

CONFORMED COPY

LOAN NUMBER 7184-TR

Loan Agreement

(HIV/AIDS Prevention and Control Project)

between

REPUBLIC OF TRINIDAD AND TOBAGO

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated June 27, 2003

LOAN NUMBER 7184-TR

LOAN AGREEMENT

AGREEMENT, dated June 27 , 2003, between the REPUBLIC OF TRINIDAD AND TOBAGO (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested the Bank to assist in the financing of the Project; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower 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 Loan and Guarantee Agreements for Fixed-Spread Loans" of the Bank dated September 1, 1999 (the General Conditions) constitute an integral part of this Agreement.

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

- (a) "AIDS" means Acquired Immune Deficiency Syndrome;
- (b) "Annual Action Plan" means any of the plans referred to in Section 3.06 (a) of this Agreement;
- (c) "FMR" means each financial and monitoring report prepared in accordance with Section 4.02 of this Agreement;
- (d) "HIV" means Human Immune-deficiency Virus;
- (e) "HIV/AIDS High-risk Groups" means groups of population within the Borrower's territory that are highly vulnerable to HIV/AIDS infection, in particular commercial sex workers, patients living with STI (as hereinafter defined), adolescents,

street children, drug users, pregnant women, men having sex with men, bisexuals, and hotel and tourism workers;

(f) "Implementation Letter" means the letter of even date herewith from the Borrower to the Bank setting forth: (i) the Project performance indicators; and (ii) the scope of the mid-term review referred to in Section 3.08 (b) of this Agreement, as such letter may be amended from time to time with the agreement of the Bank;

(g) "MOH" means the Borrower's Ministry of Health;

(h) "NACC" means the Borrower's National AIDS Coordinating Committee, which reports directly to the Office of the Prime Minister;

(i) "NIPDEC" means the Borrower's National Insurance Property Development Company Limited;

(j) "Operational Manual" means the manual referred to in Section 3.04 (b) of this Agreement;

(k) "PCU" means the project coordination unit referred to in Section 3.05 (a) of this Agreement;

(l) "Performance Indicators" means the indicators, for monitoring and evaluating progress towards the attainment of Project objectives, set forth in the Implementation Letter;

(m) "Resettlement Framework" means the Borrower's resettlement framework for the Project, that contains the rules and procedures for mitigating potential negative Project impacts on the livelihood of communities affected by the Project; and

(n) "STI" means sexually transmitted infections.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount equal to twenty million Dollars (\$20,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Agreement.

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made

(or, if the Bank shall so agree, to be made) in respect of the cost of goods, works and services required for the Project and to be financed out of the proceeds of the Loan as well as the front-end fee referred to in Section 2.04 of this Agreement and any premium in respect of an Interest Rate Cap or Interest Rate Collar payable by the Borrower in accordance with Section 4.04 (c) of the General Conditions.

Section 2.03. The Closing Date shall be December 31, 2008 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a front-end fee in an amount equal to one percent (1%) of the amount of the Loan. On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of such fee.

Section 2.05. The Borrower shall pay to the Bank a commitment charge on the principal amount of the Loan not withdrawn from time to time, at a rate equal to: (i) eighty five one-hundredths of one per cent (0.85%) per annum from the date on which such charge commences to accrue in accordance with the provisions of Section 3.02 of the General Conditions to but not including the fourth anniversary of such date; and (ii) seventy five one-hundredths of one per cent (0.75%) per annum thereafter.

Section 2.06. The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, in respect of each Interest Period at the Variable Rate; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the Borrower shall, during the Conversion Period, pay interest on such amount in accordance with the relevant provisions of Article IV of the General Conditions.

Section 2.07. Interest and commitment charges shall be payable semiannually in arrears on May 1 and November 1 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.09. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and

(iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in Section 2.01 (7) of the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar in respect of which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.04 (c) of the General Conditions up to the amount allocated from time to time for such purpose in the table in paragraph 1 of Schedule 1 to this Agreement.

Section 2.10. Without limitation upon the provisions of paragraph (a) of Section 2.09 of this Agreement and unless the Bank is otherwise notified by the Borrower in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Loan withdrawn during each Interest Period shall be changed from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower declares its commitment to the objectives of the Project, and, to this end, shall carry out the Project through the Office of the Prime Minister with due diligence and efficiency and in conformity with appropriate health, technical, administrative, financial, educational and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

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

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

Section 3.04. (a) Except as the Borrower and the Bank may otherwise agree, the Borrower shall carry out the Project in accordance with the Operational Manual.

(b) The Borrower shall issue an operational manual, satisfactory to the Bank, containing, *inter alia*, specific provisions on detailed arrangements for the carrying out of the Project, including:

- (i) the annual action plan for the first year of Project implementation;
- (ii) mandatory safeguards and mitigation actions for the collection, disposal and treatment of medical waste, which safeguards and actions shall be applied to prevent or mitigate any possible negative environmental impact said disposal might otherwise cause as a result of Project implementation;
- (iii) mandatory safeguards and mitigation actions for the construction, rehabilitation and expansion of health facilities, which safeguards and actions shall be applied to prevent or mitigate any possible negative environmental impact said construction may otherwise cause, such as, in particular, increase in deforestation, pollution of groundwater, negative impacts on endangered species, increased soil erosion, and encroachment on natural habitats;
- (iv) personal health and safety provisions for the handling and disposal of hazardous wastes;
- (v) the Resettlement Framework; and
- (vi) guidelines for the preparation of Annual Action Plans.

(c) If any provision of the Operational Manual is inconsistent with a provision of this Agreement, the provision of this Agreement shall prevail.

Section 3.05. (a) The Borrower shall operate and maintain within NACC, at all times during Project implementation, a Project coordination unit (the PCU) satisfactory to the Bank, with a structure, functions and responsibilities acceptable to the Bank, including, inter alia, the responsibility of the PCU to coordinate, monitor and supervise the carrying out of the Project.

(b) The Borrower shall ensure that the PCU is, at all times during Project implementation, headed by a technical director and assisted by adequate professional and administrative staff in numbers and with experience and qualifications acceptable to the Bank (including an accounts manager and a procurement officer), all selected in accordance with competitive and transparent procedures satisfactory to the Bank.

Section 3.06. The Borrower shall:

(a) not later than August 31 of each year of Project implementation, starting in year 2004, furnish to the Bank, for its approval, an annual action plan, each said plan to include, inter alia: (i) the Project activities to be carried out by the Borrower during the calendar year following the presentation of each said plan; and (ii) the procurement plan and disbursement plan for said Project activities;

(b) thereafter implement each said Bank-approved Annual Action Plan in accordance with its terms; and

(c) carry out the Annual Action Plan for the year 2004 as approved by the Bank prior to the date of this Agreement.

Section 3.07. Without limitation to the provisions of Sections 9.01 and 9.07 of the General Conditions, the Borrower shall, not later than thirty days after the conclusion of each semester during the implementation of the Project, starting with the semester which begins on June 1 and ends on December 31, 2003, prepare and furnish to the Bank a report of such scope and in such detail based on the Performance Indicators, as the Bank shall reasonably request with respect to the progress made in carrying out the Project during the semester immediately preceding the date of presentation of such report.

Section 3.08. (a) Without limitation to the provisions of Sections 9.01 and 9.07 of the General Conditions, the Borrower shall, not later than September 1 of each year of Project implementation, starting in September 2004, review jointly with the Bank the progress made in: (i) carrying out the Project; and (ii) achieving the objectives of the Project, based on the relevant report referred to in Section 3.07 of this Agreement.

(b) As part of the annual review to be held not later than September 1, 2006, the Borrower shall carry out with the Bank a Project implementation mid-term review of such scope as set forth in the Implementation Letter.

Section 3.09. The Borrower shall:

(a) enter into an agreement with NIPDEC, under terms and conditions satisfactory to the Bank (the NIPDEC Agreement), for the purposes of purchasing anti-retroviral drugs on behalf of the Borrower, in accordance with the procedures set forth or referred to in this Agreement; and

(b) exercise its rights, and comply with its obligations, under the NIPDEC Agreement in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or fail to enforce such agreement or any provision thereof.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall establish and maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

- (i) have the records, accounts and financial statements referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with auditing standards acceptable to the Bank, consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than four (4) months after the end of each such year: (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited; and (B) an opinion on such statements, records and accounts and report of such audit, by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning such records and accounts, and the audit thereof, and concerning said auditors, as the Bank may from time to time reasonably request.

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

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the Borrower's progress reporting obligations set out in Section 3.07 of this Agreement, the Borrower shall prepare and furnish to the Bank a financial monitoring report, in form and substance satisfactory to the Bank, 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 Loan 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 Bank 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 Bank not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01(c) of the General Conditions:

- (a) that the Operational Manual has been issued and put into effect;
- (b) that the PCU has been established and properly staffed as set forth in Section 3.05 (b) of this Agreement;
- (c) that the financial management system referred to in Section 4.01 (a) of this Agreement, satisfactory to the Bank, shall have been established and become operational; and
- (d) that the auditors referred to in Section 4.01 (b) (i) of this Agreement have been appointed.

Section 5.02 The date September 25, 2003 is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Permanent Secretary, the Ministry of Finance, is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance
Eric Williams Finance Building
Independence Square
Port of Spain, Trinidad

Facsimile:

(868) 627-5631

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423 (MCI) or
64145 (MCI)

(202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF TRINIDAD AND TOBAGO

By /s/ Marina Valere

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Caroline Anstey

Acting Regional Vice President
Latin America and the Caribbean

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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

<u>Category</u>	Amount of the Loan Allocated (Expressed in Dollars)	% of Expenditures to be financed
(1) Works	4,700,000	76%
(2) Goods	6,175,000	85%
(3) Anti-retroviral drugs	2,700,000	90% until expenditures under this category have reached an amount equivalent to US\$1,350,000; and 70% thereafter
(4) Consultants' services (including audits) and training	5,345,000	90%
(5) Operating Costs	430,000	20% until expenditures under this category have reached an amount equivalent to US\$320,000; and 7% thereafter

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be financed</u>
(6) Premia for Interest Rate Caps and Interest Rate Collars	- 0 -	Amount due under Section 2.09 (c) of this Agreement
(7) Front-end fee	200,000	Amount due under Section 2.04 of this Agreement
(8) Unallocated	450,000	
 TOTAL	 <u>20,000,000</u>	

2. For the purposes of this Schedule:

(a) the term “training” means the non-consultant expenditures incurred by the Borrower in connection with the carrying out of training activities under the Project, including reasonable travel costs and per diem of trainees, rental of training facilities and equipment, and training materials; and

(b) the term “operating costs” means the non-consultant expenditures incurred by the Borrower in connection with the daily operation of the PCU, maintenance of equipment and vehicles, rental of office facilities, office utilities, supplies and materials and domestic travel and per diem of PCU staff, which expenditures would not have been incurred in the absence of the Project.

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

(a) payments made for expenditures under Category (3) unless the NIPDEC Agreement has been signed by the parties thereto; and

(b) payments made for expenditures prior to the date of this Agreement except that withdrawals, in an aggregate amount not exceeding the equivalent of \$2,000,000 may be made in respect of Categories (1) through (5) on account of payments made of expenditures within twelve months before that date but after May 5, 2003.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure (under such terms and conditions as the Bank shall specify by notice to the Borrower) for:

(a) works under contracts which are not subject to prior review pursuant to Part D of Section I of Schedule 4 to this Agreement;

(b) goods under contracts which are not subject to prior review pursuant to Part D of Section I of Schedule 4 to this Agreement;

(c) consulting firms under contracts costing less than \$100,000 equivalent;

(d) individual consultants under contracts costing less than \$50,000 equivalent;

(e) training; and

(f) operating costs.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower in controlling the spread of the HIV/AIDS epidemic through: (a) the scaling up of programs for the prevention, care and control of the epidemic, targeted in particular to HIV/AIDS High-risk Groups; (b) the heightening of the awareness with respect to HIV/AIDS infection and prevention amongst the Borrower's population; and (c) the strengthening of the institutional capacity of the Borrower's related agencies and civil society organizations to ensure the effectiveness and the sustainability of the Project.

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

Part A: Prevention/Promotion of Activities to Reduce Spread of HIV/AIDS

1. Design and implementation of information, educational and communication programs, through: (a) the carrying out of educational programs for HIV/AIDS High-risk Groups; and (b) the carrying out of outreach campaigns, all for the purposes of raising awareness and understanding among the targeted population with respect to HIV/AIDS transmission, and promoting behavioral changes with respect to safe sex practices among said population to avoid the spread of HIV/AIDS.

2. Design and implementation of a voluntary testing and counseling program, including, inter alia: (a) the promotion of voluntary testing for HIV and the provision of counseling prior to and after said testing with respect to HIV/AIDS (as well as other sexually transmitted infections), using the network of basic public health facilities in the Borrower's territory; (b) the provision of training to health care workers and doctors; (c) the provision of dedicated facilities within the public health network; and (d) the promotion of partnerships among stakeholders for the establishment of private voluntary counseling and testing sites.

3. Carrying out of a national social marketing program to: (a) increase the accessibility and availability of condoms among the Borrower's population; and (b) promote responsible sexual behavior.

4. Carrying out of a mother-to-child transmission preventive program which consists of, inter alia: (a) the provision of technical assistance for the preparation and implementation of a mother-to-child transmission protocol; (b) the provision of training to health care workers and doctors; (c) the provision of laboratory services and materials for HIV/AIDS screening; (d) the provision of the anti-retroviral therapy to

pregnant women and new born children; and (e) the provision of counseling and treatment.

5. Provision of: (a) technical assistance, including specialized training for health workers; (b) necessary drugs; and (c) laboratory equipment for the design and implementation of a STI prevention and control program to be applied throughout the Borrower's network of health centers.

6. Design and implementation of a medical waste management system, including: (a) the assessment of the Borrower's related regulations and procedures; (b) the provision of training to health staff on handling and disposal of medical waste; and (c) the provision of necessary equipment and infrastructure to improve said system.

7. Strengthening of the capacity of laboratories and blood banks, including (a) the provision of lab equipment and supplies; and (b) the provision of training to laboratory staff in the areas of blood transfusion, laboratory quality control and blood bank screening.

Part B: Access to Treatment and Care

Strengthening of the Borrower's laboratory network to improve the diagnosis of HIV/AIDS and other opportunistic infections, including: (a) the construction of a national public health laboratory and the Queen's Park counseling center and clinic; (b) the refurbishing of selected health and pharmacy service facilities; (c) the provision of laboratory equipment for diagnostic and confirmatory HIV testing; (d) the provision of training to medical staff (including epidemiologists), health workers and pharmacy staff in the areas of HIV/AIDS treatment and care; (e) the provision of anti-retroviral drugs (to patients outside the mother-to-child transmission preventive program referred to in Part A.4 above); and (f) the provision of community and home care, including nutritional services.

Part C: Advocacy

Reduction of stigma and discrimination against people living with AIDS, through: (a) the carrying out of advocacy patients' rights campaigns throughout the Borrower's territory; and (b) the reviewing of the existing legal framework with respect to discrimination associated with HIV/AIDS.

Part D: Surveillance, Epidemiology and Research

Strengthening of the Borrower's HIV/AIDS surveillance system, including: (a) the design and implementation of an integrated clinical information system (and respective information technology platform) with encryption technology to ensure the confidentiality of medical records; (b) the implementation of second generation standardized protocols for behavioral and biological surveillance; (c) the provision of

HIV/AIDS surveillance and information technology training; and (d) the carrying out of related specialized studies and operational research.

Part E: Project Management and Coordination

1. Establishment and operation of NACC
2. Strengthening the institutional capacity and operation of the PCU.

* * *

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

SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Payment Date</u>	<u>Installment Share</u> <u>(Expressed as a %)</u>
On each May 1 and November 1	
Beginning November 1, 2008 through May 1, 2018	5%

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each

Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph 3, if at any time the Bank shall adopt a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by the Bank under the Currency Hedge Transaction relating to said Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

SCHEDULE 4

Procurement

Section I. Procurement of Goods and Works

Part A: General

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

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of Contracts

(i) To the extent practicable, contracts for goods (except anti-retroviral drugs) shall be grouped in bid packages estimated to cost \$250,000 equivalent or more; and (ii) to the extent practicable, contracts for works shall be grouped in bid packages estimated to cost \$1,000,000 equivalent or more.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

(a) Works estimated to cost less than \$1,000,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Goods (except anti-retroviral drugs) estimated to cost less than \$250,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(c) Procurement of goods and works under this Part shall be carried out using standard bidding documents acceptable to the Bank.

2. Shopping

Goods (except anti-retroviral drugs) estimated to cost \$50,000 equivalent or less per contract, up to an aggregate amount not to exceed \$2,000,000, may be procured under contracts awarded on the basis of international or national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement of Small Works

Works estimated to cost less than \$250,000 equivalent per contract, up to an aggregate amount not to exceed \$1,000,000, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

4. Direct Contracting

Anti-retroviral drugs, up to an aggregate amount not to exceed \$3,000,000 equivalent, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

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

3. Post Review

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

Section II. Employment of Consultants

Part A: General

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

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provision shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph: the short list of consultants for services estimated to cost less than \$200,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 and footnote 8 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Least-cost Selection

Services rendered by consulting firms estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services rendered by consulting firms estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Individual Consultants

Services rendered by individual consultants, as approved by the Bank, for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines, up to an aggregate amount not to exceed \$1,500,000, shall be procured under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

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

1. Selection Planning

A plan for the selection of consultants, which shall include contract cost estimates, contract packaging, and applicable selection criteria and procedures, shall be furnished to the Bank for its review and approval prior to the issuance to consultants of any requests for proposals. Such plan shall be updated every 12 months during the execution of the Project, and each such updating shall be furnished to the Bank for its review and approval. Selection of all consultants' services shall be undertaken in accordance with such selection plan (as updated from time to time) as shall have been approved by the Bank.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

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

3. Post Review

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