

CONFORMED COPY

LOAN NUMBER 7556-JM

Loan Agreement

(Second HIV/AIDS Project)

between

JAMAICA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated June 10, 2008

LOAN AGREEMENT

Agreement dated June 10, 2008, between JAMAICA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of ten million Dollars (\$10,000,000) (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are April 15 and October 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.
- 2.07. (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prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the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 withdrawn and outstanding 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 the 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 the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause Part 1.3 of the Project to be carried out by Civil Society Organizations and the Private Sector, and carry out Part 1.2 of the Project through the Non-Health Line Ministries, and all other Parts of the Project through the MOH with the assistance of its RHAs, all the above in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — TERMINATION

- 4.01. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than eighteen (18) months after the Bank’s approval of the loan which expire on November 13, 2009.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower’s Representative is the Minister of Finance and the Public Service of the Borrower.
- 5.02. The Borrower’s Address is:

Ministry of Finance and the Public Service
30 National Heroes Circle
Kingston 4
Jamaica

Facsimile:

1-876-924-9291

5.03. The Bank's Address is:

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)	1-202-477-6391

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

JAMAICA

By /s/ Anthony Smith Rowe Johnson
Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Yvonne M. Tsikata
Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to assist in the implementation of the Borrower's NHP by supporting the: (i) deepening of prevention interventions targeted at high risk groups and the general population; (ii) increasing of access to treatment, care and support services for infected and affected individuals; and (iii) strengthening of program management and analysis to identify priorities for building the capacity of the health sector to respond to the HIV/AIDS epidemic and other priority health problems.

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 1. Prevention

- 1.1 Strengthen the capacity of the MOH and of the RHAs to provide technical guidance for the national response to HIV/AIDS and to deliver HIV/AIDS related services for prevention through the health care system by:
 - (a) supporting behavior change communication interventions, targeting at risk groups and the general population;
 - (b) expanding voluntary counseling and testing to permit scaling-up of treatment and care and to prevent HIV transmission and expand prevention of mother-to-child transmission services;
 - (c) improving the management of STIs;
 - (d) promoting and providing condoms to increase condom use; and
 - (e) improving blood safety services by, *inter alia*, increasing voluntary blood donations.
- 1.2 Scale up the contribution of the Non-Health Line Ministries to prevention activities to make the national response truly multi-sectoral by:
 - (a) supporting the implementation of the Non-Health Line Ministries' work plans;
 - (b) co-financing the staffing costs of the focal points for Non-Health Line Ministries; and
 - (c) providing technical assistance and training for the focal points and their respective ministerial HIV/AIDS committees.
- 1.3 Support prevention activities by Civil Society Organizations and the Private Sector, through the provision of technical support and grants for demand-driven subprojects that would target interventions for key populations at higher risk.

Part 2. Treatment, Care and Support

- 2.1 Support the scaling-up of treatment, care and support by:
- (a) improving the public laboratory system to enhance diagnostic capacity as it relates to HIV and tuberculosis testing and monitoring of related conditions; and
 - (b) strengthening capacity to manage opportunistic infections, tuberculosis and anti-retroviral treatment through the development, update and dissemination of technical guidelines and procedures, the provision of drugs, nutritional supplements and substitute infant feeding formula and the training of health care workers in the comprehensive management of HIV/AIDS, STIs, opportunistic infections, tuberculosis and prevention of mother-to-child transmission.

Part 3. Institutional Capacity Strengthening for Legislative Reform, Policy Formulation, Program Management and Monitoring and Evaluation

- 3.1 Provide technical assistance to support changes to the legislative and policy framework in such areas as:
- (a) updating of the Public Health Act to address new health challenges such as HIV/AIDS; and
 - (b) advocating for further legislative and policy reform to address stigma and discrimination.
- 3.2 Co-finance staff costs for the technical and fiduciary functions of the PCU and the RHAs, in support of the coordination and management of the Borrower's NHP.
- 3.3 Strengthen the monitoring and evaluation system by *inter alia*:
- (a) supporting the development of a monitoring and evaluation framework and operational plan for improving the Borrower's HIV/AIDS surveillance and information management;
 - (b) conducting studies, surveys and surveillance on the general population and special groups; and
 - (c) co-financing staff costs, equipment, and training in monitoring and evaluation.

Part 4. Health Sector Development Support

- 4.1 Support the upgrading and improved management of the biomedical waste management system by *inter alia*:
- (a) upgrading waste management treatment facilities, including the provision of equipment, waste disposal supplies and materials to enable proper segregation practices and the procurement of maintenance service contracts for the western and southeastern treatment facilities;

- (b) preparing facility specific waste management plans, including the creation of a system to support health care facilities in the documentation of infectious waste generation on a continuous basis; and
 - (c) supporting capacity building activities, including the development and dissemination of medical waste management training materials, as well as the training of health workers in medical waste management, post-exposure prophylaxis, and the operation and maintenance of new equipment.
- 4.2 Support an assessment of the obstacles that limit the capacity of the health sector to deliver quality health care efficiently to those needing it most.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Unless otherwise agreed by the Bank, the Borrower shall maintain, throughout Project implementation:
 - (a) the COHSOD, with functions and responsibilities satisfactory to the Bank for the purposes of the Project, with responsibility for, *inter alia*, setting policy, overall coordination and monitoring and evaluating the performance of the NHP; and
 - (b) a Project coordinating unit, within the NHP of the MOH, with structure, functions and responsibilities acceptable to the Bank, including *inter alia* responsibility for coordinating the activities of, and providing fiduciary support to, the MOH, Non-Health Line Ministries, RHAs, Civil Society Organizations and the Private Sector (collectively, "Implementing Agencies") as required under the NHP and carrying out supervision of the Project.

B. Other

1. The Borrower shall carry out the Project in accordance with an operations manual satisfactory to the Bank, such manual to include, *inter alia*:
 - (a) the implementation strategies and the procedures for monitoring and evaluating the Project, including the Project monitoring indicators;
 - (b) the guidelines for the preparation of Annual Work Plans;
 - (c) the environmental guidelines for, *inter alia*, the management of the environmental risks of bio-medical waste and of small-scale construction works;
 - (d) the financial management procedures for the Project, as well as the agreed format of the financial statements, chart of accounts and interim unaudited financial reports for the Project;
 - (e) the procurement procedures and the standard bidding documents to be used for each procurement method as well as the model contracts for the procurement of goods and works; and
 - (f) with respect to the grants under Part 1.3 of the Project:
 - (i) the composition of the committee that would select grant beneficiaries;

- (ii) the eligibility criteria for beneficiaries of the grants;
 - (iii) the criteria for approval and the procedures for monitoring the subprojects supported by such grants; and
 - (iv) the model grant agreement for the provision of funds to the beneficiaries and the implementation of the Demand-driven Subprojects.
- 2. Without limitation to the provisions of Article V of the General Conditions, the Borrower shall ensure that the Operations Manual or any part thereof is not amended, waived, suspended or abrogated without the Bank's prior written concurrence, and in case of any inconsistency between the terms of provisions of the Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.
- 3. The Borrower shall:
 - (a) prepare consolidated annual work plans for the Project, in accordance with the guidelines set forth in the Operations Manual, including the work plans of the MOH, the Non-Health Line Ministries and the RHAs, as well as a budget line for grants to be awarded to Civil Society Organizations and the Private Sector;
 - (b) not later than February 28 of each year during Project implementation, starting in year 2009, furnish to the Bank for its approval, an annual work plan, each said plan to include *inter alia*:
 - (i) the Project activities to be carried out by the Borrower, with the assistance of the Implementing Agencies, as the case may be, during the ensuing Fiscal Year following the receipt of the Bank's approval of the relevant plan; and
 - (ii) the updated Procurement Plan and estimated disbursements by Project component for each said Fiscal Year;
 - (c) implement each said Annual Work Plan, approved by the Bank, in accordance with its terms; and
 - (d) carry out the Annual Work Plan for the Fiscal Year 2008-2009 as approved by the Bank prior to the date of this Agreement.

C. Anti-Corruption

The Borrower shall ensure that:

- (a) the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines; and
- (b) the Borrower's agencies, the Civil Society Organizations and the Private Sector are made aware of the Anti-corruption Guidelines and take all necessary measures to support the implementation of the Project in compliance therewith.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators agreed with the Bank and included in the Operations Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank as part of the Project Report, not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than four months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting
(d) Limited International Bidding

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) Quality-based Selection
(b) Fixed budget Selection
(c) Least Cost Selection
(d) Selection based on Consultants' Qualifications
(e) Single Source Selection
(f) Selection of Individual Consultants

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts that shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by

the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(1) Goods, works, consultants’ services, Grants, Training and Operating Costs under Part 1 of the Project	3,248,000	97%
(2) Goods, works, consultants’ services, Training and Operating Costs under Part 2 of the Project	1,736,000	95%
(3) Goods, consultants’ services, Training and Operating Costs under Part 3 of the Project	3,046,000	72%
(4) Goods, works, consultants’ services, Training and Operating Costs under Part 4 of the Project	1,945,000	93%
(5) Front-end Fee	25,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
TOTAL AMOUNT	10,000,000	

For the purposes of this Schedule, the term:

- (a) “Grants” means expenditure for goods and services financed by grants under Part 1.3 of the Project.
- (b) “Training” means the reasonable non-consultant expenditures incurred by the Borrower in connection with the carrying out of training activities (including workshops and fieldtrips) under the Project, including travel costs per diem of trainers, facilitators and stakeholders, and training materials.
- (c) “Operating Costs” means the reasonable cost of specialized staff, including staff responsible for project management and administration in the PCU and the RHAs, and sundry recurrent expenses directly related to the performance of Project activities.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$1,300,000 equivalent may be made for payments made up to a year prior to this date but in no case before April 1, 2008, for Eligible Expenditures.
2. The Closing Date is November 30, 2012.

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 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) Withdrawn Loan Balance as of the first Principal Payment Date by; (b) the Installment Share for each Principal Payment Date.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each April 15 and October 15	
Beginning October 15, 2013 through April 15, 2038	2%

2. If the proceeds of the Loan have not 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 have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn 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 is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date.
3.
 - (a) Amounts of the Loan withdrawn 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, if at any time the Bank adopts 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.

APPENDIX

Definitions

1. “AIDS” means Acquired Immune Deficiency Syndrome.
2. “Annual Work Plan” means any of the plans referred to in paragraph 3 (a) and (b) of Section I. B of Schedule 2 to this Agreement.
3. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Civil Society Organizations” means the Borrower’s National AIDS Committee and non-governmental organizations that receive grants to carry out Demand-driven Subprojects pursuant to Part 1.3 of the Project.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
7. “COHSOD” means the Borrower’s Council for Health and Social Development which reports to the Borrower’s Cabinet or any successor thereto.
8. “Demand-driven Subprojects” means the subprojects referred to in Part 1.3 of the Project.
9. “Fiscal Year” means the Borrower’s financial year April 1 of one year through March 31 of the following year.
10. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008).
11. “HIV” means Human Immune-deficiency Virus.
12. “Implementing Agencies” means the MOH, Non-Health Line Ministries, RHAs, Civil Society Organizations and the Private Sector, collectively.
13. “MOH” means the Borrower’s Ministry of Health.
14. “NHP” means the Borrower’s National HIV/STI Program.
15. “Non-Health Line Ministries” means the Borrower’s Ministries of: Education; Labour and Social Security; Tourism; and National Security.

16. "Operations Manual" means the manual, dated May 9, 2008, for the operation of the Project referred to at paragraph 1 of Section I.B of Schedule 2 to this Agreement, as the same may be amended from time to time.
17. "PCU" means the coordinating unit referred to in paragraph 1(b) of Section I.A of Schedule 2 to this Agreement.
18. "Private Sector" means private sector entities that receive grants to carry out Demand-driven Subprojects pursuant to Part 1.3 of the Project.
19. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October 2006.
20. "Procurement Plan" means the Borrower's procurement plan for the Project, dated March 20, 2008 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
21. "Public Health Act" means the Borrower's Public Health Act of February 21, 1985 as amended to date.
22. "RHA" means a regional health authority established by the Borrower's National Health Services Act, dated October 1, 1997.
23. "STI" means sexually transmitted infection.