on PLWHA, through provision of goods and services to, and carrying out of minor civil works for, such networks and organizations.

2. Carrying out of capacity building activities, such as workshops and training of trainers, for specific networks and organizations in the following subject areas:

planning;

financial management;

resource mobilization;

monitoring and evaluation;

knowledge sharing; and

knowledge transfer;

and including establishment of knowledge room facilities at long-haul transport sites.

C. Health Sector Collaboration

1. Carrying out of information exchange activities such as workshops, training, and study tours, and including sharing of HIV/AIDS relevant studies and reports and GLIA electronic archiving thereof, for key health-sector stakeholders across GLIA Member States.
2. Carrying out of activities such as studies, training, workshops, and study tours, as reflected in Annual Work Plans, for possible harmonization of HIV/AIDS protocols across GLIA Member States.
3. Carrying out of information exchange activities relating to Refugees, Refugee-Surrounding Host Populations, IDPs, and Returnees, particularly as drawn from implementation of Part A of the Project.
4. Carrying out of inventory of HIV/AIDS health services along main axes for long-haul transporters, adoption of regional strategy vis-à-vis such services, and expansion of access to and improvement of such services in limited locations through provision of goods and services and carrying out of minor civil works.
5. Carrying out of information exchange activities relating to drug policies, pricing, procurement, and legislation, across GLIA Member States.

D. Project Coordination

1. Project management and administration.
2. Capacity building for and technical support to GLIA staff, GLIA Country Focal Points, and partners such as national AIDS program staff, NGOs, and private sector.
3. Monitoring and evaluation, reporting, and information dissemination, including development of GLIA information sharing capability. Carrying out of operational research relating to GLIA performance.

\* \* \*

The Project is expected to be completed by September 30, 2008.

### **SCHEDULE 3**

#### **Procurement**

##### Section I. General

A. All goods, works, and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants' services shall be procured in accordance with Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Association of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

D. The terms "national" and "international" used in the Procurement Guidelines, Consultant Guidelines, or below in this Schedule shall be interpreted in relation to the territories of the Member States of the Recipient taken as a whole.

##### Section II. Particular Methods of Procurement of Goods, Works, and Services (other than Consultants' Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Member States of the Recipient taken as a whole.

##### B. Other Procurement Procedures

1. National Competitive Bidding. Goods estimated to cost less than \$250,000 equivalent per contract and works estimated to cost less than \$250,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding.

2. Shopping. Goods and works estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping.

3. Direct Contracting. Goods and works which the Association agrees meet the requirements for Direct Contracting may be procured in accordance with the provisions of said procurement method.
4. Force Account. Works which the Association agrees meet the requirements for Force Account may be carried out in accordance with the provisions of said procurement method.
5. Procurement from UN Agencies. Goods such as vehicles and computers may be procured directly from IAPSO, UNFPA, UNICEF, or WHO in accordance with the provisions of paragraphs 3.1 and 3.9 of the Procurement Guidelines.

### Section III. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$100,000 equivalent per contract may comprise entirely national consultants of the GLIA Member States.

#### B. Other Procedures

1. Quality-based Selection. Services for assignments which the Association agrees meet the requirements set forth in paragraph 3.2 of the Consultant Guidelines may be procured under contracts awarded on the basis of Quality-based Selection in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.
2. Selection Under a Fixed Budget. Services for assignments which the Association agrees meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.
3. Least-cost Selection. Services for assignments which the Association agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.
4. Selection Based on Consultants' Qualifications. Services estimated to cost less than \$50,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.
5. Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection,



may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

6. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis, subject to prior approval of the Association for services estimated to cost more than \$10,000 equivalent per contract.

Section IV. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods and works estimated to cost the equivalent of \$250,000 or more procured on the basis of International Competitive Bidding; (b) the first three (3) contracts for goods estimated to cost less than \$250,000 equivalent procured on the basis of National Competitive Bidding; (c) each contract for goods procured on the basis of Direct Contracting; (d) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more; and (e) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$10,000 or more procured on the basis of Single Source Selection. In addition, the record of justification referred to in paragraph 5 of Appendix 1 to the Consultant Guidelines for each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more shall be subject to prior approval of the Association. All other contracts shall be subject to Post Review by the Association.

## **SCHEDULE 4**

### **Implementation Program**

#### **A. Overall Project Oversight and Implementation Arrangements**

1. The GLIA Council of Ministers, Executive Committee, Secretariat, and Country Focal Points shall have responsibilities as set out in the GLIA Convention and GOM.
2. The Recipient shall maintain, until completion of the Project, its various organs as set out in the GLIA Convention, and in form and substance and with resources and functions satisfactory to the Association.
3. The Recipient shall maintain in its Secretariat, until completion of the Project, Core Professional Staff as set out in the GLIA Convention, and with qualifications, experience, and terms of reference satisfactory to the Association.
4. Except as the Association shall otherwise agree, the Recipient shall: (a) apply the criteria, policies, procedures, and arrangements set out in the GOM; and (b) not amend or waive, or permit to be amended or waived, the GOM or any provision thereto, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.
5. The GLIA Executive Committee shall supervise and coordinate the overall implementation of the Project, including the management of financial resources and monitoring and evaluation, in accordance with the provisions of this Agreement and the GOM.
6. An FMA, in form and substance and with terms of reference satisfactory to the Association, shall be responsible for financial and procurement management and related monitoring under the Project for Project Year 1, with such responsibility transferred to the Recipient prior to completion of Project Year 1, upon agreement by the Association and the Recipient.

#### **B. Subprojects**

##### **1. General**

- (a) The Recipient shall prepare, in collaboration with UNHCR and the national HIV/AIDS authorities in each GLIA Member State, Annual Work Plans, in form and substance satisfactory to the Association, for implementation of Part A of the Project, and shall have such Plans reviewed by the Technical Subcommittee of its Executive Committee and approved by its Council of Ministers.

(b) Without limitation upon the provisions of Part A of this Schedule, the Recipient shall appraise, approve, and monitor the Subprojects under Part A of the Project in accordance with the provisions of this Part B and the GOM.

2. Eligibility Criteria and Procedures for Subprojects

No proposed Subproject shall be eligible for financing under Part A of the Project unless the Recipient has determined, on the basis of an appraisal conducted in accordance with the provisions of this Part B and the GOM, that the proposed Subproject satisfies the eligibility criteria specified below and in further detail in the Annual Work Plans, which shall include, *inter alia*, the following:

(a) the proposed Subproject shall be initiated by UNHCR or a national HIV/AIDS authority, and UNHCR or such authority shall be eligible for further Subproject Grants if it has completed the Subproject to the satisfaction of the Association and the Recipient;

(b) the proposed Subproject shall be for activities set forth in Part A of the Project and detailed in the Annual Work Plans;

(c) the cost of each proposed Subproject shall not exceed \$100,000 equivalent, except as previously agreed with the Association; and

(d) the financing of the proposed Subproject shall be fully covered by the sum of the Subproject Grant.

3. Terms and Conditions of Subproject Grant Agreements

(a) A Subproject when carried out by a national HIV/AIDS authority shall be carried out pursuant to a Subproject Grant Agreement, to be concluded between the Recipient and such authority, under terms and conditions, satisfactory to the Association, which, *inter alia*, shall include the following:

the obligation of the authority to: (A) carry out the Subproject with due diligence and efficiency and in accordance with sound health care, environmental, social, financial, and administrative practices; and (B) maintain adequate records to reflect, in accordance with sound accounting practices, the resources, operations, and expenditures relating to the Subproject;

the requirement that the goods, works, and consultants' services to be financed from the proceeds of the Subproject Grant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Schedule 3 to this Agreement, and shall be used exclusively in the carrying out of the Subproject; and

(iii) the right of the Recipient to: (A) inspect by itself, or jointly with the Association, if the Association shall so request, the goods,

works, sites, plants, and construction included in the Subproject, the operations thereof, and any relevant records and documents; (B) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation, and financial condition of Subprojects; and (C) suspend or terminate the right of any authority to use the proceeds of the Subproject Grant upon failure by the authority to perform any of its obligations under the Subproject Grant Agreement; and

(b) the Recipient shall exercise its rights under the Subproject Grant Agreement in such manner as to protect its interests and the interests of the Association and to achieve the Project objectives, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Subproject Grant Agreement or any substantive provision thereof.

C. Safeguard Policies

The Recipient shall:

(a) ensure that the Project is implemented in accordance with the provisions of the ESMF and PFC, and any RAPs and CPs, and except as the Association shall otherwise agree, the Recipient shall not amend or waive any provision of the aforementioned, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project; and

(b) ensure that RAPs and / or CPs are prepared, as needed, in accordance with the PFC, and submitted to the Association for its approval, prior to implementation of such plans.

D. Monitoring and Evaluation

Annual Work Plans and Budgets

1. The Recipient shall furnish to the Association as soon as available, but in any case not later than October 1 of each year, the Annual Work Plan and budget for each subsequent Project Year, of such scope and in such detail as the Association shall have reasonably requested, except for the Annual Work Plan and budget for Project Year 1, which shall be furnished no later than 75 days after the date set out in Section 6.02 of this Agreement.

Annual Reviews

2. The Recipient shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 7 to this Agreement, 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 or about June 1 of each year, 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, by September 1 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.

#### Midterm Review

3. The Recipient shall:

(a) carry out jointly with the Association, no later than October 31, 2007, a mid-term review to assess the status of Project implementation, as measured against the performance indicators referred to in Schedule 7 to this Agreement. Such review shall include an assessment of the following: (i) overall progress in the implementation of the Project; (ii) results of monitoring and evaluation activities; (iii) Annual Work Plans and budgets; and (iv) progress on procurement and disbursement; and make adjustments to the Project and reallocate funds to improve performance, if needed;

(b) prepare and furnish to the Association, three (3) months before such review, a report, in scope and detail satisfactory to the Association, needed to undertake the review, 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 the 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, jointly with the Association, 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

### 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), 3.04(b), 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 Account” is modified to read “Grant Account”.

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

3. Section 1.01 is modified to read as follows:

“Section 1.01. *Application of General Conditions*

These General Conditions set forth the terms and conditions generally applicable to the Development Grant Agreement to the extent and subject to any modifications set forth in such agreement.”

4. Paragraph 3 of Section 2.01 is modified to read as follows:

“3. “Recipient” means the party to the Development Grant Agreement to which the Grant is made.”

5. Article III is modified as follows:

(a) The heading of Article III is modified to read “Grant Account; Partial Payment”, and the heading of Section 3.04 is modified to read “Partial Payment”.

(b) The words “The principal of, and service charges on, the Credit” in Section 3.05 are modified to read “All amounts required to be paid under the Development Grant Agreement”.

6. Article IV is modified as follows:

- (a) Section 4.02(a) is modified to read as follows:

“Section 4.02. *Currencies in which Payments are to be Made*

(a) The Recipient shall pay all amounts required to be paid by it under the Development Grant Agreement in the currency specified in such 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 “amounts”.

- (c) Section 4.03 is 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.”

- (d) Section 4.06(b) is modified to read as follows:

“(b) All amounts which the Recipient shall be required to pay under the Development Grant Agreement shall be paid without restrictions of any kind imposed by, or in the territory of, the Recipient.”

7. Article VI is modified as follows:

(a) The word “credit” in paragraphs (a)(ii) and (c)(i) of Section 6.02 is replaced with the words “credit, grant or financing”.

(b) Section 6.03 (c) is modified by replacing the words “corrupt or fraudulent” with the words “corrupt, fraudulent, collusive or coercive”.

8. Section 8.01(a) is modified to read as follows:

“(a) All amounts which the Recipient shall be required to pay under the Development Grant Agreement shall be paid without deduction for, and free from, any taxes levied by, or in the territory of, the Recipient.”

9. 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**

### **Performance Indicators**

Recognizing that further indicators are set out on in the Results Framework of the Project, the Recipient shall implement the Project in accordance with the performance indicators set forth below:

#### **A. Part A of Project**

1. 100% of the Project implementation sites have access to voluntary counseling and testing.
2. 100% of the health workers treating common opportunistic and sexually transmitted infections in health clinics in Project implementation sites have received training in syndrome-related management of such infections.
3. 75% of the Project implementation sites have community health workers who have received training in and are providing home-based care.

#### **B. Part B of Project**

1. Each identified network has adopted a strategy and developed an action plan for its capacity building.
2. Each identified network has carried out an annual self-assessment of its HIV/AIDS prevention, care, treatment, and mitigation activities.
3. 75% of the organizations in identified networks have met their targets in relation to the self-assessment referred to in the preceding paragraph.

#### **C. Part C of Project**

1. Information exchange activities such as workshops, training, and study tours, and including sharing of HIV/AIDS relevant studies and reports and GLIA electronic archiving thereof, for key health-sector stakeholders have been held as set out in the Recipient's Annual Work Plans.
2. Information exchange activities relating to Refugees, Refugee-Surrounding Host Populations, IDPs, and Returnees have been held as set out in the Recipient's Annual Work Plans.
3. Expansion of access to and improvement of HIV/AIDS health services in limited locations along main axes for long-haul transporters has been carried out as set out in the Recipient's Annual Work Plans.

D. Part D of Project

1. A monitoring and evaluation system, in form and substance satisfactory to the Association, has been established by the Recipient.
2. The GLIA Secretariat is fully functional, with particular regard to fiduciary management, including under the Project, in accordance with the provisions of the GLIA Convention and GOM.