Development Grant Agreement

(HIV/AIDS Prevention and Control Project)

between

SAINT LUCIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 17, 2004
DEVELOPMENT GRANT AGREEMENT

AGREEMENT, dated August 17, 2004, between SAINT LUCIA (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Executive Directors of the Association approved on June 2001 the Caribbean Multi-Country HIV/AIDS Prevention and Control Program (MAP) estimated to cost the amount of $155 million over a period of six years;

(B) the Recipient has prepared, approved and is implementing an HIV-AIDS strategic plan for the period from the start of year 2004 through the end of year 2009 (the Borrower’s National HIV/AIDS Program), which is consistent with the eligibility criteria for MAP, and which has as its main objective to reduce the risk and vulnerability to HIV infection through the prevention and control of sexual transmission, promotion of sexual health and improvement in the quality of life of persons living with opportunistic infections, HIV and AIDS;

(C) the Recipient, having satisfied itself as to the feasibility and priority of the project (the Project) described in Schedule 2 to the loan agreement (the Loan Agreement) of even date herewith between the Recipient and the International Bank of Reconstruction and Development (the Bank), has requested that the Association assist in the financing of the Project;

(D) the Borrower has also requested the Association to provide additional financial assistance towards financing the Project and, by the development credit agreement of the same date herewith between the Borrower and the Association (the Development Credit Agreement), the Association is agreeing to provide such assistance in an aggregate principal amount equivalent to one million one hundred and fifty thousand Special Drawing Rights (SDR1,150,000) (the Credit);

(E) by the Loan Agreement, the Bank has agreed to provide additional assistance for the financing of the Project in an aggregate principal amount equal to three million two-hundred thousand Dollars ($3,200,000) (the Loan); and

(F) the Borrower and the Association intend, to the extent practicable, that the proceeds of the grant provided for in this Agreement be disbursed on account of expenditures in respect of the Project before disbursements of the proceeds of the Credit are made, and that the proceeds of the Credit be disbursed on account of expenditures for the Project before disbursements of the proceeds of the Loan are made; and
WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend an amount (the Grant) to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

**ARTICLE I**

**General Conditions; Definitions**

Section 1.01. The “General Conditions Applicable to Development Credit Agreements” of the Association, dated January 1, 1985 (as amended through October 6, 1999), with the modifications set forth in Schedule 1 to this Agreement (the General Conditions), constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the Loan Agreement, in the General Conditions, and in the Preamble to this Agreement have the respective meanings therein set forth and are hereby incorporated to this Agreement, provided that the exceptions listed under Section 3.01 of this Agreement shall apply.

**ARTICLE II**

**The Grant**

Section 2.01. The Association agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to one million one hundred and fifty thousand Special Drawing Rights (SDR1,150,000).

Section 2.02. The amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for carrying out the Project and to be financed out of the proceeds of the Grant.

Section 2.03. (a) The Recipient shall pay to the Association a commitment charge on the principal amount of the Grant not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.
The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Recipient from the Grant Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.04 of this Agreement.

The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Recipient; and (iii) in Dollars or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of Section 4.02 of the General Conditions.

Section 2.04. Commitment charges shall be payable semiannually on January 15 and July 15 in each year.

Section 2.05. The Closing Date shall be June 30, 2009 or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. Subject to the provisions of Section 3.02 of this Agreement, Section 2.02 (b) of, Articles III and IV of, and Schedules 1, 2, 4 and 5 to, the Loan Agreement are hereby incorporated to this Agreement, and shall remain in full force and effect irrespective of the termination of the Loan Agreement, with the following modifications in said Articles and Schedules (unless the context otherwise requires):

(a) the term "Bank" shall be read as "Association";

(b) the term "Loan" and "Loan Account" shall be read as "Grant" and "Grant Account" other than in Paragraph 1 of Schedule 1 to the Loan Agreement; and

(c) the term "this Agreement" and “the Loan Agreement” shall be read as "the Development Grant Agreement".
Section 3.02. So long as any part of the Loan provided for under the Loan Agreement shall remain outstanding and unless the Borrower has been notified otherwise by the Association:

(a) all actions taken, including approvals given, by the Bank with respect to any Project-related matter under the Loan Agreement shall be deemed to be taken or given in the name and on behalf of both the Bank and the Association; and

(b) all information or documentation furnished by the Borrower to the Bank or to the Association with respect to any Project-related matter pursuant to the provisions of the Loan Agreement, including the General Conditions Applicable to Loan and Guarantee Agreements referred to therein, or of the Development Credit Agreement or Development Grant Agreement shall be deemed to have been furnished to both the Bank and the Association.

ARTICLE IV

Effective Date; Termination

Section 4.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely that all conditions precedent to the effectiveness of the Loan and Credit Agreements, other than those related to the effectiveness of this Agreement, have been fulfilled.

Section 4.02. The date November 15, 2004 is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE V

Representative of the Recipient; Addresses

Section 5.01. The Ministry of Finance, International Financial Services and Economic Affairs of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:
Ministry of Finance, International Financial Services and Economic Affairs
Financial Center
Bridge Street,
Castries, Saint Lucia

Facsimile:

(758) 453-1648

For the Association:

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

Cable address: INDEVAS
Telex: 248423 (MCI)
Facsimile: (202) 477-6391
Washington, D.C. 64145 (MCI)
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.

SAINT LUCIA

By /s/ Sonia Johnny

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Badrul Haque

Authorized Representative
SCHEDULE 1

Modifications to the General Conditions

For the purpose of this Agreement, the provisions of the General Conditions are modified as follows:

1. Sections 3.02, 3.03, 3.04 (a), 3.04 (b), 3.05, 6.05, Article VII, are deleted in their entirety.

2. Wherever used in the General Conditions, the following terms are modified to read as follows:

   (a) The term “Borrower” is modified to read “Recipient”.

   (b) The term “Credit” is modified to read “Grant”.

   (c) The term “credit” is modified to read “grant”; except that where used in Sections 6.02 (a) (ii) and 6.02 (c) (i), as modified below, the term “credit” shall continue to read “credit”.

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

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

3. Article IV is modified as follows:

   (a) Section 4.02 (a) and the heading of Section 4.02 are modified to read as follows:

   “Section 4.02. Currencies in which Commitment Charges are Payable

   (a) The Recipient shall pay the commitment charge on the Grant in the currency specified in the Development Grant Agreement or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to paragraph (c) or (e) of this Section.”
(b) Wherever used in Section 4.02 (c) and (e) of the General Conditions the words “principal and service charges” are modified to read “commitment charge”.

(c) Section 4.03 and its heading are modified to read as follows:

“Section 4.03. Amount of the Grant

The amount of the Grant withdrawn from time to time shall be the equivalent in terms of SDR (determined as of the date or respective dates of withdrawal from the Grant Account) of the value of the currency or currencies so withdrawn.”

4. Section 6.02 is modified as follows:

(a) The phrase “any other development credit agreement” in Section 6.02 (a) (ii) is modified to read: “any other development grant agreement or any development credit agreement or development financing agreement”.

(b) The phrase “any development credit agreement” in Section 6.02 (c) (i) is modified to read: “any development grant agreement, development credit agreement or development financing agreement”.

5. The words “The principal of, and any other charges on” in paragraph (a) of Section 8.01 are modified to read “The commitment charge on”.

6. Section 12.05 and its heading are modified to read as follows:

“Section 12.05. Termination of Development Grant Agreement

The obligations of the Recipient under the Development Grant Agreement shall terminate on the date 20 years after the date of the Development Grant Agreement.”