

CONFORMED COPY

GRANT NUMBER H279 - ET

Financing Agreement

(Second Multi-Sectoral HIV/AIDS Project)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 30, 2007

GRANT NUMBER H279 - ET

FINANCING AGREEMENT

AGREEMENT dated March 30, 2007, entered into between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association 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 — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to twenty million Special Drawing Rights (SDR 20,000,000) (“Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are May 1 and November 1 in each year.
- 2.05. The Payment Currency is Dollars.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project, through HAPCO, in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following that, namely, that a situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Project Implementing Manual has been revised to reflect the project design, implementation arrangements, selection criteria to be used for approval of Annual Work Plans and Subprojects under Parts 2 (a) and Part 3 of the Project, the terms of references of HAPCOs at all levels and of the Review Boards, and financial management and procurement guidelines, in form and substance satisfactory to the Association.
 - (b) The Recipient has, in a manner satisfactory to the Association: (i) completed the assessment of finance and internal audit staff needs at federal, regional and Woreda levels; and (ii) submitted a recruitment plan to fill the identified gaps to the Association.
 - (c) The Annual Action Plan for the first year of the Project has been submitted to the Association, in form and substance satisfactory to the Association.

- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is seven years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Minister of Finance and Economic Development.
- 6.02. The Recipient's Address is:

Ministry of Finance and Economic Development
P.O.Box 1905
Addis Ababa
Ethiopia

Cable address:	Telex:	Facsimile:
MINFIN	21147	2511551355

- 6.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Addis Ababa, Federal Democratic Republic of Ethiopia, as of the day and year first above written.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By /s/ Mekonnen Manyazewal

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ishac Diwan

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to assist the Recipient's multi-sectoral efforts in: (a) increasing access to prevention services for the youth, especially females in the age group of fifteen to twenty-four years, and other most-at-risk populations; and (b) sustaining access to care and support for PLWHA and orphans undertaken in EMSAP I Project.

The Project consists of the following parts:

Part 1: National Program Coordination and Institutional Strengthening

- (a) Strengthening the institutional and technical capacities of Project oversight bodies at all levels, including, *inter alia*, HAPCO, AIDS Councils and the Review Boards to ensure effective coordination and management of the national response to HIV/AIDS through provision of technical assistance, training and support towards the implementation of the Joint Annual Review exercise.
- (b) Strengthening the capacity of HAPCOs to implement, monitor and evaluate the Project, through the provision of goods, training and technical assistance.
- (c) Carrying out financial and technical audits of the Project, through the provision of technical assistance.

Part 2: Multi-Sectoral Prevention Fund

- (a) Provision of grants to Eligible Public Sector Partners for the carrying out of targeted HIV/AIDS prevention activities.
- (b) Support towards: (i) renovation of counseling and testing facilities; and (ii) completion of a tuberculosis ward of Saint Peters Hospital.

Part 3: Local Response Fund

The establishment of a Local Response Fund to provide grants to Woredas, Kebeles, Civil Society Organizations and private sector organizations for the carrying out of Subprojects including, *inter alia*: (i) community and Woreda-based initiatives focused on targeted HIV/AIDS prevention; (ii) continued

support to community and Woreda-based initiatives for care and support of PLWHA and orphans begun under EMSAP I; and (iii) provision of training and technical assistance to strengthen technical capacities of Beneficiaries, including Project management and grant utilization.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Project Implementation Manual

1. The Recipient shall maintain the PIM in form and substance satisfactory to the Association, setting out details of all procedures, guidelines, processes, timetables and criteria for the Project, including: (i) procedures for preparation, appraisal, implementation and supervision of work plans and Subprojects; (ii) standard formats for Subproject proposals, Multi-Sectoral and Subgrant Agreements; (iii) selection criteria for approval of Annual Work Plans and subprojects; (iv) terms of references of the HAPCOs, AIDS Councils, and Review Boards at all levels; and (v) such other administrative, financial, procurement, technical, organizational, monitoring and evaluation arrangements as shall be required for the Project.
2. Except as the Association shall otherwise agree, the Recipient shall: (i) apply the criteria, policies, procedures and arrangements set out in the PIM; and (ii) not amend or waive, or permit to be amended or waived, the PIM or any provision thereto, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.

B. Institutional Arrangements

1. The Recipient shall cause:
 - (a) NAC to maintain HAPCO, as its national secretariat, in a form and with functions, staffing and resources satisfactory to the Association; and
 - (b) each RAC and WAC to be maintained in a form and with functions, staffing and resources satisfactory to the Association.
2. NAC, chaired by the Recipient's President, shall have overall responsibility for guidance, advocacy or oversight of the national HIV/AIDS strategy.
3. HAPCO shall be responsible for coordination and monitoring and evaluation of all HIV/AIDS activities, and coordination, liaison, supervision, long-term planning and policy support for the Project.

4. The Recipient shall ensure that the positions of Director General and Deputy Director General at HAPCO shall remain occupied at all times during Project implementation. The Recipient shall also ensure that the positions for program and planning personnel, finance officers, procurement specialists, internal auditors, and monitoring and evaluation personnel at HAPCO shall be kept filled at all times by persons having qualifications, experience and terms of reference acceptable to the Association.
5. HAPCO shall report to its Management Board on the discharge of its functions under the Project; and furnish to the Board, for the approval of the Board and NAC, consolidated annual work programs, related annual budget proposals, various progress reports and other documents relating to HAPCO's functions.
6. The Recipient shall cause HAPCO to set up Review Boards at Federal, regional and Woreda levels, with composition and terms of reference satisfactory to the Association. The Review Board Members shall be selected by the National HIV/AIDS and Regional HIV/AIDS Councils in accordance with criteria set out in the PIM.
7. The regional HAPCOs shall provide the necessary technical support to the Woredas including organization of regional training for the Woredas on participatory community appraisal techniques.
8. The Information, Monitoring and Evaluation Department (IMED) shall utilize technical advisory services (including services of the Central Statistical Authority, the Regional Statistical Offices, Universities and private institutions) to assist it in the generation of information and analysis. IMED's functions shall include: (a) the development of a data collection system, including social impact monitoring, to be used to establish the performance criteria and impact for each component of the Project as measured by the agreed indicators of the Project; (b) the compilation and consolidation of monitoring information including data related to outcome achievement and program performance, expenditure and disbursements; and (c) the preparation of consolidated quarterly implementation reports for the overall Project.

C. Implementation Covenants

1. The Recipient shall: (a) implement the Project, ensure that all Subprojects shall be implemented, in accordance with its Waste Handling and Disposal Guidelines; and (b) except as the Association shall otherwise agree, shall not amend or waive, or permit to be amended or waived, the Waste and Disposal Guidelines in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.

2. The Recipient shall implement the Project in accordance with the Annual Action Plan and, except as the Association shall otherwise agree, shall not amend or waive, or permit to be amended or waived, the Annual Action Plan in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.
3. The Recipient shall ensure that the first joint review planning and budgeting exercise is held, by no later than June 30, 2007, and subsequently every April of each year.
4. The Recipient shall ensure that HAPCO shall, no later than October 1, 2007, complete an epidemiological synthesis to better understand the trends and drivers of the HIV/AIDS epidemic, in a manner satisfactory to the Association.

D. Multi-Sectoral Grants under Part 2 (a) of the Project

1. In carrying out the activities under Part 2 (a) of the Project, the Recipient shall cause all Eligible Public Sector Partners participating in the said Part of the Project, to prepare an Annual Work Plan in form and substance satisfactory to the Association. The said Annual Work Plans shall be: (a) reviewed by the Review Boards for technical quality; and (b) approved by: (i) the Federal HAPCO for work plans from the Federal sector ministries; or (ii) the regional HAPCO for work plans from the regional sector bureaus; or (iii) the WAC for work plans from the Woreda sector bureaus.
2. The Annual Work Plans shall identify targeted HIV/AIDS prevention activities eligible for financing in accordance with the criteria, procedures and guidelines set forth in the PIM and this Agreement.
3. No grant shall be provided to finance targeted HIV/AIDS prevention activities identified in an Annual Work Plan unless said Plan is results-oriented and has been evaluated on a competitive basis by the Review Board and HAPCO.
4. Provisions of the Multi-Sectoral Grant Agreements:
 - (a) HAPCO shall make proceeds of the Multi-Sectoral Prevention Fund under Part 2 (a) of the Project available to the Eligible Public Sector Partners, on a grant basis, under an agreement, satisfactory to the Association, to be entered into between the respective HAPCO and the Eligible Public Sector Partners (the Multi-Sectoral Grant Agreement).

- (b) The Multi-Sectoral Grant Agreement for subgrants under Part 2 (a) of the Project shall provide for rights adequate to protect the interests of the Association, the Recipient and HAPCO, including to the extent that it shall be appropriate, the right to require the Eligible Public Sector Partners to:
- (i) carry out the Eligible Public Sector Activities with due diligence and efficiency and in accordance with sound administrative, financial, health, environmental, technical and managerial standards;
 - (ii) maintain adequate records for the activities concerned;
 - (iii) procure all goods, works and services required for the activity in accordance with the provisions of Section III of Schedule 2 to this Agreement;
 - (iv) use the goods, works and services so procured exclusively in the carrying out of the activity; and
 - (v) permit HAPCO or the Recipient to inspect, by itself or jointly with representatives of the Association if the Association shall so request, any goods, works, plants and construction included in the activity, the operation thereof, and any relevant records and documents.
- (c) Without limitation or restriction upon the provisions of the preceding subparagraphs of this paragraph, a Multi-Sectoral Grant Agreement shall: (i) specify the contribution to be made by the Eligible Public Sector Partner carrying out the activities to the total costs of all the activities under the Multi-Sectoral Grant Agreement; and (ii) provide for the right of HAPCO to suspend or terminate the right of the Eligible Public Sector Partner to the use of the proceeds of the subgrant upon the failure by the Eligible Public Sector Partner to perform any of its obligations under the Multi-Sectoral Grant Agreement.

E. Subprojects under Part 3 of the Project

1. The Recipient shall provide subgrants to finance eligible Subprojects through on-granting arrangements in accordance with procedures and criteria set forth in the Project Implementation Manual and the provisions of this Agreement.
2. The subgrants shall be provided to:
 - (a) Kebeles, Woredas, community based associations and organizations and non-governmental organizations. The WAC, with assistance from the Woreda Review Boards, shall be responsible for the selection of eligible proposals for these subgrants. The eligibility criteria shall include, *inter alia*: (i) appointment of Project facilitation staff; and (ii) provision of training to representatives of Beneficiary communities.
 - (b) Civil Society Organizations and private organizations. The Review Boards at all levels shall be responsible for the selection of eligible proposals for the subgrants from their respective level. The eligibility criteria shall include, *inter alia*: (i) licensure by the Ministry of Justice; (ii) demonstrated past experience and good performance in HIV/AIDS or reproductive health activities; and (iii) sufficient institutional capacity to implement the Subproject.
3. Provisions of Subgrant Agreements:
 - (a) HAPCO shall make proceeds of the Local Response Fund available to a Beneficiary, on a grant basis, under an agreement, satisfactory to the Association, to be entered into between the respective HAPCO and the Beneficiary (the Subgrant Agreement).
 - (b) The Subgrant Agreement for subgrants under Part 3 of the Project shall provide for rights adequate to protect the interests of the Association, the Recipient and HAPCO, including to the extent that it shall be appropriate, the right to require the Beneficiary to:
 - (i) carry out the Subproject with due diligence and efficiency and in accordance with sound administrative, financial, health, environmental, technical and managerial standards;
 - (ii) maintain adequate records for the Subproject concerned;

- (iii) procure all goods, works and services required for a Subproject or activity in accordance with the provisions of Section III of Schedule 2 to this Agreement;
 - (iv) use the goods, works and services so procured exclusively in the carrying out of the Subproject or activity; and
 - (v) permit HAPCO or the Recipient to inspect, by itself or jointly with representatives of the Association if the Association shall so request, any goods, works, plants and construction included in the Subproject or activity, the operation thereof, and any relevant records and documents.
- (c) Without limitation or restriction upon the provisions of the preceding subparagraphs of this paragraph, a Subgrant Agreement shall: (i) specify the contribution to be made by a Beneficiary carrying out a Subproject to the total costs of the Subproject; and (ii) provide for the right of HAPCO to suspend or terminate the right of the Beneficiary to the use of the proceeds of the subgrant upon the failure by the Beneficiary to perform any of its obligations under the Subgrant Agreement.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each Project Report shall cover the period of six months, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall, through HAPCO, prepare and furnish to the Association 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 Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six 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 Financing 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 Financing 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 Association 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:

Procurement Method
(a) National Competitive Bidding
(b) Shopping
(c) Community-based procurement

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 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.

Procurement Method
(a) Least Cost Selection
(b) Selection Based on Consultants' Qualifications
(c) Individual Consultant
(d) Single Source Selection

D. Review by the Association of Procurement Decisions

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

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association 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 Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) (a) Grants from the Multi-Sectoral Prevention Fund under Part 2 (a) of the Project	1,330,000	100% of amounts disbursed
(b) Grants for Subprojects under Part 3 of the Project	7,320,000	
(2) Civil works under Part 2 (b) of the Project	670,000	100%
(3) Goods, equipment, drugs and medical supplies	2,000,000	100%
(4) Training and Consultants' services, including audits, for the Project	2,000,000	100%
(5) Incremental operating costs	670,000	100%
Unallocated	6,010,000	
TOTAL AMOUNT	20,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. For purposes of this Section, the term “Incremental operating costs” means the incremental operating costs arising under the Project on account of maintenance of vehicles, fuel, equipment, office supplies, utilities, consumables, travel per diems and allowances, travel and accommodation, office rental and Project support staff recruited to work in HAPCO, excluding salaries of civil servants.
2. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

- (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed two million Dollars (\$2,000,000) equivalent may be made for payments made prior to this date but on or after January 1, 2007 for Eligible Expenditures;
 - (b) unless the Recipient has hired the finance and internal audit staff assigned to Central, Regional or Woreda levels, with qualifications and experience satisfactory to the Association;
 - (c) under Category (1) (a) unless the Annual Work Plan in question has been made in accordance with the Procedures, guidelines and other provisions set out or referred to in the PIM and this Agreement; and
 - (d) under Category (1) (b) unless the Grant in question has been made in accordance with the Procedures, guidelines and other provisions set out or referred to in the PIM and this Agreement.
3. The Closing Date is June 30, 2010.

APPENDIX

Definitions

1. “AIDS” means the Acquired Immune Deficiency Syndrome.
2. “Annual Action Plan” means plan elaborating all the activities related to HIV/AIDs to be carried out during the year and agreed at the Joint Annual Review upon by the Government and the Donor Partners.
3. “Annual Work Plan” means the work plan under Part 2 (a) of the Project which shall be approved by the Review Boards in accordance with the eligibility criteria set out in the PIM and the provisions of paragraph C.5 of Section 1 of Schedule 2 to this Agreement.
4. “Beneficiary” means a Kebele, Woreda, faith-based organization, Civil Society Organization, or a private sector entity, which has met the eligibility criteria set out in the PIM and the requirements of Schedule 2 to this Agreement and which, as a result, has received or is entitled to receive, a Grant for the carrying out of a Subproject.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “Civil Society Organization” means all entities, defined as such under the laws of the Recipient, with the exception of public and private organizations.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
8. “Donor Partners” means the President’s Emergency Plan for AIDS Relief, the Global Fund to fight AIDS, Tuberculosis and Malaria, the Department for International Development and the World Bank.
9. “Eligible Public Sector Partners” means Recipient’s public sector ministries, regional or Woreda sector bureaus, departments and other agencies.
10. “Eligible Public Sector activities” means the main activities to be carried out under Part 2(a) of the Project, which shall include, but not be limited to, activities in the following areas: capacity building, behavioral change targeted activities, voluntary counseling and testing, peer and community conversations, condom distribution, school club related to HIV/AIDs, preparation of HIV/AIDs material for training and mechanisms for reduction of harmful traditional practices.

11. “EMSAP I” means the Ethiopia Multi-Sectoral HIV/AIDS Project for which the Association provided financing under an Agreement between the Association and the Recipient, Credit number 3416-ET, dated October 12, 2000.
12. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
13. “HAPCO” means the National HIV/AIDS prevention and control office, the National Secretariat for NAC and HAPCOs the secretariat offices at all federal, regional and Woreda levels.
14. “HIV” means the Human Immuno-Deficiency Virus.
15. “Joint Annual Review” means the annual review to be carried out by the Recipient and other Donor Partners under Part 1 of the Project for purposes reviewing the implementation of the national HIV/AIDS Program and mapping out activities to be carried out in the subsequent year.
16. “Kebele” means a sub-unit of a Woreda established and operating under the laws of the Recipient.
17. “Local Response Fund” means the fund established pursuant to Part 3 of the Project.
18. “Multi-Sectoral Prevention Fund” means the fund established pursuant to Part 2 of the Project.
19. “Multi-Sectoral Grant Agreement” means the agreement referred to in paragraph D.4 of Section I of Schedule 2 to this Agreement.
20. “NAC” means the Recipient’s National HIV/AIDS Prevention and Control Council established in April 2000.
21. “PLWHA” means people living with HIV/AIDS.
22. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
23. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 22, 2007 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.
24. “Program” means the program designed to prevent and control the spread of HIV/AIDS epidemic and set forth or referred to in the Recipient’s National HIV/AIDS Strategy as updated in December, 2004.

25. “Project Implementation Manual” or “PIM” means the project implementation manual adopted by the Recipient for purposes of implementing EMSAP I as modified pursuant to Section 5.01 of this Agreement.
26. “RAC” means a Regional AIDS Council established and operating under the laws of the Borrower.
27. “Review Boards” means the boards to be established in accordance with paragraph B.6 of Section I of Schedule 2 to this Agreement.
28. “Subgrant Agreement” means the agreement referred to in paragraph E.3 of Section I of Schedule 2 to this Agreement.
29. “Subproject” means a program or other initiative to be carried out by Beneficiaries under Part 3 of the Project which having met the eligibility criteria set out in the Project Implementation Manual and the provisions of Schedule 2 to this Agreement is eligible for financing, on a grant basis, in accordance with the provisions of the Project Implementation Manual.
30. “WAC” means a Woreda AIDS Council established by a Woreda Council and operating under the laws of the Recipient.
31. “Waste Handling and Disposal Guidelines” means the Recipient’s guidelines dated September 1997 setting out measures and arrangements to be taken to ensure proper management of hazardous medical waste.
32. “Woreda” means a local government unit established and operating under the laws of the Recipient.