January 14, 2014

His Excellency
The Hon. Christopher Sinckler, M.P.
Minister of Finance and Economic Affairs
The Ministry of Finance and Economic Affairs
Government Headquarters
Bay Street, St. Michael
Barbados, BB 11157

Re: IBRD Loan 7585-BB (Barbados Second HIV/AIDS Project) Additional Instructions: Amended Disbursement Letter

Excellency:

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and Barbados (the “Borrower”) for the above-referenced project, dated September 25, 2008. The Loan Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 75850-BB (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions and replaces all previous versions.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Loan:

- Advance
- Reimbursement

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four months after the Closing Date specified in the Loan Agreement. Any changes to this date will be notified by the Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Conditions in Schedule 2, Section IV, B. of the Loan Agreement.
II. Withdrawal of Loan Proceeds

(i) Authorized Signatures (subsection 3.1). Applications for this Loan will be signed by the officials authorized to sign Applications as indicated in the letter dated May 17, 2010, signed by Hon. David J.H. Thompson, Q.C., M.P.

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed Applications, together with supporting documents, to the address indicated below:

The World Bank  
SCN, Quadra 02, Lote A  
Edificio Corporate Finance Center  
7º andar  
70712-900 Brasilia, D.F.  
Brazil  
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Bank may permit the Borrower to electronically deliver to the Bank Applications (with supporting documents) through the Bank’s Client Connection, web-based portal. The option to deliver Applications to the Bank by electronic means may be effected if: (a) the Borrower has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials (“SIDC”) from the Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the Bank agrees, the Bank will provide the Borrower with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Borrower may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower.

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Borrower confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Secure Identification Credentials”) provided in Attachment 3; and (b) to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications is United States Dollars (USD) 250,000 equivalent.
(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** United States Dollars
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Central Bank of Barbados
- **Ceiling (subsection 6.1):** Forecast for six months as provided in the Interim Financial Reports (IFRs) \(^1\)

**III. Reporting on Use of Loan Proceeds**

(i) **Supporting Documentation (section 4).** Supporting documentation should be provided with each Application as set out below:

- **For reporting eligible expenditures paid from the Designated Account:**
  - Interim Financial Report in the form attached (Attachment 4);
  - Designated Account Bank Statement(s); and
  - Designated Account Reconciliation Statement

- **For requests for Reimbursement:**
  - Interim Financial Report in the form attached (Attachment 4)

(ii) **Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3).** The period set out in the Loan Agreement for provision of Interim Financial Reports.

**IV. Other Disbursement Instructions**

1. **Withdrawal Application Schedule.** Each withdrawal application for Category 1 (*Eligible Program Expenditures*, EPE) shall be presented using the following schedule:

   (a) a first withdrawal shall be made, on the Effective Date or promptly thereafter, as an advance for Eligible Program Expenditures (EPE) (as defined in the Appendix to the Loan Agreement) to be incurred in the six month period subsequent to April 1, 2008, in an amount not exceeding **US$1.50 million**, if the Borrower has submitted to the Bank evidence, satisfactory to the Bank, that a National Strategic Plan for HIV Prevention and Control 2008-2013 (NSP) (as defined in the Appendix to the Loan Agreement) budget of at least $9 million equivalent has been approved by the Borrower for Fiscal Year 2009 (as defined in the Appendix to the Loan Agreement);

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\(^1\) IFRs provide information on the entire project (Part 1 Prevention and Care and Part 2 Institutional Strengthening) therefore advances may be requested for expenditures under Category (1) EPE and/or Category (2) Goods and consultants' services.
(b) a second withdrawal as an advance for EPE to be incurred in the six month period subsequent to October 1, 2008, in an amount not exceeding $2.22 million, if the Borrower has submitted to the Bank evidence, satisfactory to the Bank, that at least 70% of the EPE has been disbursed by the Borrower in the first semester of Fiscal Year 2009;

(c) a third withdrawal as an advance for EPE to be incurred in the six month period subsequent to April 1, 2009, in an amount not exceeding $2.44 million, if the Borrower has submitted to the Bank evidence, satisfactory to the Bank, that: (i) a NSP budget of at least $9.5 million equivalent has been approved by the Borrower for Fiscal Year 2010; and (ii) the percentage of identified HIV-positive pregnant women who gave birth in the last 12 months receiving a complete course of antiretroviral therapy to reduce the risk of mother to child transmission is greater than 95%;

(d) a fourth withdrawal as an advance for EPE to be incurred in the six month period subsequent to October 1, 2009, in an amount not exceeding $1.61 million, if the Borrower has submitted to the Bank evidence, satisfactory to the Bank, that at least 70% of the EPE has been disbursed by the Borrower in the Fiscal Year 2009;

(e) a fifth withdrawal as an advance for EPE to be incurred in the six month period subsequent to April 1, 2011, in an amount not exceeding $3.24 million, if the Borrower has submitted to the Bank evidence, satisfactory to the Bank, that the percentage of identified HIV-positive pregnant women who gave birth in the last 12 months receiving a complete course of antiretroviral therapy to reduce the risk of mother to child transmission is greater than 95%;

(f) a sixth withdrawal as an advance for EPE to be incurred in the six month period subsequent to October 1, 2011, in an amount not exceeding $3.69 million, if the Borrower has submitted to the Bank evidence, satisfactory to the Bank, that (i) at least 70% of the EPE has been disbursed by the Borrower in the Fiscal Year 2011, and (ii) the results of a survey carried out in 2010 reveal that (A) the percentage of young women and men aged 15-24 indicating sexual relations as a way of transmitting HIV is at least 90%; and (B) the percentage of young men and women aged 15-24 years reporting the use of a condom the last time they had sex with non marital non cohabitating sexual partner is 26% or greater;

(g) a seventh withdrawal as an advance for EPE to be incurred in the six month period subsequent to March 1, 2013, in an amount not exceeding $11.46 million, if the Borrower has submitted to the Bank evidence, satisfactory to the Bank, that: the percentage of identified HIV-positive pregnant women who gave birth in the last 12 months receiving a complete course of antiretroviral therapy to reduce the risk of mother to child transmission is greater than 95%;

(h) an eight withdrawal as an advance for EPE to be incurred in the six month period subsequent to February 15, 2014, in an amount not exceeding $3.00 million, if the Borrower has submitted to the Bank evidence, satisfactory to the Bank, that at least 70% of the EPE has been disbursed by the Borrower in the Fiscal Year 2013;

(i) a ninth withdrawal as an advance for EPE to be incurred in the six month period subsequent to July 15, 2014, in an amount not exceeding $2.28 million, if the
Borrower has submitted to the Bank evidence, satisfactory to the Bank, that: (i) the percentage of identified HIV-positive pregnant women who gave birth in the last 12 months receiving a complete course of antiretroviral therapy to reduce the risk of mother to child transmission is greater than 95%, and (ii) the percentage of young women and men aged 15-24 indicating sexual relations as a way of transmitting HIV is at least 90%; and

if, as a result of the timing of the Effective Date, EPE have already been incurred by the Borrower prior to any withdrawal of the Loan as projected in paragraph 1 (d) through (i) above, withdrawals under said paragraphs will be deemed to constitute a reimbursement of EPEs already incurred to the extent such withdrawals in fact correspond to such incurred expenditures.

2 Effect of Partial Compliance with Milestones and Disbursement Linked Indicators. If the Bank has:

(a) received evidence of partial compliance with the Milestone (as defined in the Appendix to the Loan Agreement) that corresponds to the relevant withdrawal referred to in paragraphs 1 (b) through (i) above, then the maximum amount of the corresponding withdrawal shall be reduced in proportion to the degree of non-compliance of the said Milestone (in addition to the reduction that may also result from application of paragraph 2 (b)(i) below); and

[Formulae: \( \% \text{ of the projected EPE disbursed / 70\% = X\%; } X\% - 100\% = \text{negative Y\%; negative Y\% multiplied by the maximum amount of the withdrawal corresponding to the relevant paragraph 1 (b) through (i) above = reduction to be taken from the maximum amount of the withdrawal corresponding to the relevant paragraph 1 (b) through (i) above} \]

(b) received evidence of partial compliance with one or more Disbursement-linked Indicators (DLI) (as defined in the Appendix to the Loan Agreement) that corresponds to the relevant withdrawal referred to in paragraphs 1 (b) through (j) above, then:

(i) the Bank shall allocate a base value of $1 million for each DLI that has been partially complied with and reduce the maximum amount of the corresponding withdrawal by that portion of said base value that corresponds to the degree of non-compliance with the relevant DLI;

(ii) the Borrower shall submit to the Bank a time-bound action plan to achieve, in a manner satisfactory to the Bank, such target or targets set forth in the relevant subparagraph of 1 above; and

(iii) as soon as the Bank is satisfied that such action plan has been implemented, the Bank shall authorize the withdrawal of the amount by which the corresponding withdrawal had been reduced, by application of the formula defined in 2(b)(i), at the time of the next scheduled disbursement.
[Formulae:  % achievement of the relevant DLI / target % for the relevant DLI = X%; X% - 100% = negative Y%; negative Y% multiplied by $1 million = reduction to be taken from the maximum amount of the withdrawal corresponding to the relevant paragraph 1 (b) through (i) above]

3 Rollover of Amounts not Disbursed.

(a) If the Bank has reduced the withdrawal provided for in any of the paragraphs 1(b) through (i) above due to partial compliance with the Milestones or DLIs, then the Bank shall authorize the unwithdrawn portion of the Loan resulting from this partial compliance to be carried forward to the ninth withdrawal referred to in paragraph 1(i) above, except in so far as the amount by which the withdrawal has been reduced was subsequently disbursed by operation of paragraph 2(b)(iii) above; and

(b) The maximum amount of the withdrawal referred to in paragraphs 1(b) through (i) does not include any increase in the amount of the withdrawal necessitated by operation of paragraph 2(b)(iii) above.

4 Verification of Expenditures and Loan Withdrawal Applications.

(a) Loan withdrawal applications under Category 1 of the table in Section IV A.2 of Schedule 2 to the Loan Agreement shall be presented to the Bank by the Borrower in accordance with the disbursement schedule referred to in paragraph 1 above and the Borrower shall, prior to the submission of each such Loan withdrawal application, furnish to the Bank an interim unaudited financial report prepared in accordance with the provisions of the Operational Manual verifying the Eligible Expenditures for the previous semester and forecasting the Eligible Expenditures for the following semester. Disbursements under said Category 1 of the Table in Section IV A.2 of Schedule 2 to this Agreement shall be carried out immediately after the presentation of said report in form and substance satisfactory to the Bank; and

(b) A withdrawal application must be submitted prior to the Application Deadline Date documenting that all the amounts advanced to the Designated Account for EPE expenditures, have been accounted for and their use reported on and/or any excess funds refunded to the Bank.

5 Disbursement procedure for Category 2. Each withdrawal application for Category 2 (Goodys and Consultants' services under Part 2 of the Project) shall be presented as incurred for reimbursement if prefinanced by the Borrower or documentation if payment was made through advanced funds.

V. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Bank’s public website at http://www.worldbank.org
and its secure website “Client Connection” at http://clientconnection.worldbank.org. Print copies are available upon request.

If you have not already done so, the Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. All Borrower officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact us at loalcr@worldbank.org using the above Project name and Loan number as a reference in the subject line.

Yours sincerely,

[Signature]

Victor Ordonez
Senior Finance Officer, Loan Department
The World Bank

Attachments

The attachments listed below, as provided in the original Disbursement Letter remain without any changes:

• Attachment 4. Interim Financial Report

The attachment listed below is an integral part of this letter as provided at the end of it.

• Attachment 3. Terms and Conditions of Use of Secure Identification Credentials
Terms and Conditions of Use of Secure Identification Credentials
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation

March 1, 2013

The World Bank (Bank)\(^2\) will provide secure identification credentials (SIDC) to permit the Borrower\(^3\) to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

SIDC can be either: (a) hardware-based (Physical Token), or (b) software-based (Soft Token). The Bank reserves the right to determine which type of SIDC is most appropriate.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide SIDC to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.

2. Each Signatory must register as a user on the Bank’s Client Connection (CC) website (https://clientconnection.worldbank.org) prior to receipt of his/her SIDC. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Initialization of SIDC.

1. Prior to initialization of SIDC by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.

2. Where a Physical Token is to be used, promptly upon receipt of the Physical Token, the Signatory will access CC using his/her account name and CC Password and register his/her Physical Token and set a personal identification number (PIN) to be used in

\(^2\) “Bank” includes IBRD and IDA.
\(^3\) “Borrower” includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.
connection with the use of his/her Physical Token, after which the Physical Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Where a Soft Token is to be used, the Signatory will access CC using his/her account name and CC Password and set a personal identification number (PIN) to be used in connection with the use of his/her Soft Token, after which the Soft Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the SIDC, the Signatory will be a “SIDC User”. The Bank will maintain in its database a user account (Account) for each SIDC User for purposes of managing the SIDC of the SIDC User. Neither the Borrower nor the SIDC User will have any access to the Account.

3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC User has received training materials provided by the Bank in use of the SIDC.

C. Use of SIDC.

1. Use of the SIDC is strictly limited to use in the delivery of Applications by the SIDC User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the SIDC is prohibited.

2. The Bank assumes no responsibility or liability whatsoever for any misuse of the SIDC by the SIDC User, other representatives of the Borrower, or third parties.

3. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in granting SIDC) that each SIDC User understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

4. Security

4.1. The SIDC User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.

4.2. The SIDC User shall not allow anyone else to utilize his/her SIDC to deliver an Application to the Bank.

4.3. The SIDC User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.

4.4. If the SIDC User believes a third party has learned his/her PIN or has lost his/her Physical Token he/she shall immediately notify clientconnection@worldbank.org.

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised SIDC, and take other reasonable steps to ensure such SIDC are disabled immediately.
5. **Reservation of Right to Disable SIDC**

5.1. The Borrower shall reserve the right to revoke the authorization of a SIDC User to use a SIDC for any reason.

5.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a SIDC, de-activate a SIDC User’s Account or both.

6. **Care of Physical Tokens**

6.1. Physical Tokens will remain the property of the Bank.

6.2. The Bank will physically deliver a Physical Token to each Signatory designated to receive one in a manner to be determined by and satisfactory to the Bank.

6.3. Physical Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Physical Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Physical Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Physical Token.

6.4. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care of Physical Tokens are available at http://www.rsa.com.

7. **Replacement**

7.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Physical Tokens will be replaced at the expense of the Borrower.

7.2. The Bank reserves the right, in its sole discretion, not to replace any Physical Token in the case of misuse, or not to reactivate a SIDC User’s Account.