Loan Agreement

(Additional Financing for the Early Childhood Development Project)

between

JAMAICA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated March 12, 2014
LOAN AGREEMENT

Agreement dated [March 12, 2014], between JAMAICA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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 twelve million Dollars ($12,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("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 the Reference Rate 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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(e) of the General Conditions.

2.05. The Payment Dates are May 15 and November 15 of each year.
2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in 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: (A) 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; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and

(iii) the setting of limits on the Variable Rate or the Reference 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 or the Reference 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.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05(c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.
ARTICLE III—PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project to be carried out by the ECC with the assistance of the Participating Entities, all 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—REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) The ECC Legislation shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of the ECC to perform any of its obligations.

(b) The NSP Cabinet Decision and/or the Early Childhood Act shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the implementation of the Project.

(c) The ECC shall have failed to comply with any of its obligations under the Subsidiary Agreement.

4.02. The Additional Event of Acceleration consists of the following:

(a) any event specified in Section 4.01 (a) and (b) of this Agreement occurs.

(b) the event specified in paragraph (c) of Section 4.01 of this Agreement occurs, and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V—EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of, namely, the Subsidiary Agreement has been executed on behalf of the Borrower and the ECC.

5.02. The Additional Legal Matter consists of namely, that the Subsidiary Agreement has been duly authorized or ratified by the Borrower and the ECC and is legally binding upon the Borrower and the ECC in accordance with its terms.
5.03. 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 approval of the Loan by the Bank's Board of Directors, which deadline will expire on August 11, 2015.

ARTICLE VI—REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is the Minister of Finance and Planning.

6.02. The Borrower's Address is:

Ministry of Finance and Planning
30 National Heroes Circle Kingston 4
Jamaica

Facsimile:

876-924-9291

6.03. 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 248423(MCI) or 1-202-477-6391
Washington, D.C. 64145(MCI)
AGREED at the District of Columbia, United States of America, as of the day and year first above written.

JAMAICA

By

Authorized Representative

Name: STEPHEN NASEBAW

Title: AMBASSADOR

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: SOPHIE SICILIAN

Title: COUNTRY DIRECTOR
SCHEDULE 1

Project Description

The objectives of the Project are to: (a) improve early childhood parenting education and support programs; (b) improve monitoring of children’s development, the screening of household level risks and the risk mitigation and early intervention systems; (c) enhance the quality of early childhood schools and care facilities; and (d) strengthen early childhood organizations and institutions.

The Project consists of the following parts:


(a) Parenting Education and Support. Improving early childhood parenting education and support programs through: (i) the implementation of a communications strategy to educate parents and raise their awareness about ECD including early childhood stimulation, nutrition and other parenting practices; and (ii) the expanded implementation of assessment and certification of these programs, all through provision of Grants for the ECC.

(b) Preventive Health Care for Children. Enhancing the preventive health care services and early childhood care facilities through: (i) the use of data from CHDP for timely identification of areas where action is needed; (ii) carrying out the pilot phase of the service delivery model for nutrition for children ages 0-3 years; and (iii) the assessment of health centers offering Well-Child Clinics, all through provision of Grants for the ECC.

(c) Screening, Diagnosis and Early Intervention. Improving the monitoring of children’s development, the screening of household level risks, and the risk mitigation and early intervention system through: (i) the approval and implementation of a national service delivery model (including tools) for screening, diagnosis and early intervention for child development risks; and (ii) the deployment of child therapists as well as ECE practitioners trained in special needs education, all through provision of Grants for the ECC.

(d) Safe, Learner-Centered Early Childhood Facilities. Enhancing the quality of early childhood schools and care facilities through supporting ECIs to implement Improvement Plans to meet the standards required for registration/permit to operate, through provision of Grants for Community Schools.
(e) **Trained Early Childhood Teachers/Practitioners.** Enhancing the quality of early childhood teachers and practitioners by supporting them to acquire Level III or above qualifications and implementation of the ECD curriculum, through provision of Grants for the ECC.

(f) **Early Childhood Development Sector Governance.** Strengthening ECIs through: (i) the development and implementation of a community service delivery model for comprehensive ECD services, including a strategy to coordinate with NGOs providing ECD services; (ii) developing an ECD policy; and (iii) developing a resource mobilization strategy for financing ECD, all through provision of Grants for the ECC.

(g) **Evidence-Based Decision Making.** Strengthening evidence-based decision making through: (i) implementing Age 4 School Readiness Evaluation; (ii) establishing a baseline; and (iii) reporting on performance of ECD sector and outcomes, including school readiness, nutrition status and growth, all through provision of Grants for ECC.

**Part 2. Institutional Strengthening**

Strengthening the capacity of the ECC and Participating Entities to carry out activities for implementing the NSP 2013-2018 including:

(a) Revising the communications strategy for ECD.

(b) Monitoring and evaluating, through national surveys, the ECD communication strategy in Part 1(a) (i) of the Project.

(c) Updating the management information systems for the ECC and MOH to capture information from the CHDP.

(d) Implementing the standardized curriculum in ECIs.

(e) Providing equipment for Development Officers and inspectors of ECIs.

(f) Providing specialized training to EC practitioners and teachers to upgrade their qualifications to support children, including those with special needs.

(g) Evaluating NSP 2013-2018 and developing NSP 2019-2024.

(h) Monitoring of parish-level performance on NSP 2013-2018 indicators and outcomes.
(i) Providing training for the roll out of the service delivery models for nutrition for children ages 0-3 and 4-6 years.

(j) Assessing and certifying Well-Child Clinics.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of the Project by the ECC, the Borrower shall make the proceeds of the Loan available, on a grant basis, to the ECC under a subsidiary agreement to be entered into between the Borrower and the ECC, under terms and conditions approved by the Bank ("Subsidiary Agreement"), including, inter alia, the obligation of the ECC to:

(a) carry out said Project with due diligence and efficiency and in conformity with appropriate administrative, technical, financial, economic standards and practices, including the provisions of the Anti-Corruption Guidelines, the Project Operation Manual, the pertinent provisions of Article V of the General Conditions and in accordance with the provisions of Section 1.B.1 of this Schedule, to maintain, throughout Project implementation, key staff for Project implementation, including without limitation a director of cross-sectoral coordination, a director of finance, a procurement specialist and other staff in adequate numbers, all with qualifications and experience satisfactory to the Bank;

(b) no later than April 30 each year during Project implementation, starting in the month of April in which the Effective Date falls, enter into an MOU acceptable to the Bank with each Participating Entity which defines the activities to be carried out under the Project and the reporting obligations during the subsequent fiscal year;

(c) carry out jointly with the Bank and the Borrower a mid-term review of the NSP 2013-2018 as referred to in Section II.A.2 of Schedule 2 to this Agreement;

(d) ensure that no construction or expansion of infrastructure is carried out under the Project, other than minor works financed with counterpart funding to which the provisions set forth in the Project Operational Manual shall apply;

(e) not provide any health services that produce health care waste under the Project;

(f) procure all goods and consultants’ services required for the Project and to be financed out of the proceeds of the Loan in accordance with the
provisions of Section III of this Schedule; and ensure that all such goods and services are used exclusively for the purposes of the Project;

(g) maintain policies and procedures adequate to enable the Bank to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Bank, the progress of implementing the Project and the achievement of its objectives; and prepare the Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators set forth in the Project Operational Manual. Each such report shall cover one calendar quarter, and shall be furnished to the Borrower within sixty days after the end of such period to enable the Borrower to incorporate such report in the pertinent Project Report for the same period and to comply with its reporting obligations under Section II.A.2 of this Schedule 2; and (ii) to, not later than four months after the Closing Date, prepare, and furnish to the Borrower a final report, of such scope and in such detail as the Bank shall reasonably request to enable the Borrower to comply with its obligations under Section II.A.2 of this Schedule;

(h) prepare and furnish to the Borrower, not later than sixty days after the end of each calendar quarter, interim unaudited financial reports relating to the previous quarter, in form and substance satisfactory to the Bank, for consolidation in the interim unaudited financial reports required to be furnished by the Borrower to the Bank pursuant to Section II.B.2 of this Schedule;

(i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect its operations and financial condition, including: (i) the operations, resources and expenditures related to the Project; (ii) to have such financial statements audited annually by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, each said audit to cover the period of one Fiscal Year; and (iii) to promptly furnish the audited financial statements for each such period to the Borrower and the Bank, but in any event not later than six months after the end of such period; (iv) to ensure that said financial statements, as so audited, are made publicly available in a timely fashion and in a manner acceptable to the Bank; and (v) furnish to the Bank such other information concerning such audited financial statements as the Bank may from time to time reasonably request; and

(j) open and maintain a Project account, until the completion of the Project, in a commercial bank on terms and conditions acceptable to the Bank; and ensure that the funds deposited into said account by the Borrower
shall be used exclusively to finance the cost of Eligible Expenditures required for the Project.

2. The Borrower shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive, terminate or fail to enforce the Subsidiary Agreement or any of its provisions.

B. Institutional and Other Arrangements

1. The Borrower shall cause the ECC to maintain, throughout Project implementation, key staff for Project implementation, including without limitation a director of cross-sectoral coordination, a director of finance, a procurement specialist and other staff in adequate numbers, all with qualifications and experience satisfactory to the Bank.

2. Without limitation to the provisions of Article V of the General Conditions, the Borrower shall ensure that:

   (a) the Bank is promptly informed of any developments in the legislation or regulations of the Borrower and the ECC and/or the rules or procedures of the Borrower and the ECC, including without limitation, the ECC Legislation, the Early Childhood Act and the NSP Cabinet Decision, that may affect Project implementation; and

   (b) the Borrower's agencies which are required to provide services under the Project (including the Participating Entities), are made aware of the provisions and requirements of the Anti-Corruption Guidelines and take all actions necessary to support the carrying out of the Project in compliance with such provisions and requirements.

3. The Borrower shall, at all times during Project implementation, operate and maintain a Joint Steering Committee, chaired by the Permanent Secretary of the Ministry of Education, comprising key stakeholders from the government for the purposes of implementing the Project.

C. Project Operational Manual

Without limitation to the provisions of Article V of the General Conditions, the Borrower shall ensure that the:

   (a) Project is carried out in accordance with the Project Operational Manual; and
(b) the Project Operational 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 provisions of the Project Operational Manual and those of this Agreement, the provisions of this Agreement shall prevail.

D. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards

1. The Borrower shall ensure that no construction or expansion of infrastructure is carried out under the Project, other than minor works financed with counterpart funding to which the provisions set forth in the Project Operational Manual shall apply.

2. The Borrower shall not provide any health services that produce health care waste under the Project.

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 indicators agreed with the Bank and set forth in the Project Operational Manual. Each Project Report shall cover the period of one FY semester, and shall be furnished to the Bank not later than sixty (60) days after the end of the period covered by such report.

2. Without limitation to the provisions of paragraph 1 above, the Project Report for FY 15/16 shall be considered by the Bank and the Borrower as the mid-term Project Report.

3. Without limitation to the provisions of Section 5.08 (b) of the General Conditions, the Borrower shall, and shall cause ECC to: (a) not later than November 30 of each year during Project implementation, exchange views with the Bank concerning progress of the NSP 2013-2018 as specified in the pertinent Progress Report; and (b) thereafter, take all necessary actions to ensure the proper implementation of the NSP 2013-2018, based on the conclusions and recommendations of each said Project Report, all in a manner and terms acceptable to the Bank.
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 not later than sixty (60) 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 six months after the end of such period.

Section III. Procurement

A. General

1. Goods and Non-consulting Services. All goods and non-consulting 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 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 the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan:
(a) National Competitive Bidding;
(b) Shopping; and
(c) Direct Contracting.

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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan:

   (a) Quality-based Selection;
   (b) Selection under a Fixed Budget;
   (c) Least Cost Selection;
   (d) Selection based on Consultants’ Qualifications;
   (e) Single Source Selection;
   (f) Procedures set forth in paragraph 5.2 and 5.3 of the Consultant Guidelines; and
   (g) Single Source procedures for the Selection of Individual Consultants.

D. **Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which 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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Grants for Community Schools and Grants for the ECC under Part 1 of the Project</td>
<td>11,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Training and consultants' services under Part 2 of the Project</td>
<td>970,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>30,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(4) Interest Rate Cap or Interest Rate Collar premium</td>
<td>Amount due pursuant to Section 2.07(c) of this Agreement</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>12,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. 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 four hundred thousand Dollars ($2,400,000) equivalent may be made for payments made prior to this date but on or after June 1, 2013, (but in no case earlier than one year from the date of this Agreement) for Eligible Expenditures under Categories (1) and (2); or
(b) for payments made for Grants for Community Schools and Grants for the ECC under Category (1) until the Borrower submits to the Bank evidence, satisfactory to the Bank, that the ECC and the MOH have maintained budget lines exclusively dedicated to the financing of expenditures necessary to meet the Disbursement-linked Targets 2013-2014.

2. Notwithstanding the provisions of Part A of this Section and without limitation to the provisions set forth in paragraph 1 above, withdrawals from the Loan Account in respect of Eligible Expenditures under Category (1) of the table in paragraph 1 above may be made by the Borrower only as follows:

(a) (i) A first withdrawal shall be made on or about June 1, 2014, in an amount not exceeding $1,200,000 for each Disbursement-linked Target 2013-2014 achieved pursuant to subparagraph (B) below, in respect of payments made by the Borrower in the previous FY for Grants for Community Schools and Grants for the ECC (other than those payments already reimbursed by the Bank under the Original Project or under Part B.1 (a) of this Section), subject to submission to the Bank of:

(A) the IFR for the calendar quarter ended March 31, 2014;

(B) evidence, satisfactory to the Bank, that one or more of the following Disbursement-linked Targets 2013-2014 have been achieved:

1. at least 25% of all of the Borrower's early childhood parenting education and support programs are certified;

2. at least 54% of all ECIs have received a Permit to Operate;

3. at least 90% of Development Officers are using the Classroom Observation Tool;

(C) the budget appropriation for the FY 2014-2015 showing that the expenditures necessary to meet the Disbursement-linked Targets 2014-2015 have been adequately budgeted for by the ECC and the Participating Entities; and

(D) a budget execution report, satisfactory to the Bank, showing that the budget execution rates under the
Borrower's budget lines for Grants for Community Schools and Grants for the ECC for the FY 2013-2014 exceed an average disbursement rate of 60%.

(ii) In the event that a Disbursement Linked Target is not met, the Borrower may submit at any time a withdrawal application requesting payment for that Disbursement Linked Target once it has been achieved. In the event that any one or more of the Disbursement-linked Targets 2013-2014 are not achieved by June 1, 2014, or if any one or more of the other Disbursement-linked Targets are achieved prior to their scheduled completion, the Bank may agree to reschedule their timetable for approval and subsequent disbursement, if applicable.

(b) (i) A second withdrawal shall be made on or about June 1, 2015, in an amount not exceeding $500,000 for each Disbursement-linked Target 2014-2015 achieved pursuant to subparagraph (B) below, in respect of payments made by the Borrower in the previous FY for Grants for Community Schools and Grants for the ECC (other than those payments already reimbursed by the Bank under the preceding paragraph), subject to submission to the Bank of:

(A) the IFR for the calendar quarter ended March 31, 2015;

(B) evidence, satisfactory to the Bank, that one or more of the following Disbursement-linked Targets 2014-2015 have been achieved:

1. At least 30% of all early childhood parenting education and support programs are certified by the relevant agency;

2. ECC annual publication reports on the performance of the ECD sector and NSP 2013-2018;

3. At least 30% of ECIs are implementing their Improvement Plans; and

4. At least 30% of ECI practitioners are qualified at Level III and above.

(C) the budget appropriation for the FY 2015-2016 showing that the expenditures necessary to meet the
Disbursement-linked Targets 2015-2016 have been adequately budgeted for by the ECC and the Participating Entities; and

(D) a budget execution report, satisfactory to the Bank, showing that the budget execution rates under: (1) the Borrower's budget lines for Grants for Community Schools and Grants for the ECC for the FY 2014-2015; and (2) the ECC's and Participating Entities' budget lines for expenditures necessary to meet the Disbursement-linked Targets 2014-2015, exceed an average disbursement rate of 60%.

(ii) In the event that a Disbursement-linked Target is not met, the Borrower may submit at any time a withdrawal application requesting payment for that Disbursement Linked Target once it has been achieved. In the event that any one or more of the Disbursement-linked Targets 2014-2015 are not achieved by June 1, 2015, or if any one or more of the other Disbursement-linked Targets are achieved prior to their scheduled completion, the Bank may agree to reschedule their timetable for approval and subsequent disbursement, if applicable.

(c) (i) A third withdrawal shall be made on or about June 1, 2016, in an amount not exceeding $500,000 for each Disbursement-linked Target 2015-2016 achieved pursuant to subparagraph (B) below, in respect of payments made by the Borrower in the 2015 FY for Grants for Community Schools and Grants for the ECC (other than those payments already reimbursed by the Bank under the preceding paragraph), subject to submission to the Bank of:

(A) the IFR for the calendar quarter ended March 31, 2016;

(B) evidence, satisfactory to the Bank, that one or more of the following Disbursement-linked Targets 2015-2016 have been achieved:

1. completed the transfer of CHDP to the Management Information System with the Ministry of Health;

2. the national service delivery model including tools for screening, diagnosis and early intervention for child development risks have been approved by the MOH and ECC;
3. at least 65% of all ECIs have received a Permit to Operate;

4. the relevant Borrower's authority has approved the strategy for sustainable financing of ECD referred to in Part 1 (f) (iii) of the Project; and

5. the Age 4 School Readiness Evaluation has been implemented as part of the Borrower's national assessment program, and results presented to the MOE.

(C) the budget appropriation for the FY 2016-2017 showing that the expenditures necessary to meet the Disbursement-linked Targets 2015-2016 have been adequately budgeted for by the ECC and the Participating Entities; and

(D) a budget execution report, satisfactory to the Bank, showing that the budget execution rates under: (1) the Borrower's budget lines for Grants for Community Schools and Grants for the ECC for the FY 2016-2017; and (2) the ECC's and Participating Entities' budget lines for expenditures necessary to meet the Disbursement-linked Targets 2015-2016 exceed an average disbursement rate of 60%.

(ii) In the event that a Disbursement Linked Target is not met, the Borrower may submit at any time a withdrawal application requesting payment for that Disbursement Linked Target once it has been achieved. In the event that any one or more of the Disbursement-linked Targets 2015-2016 are not achieved by June 1, 2016, or if any one or more of the other Disbursement-linked Targets are achieved prior to their scheduled completion, the Bank may agree to reschedule their timetable for approval and subsequent disbursement, if applicable.

(d) A fourth withdrawal shall be made on or about June 1, 2017, in an amount not exceeding $500,000 for each Disbursement-linked Target 2016-2017 achieved pursuant to subparagraph (B) below, in respect of payments made by the Borrower in the 2016 FY for Grants for Community Schools and Grants for the ECC (other than those payments already reimbursed by the Bank under the preceding paragraph), subject to submission to the Bank of:
(A) the IFR for the calendar quarter ended March 31, 2017;

(B) evidence, satisfactory to the Bank, that one or more of the following Disbursement-linked Targets 2016-2017 have been achieved:

1. the communications strategy referred to in Part 1 (a) (i) of the Project is being implemented;

2. the service delivery model for screening, diagnosis and early intervention referred to in Part 1 (c) (i) of the Project is being implemented in at least 3 parishes;

3. at least 40% of ECIs are implementing their Improvement Plans referred to in Part 1 (d) of the Project; and

4. at least 35% of ECI practitioners are qualified at Level III or above.

(C) the budget appropriation for the FY 2017-2018 showing that the expenditures necessary to meet the Disbursement-linked Targets 2016-2017 have been adequately budgeted for by the ECC and the Participating Entities; and

(D) a budget execution report, satisfactory to the Bank, showing that the budget execution rates under: (1) the Borrower’s budget lines for Grants for Community Schools and Grants for the ECC for the FY 2017-2018; and (2) the ECC’s and Participating Entities’ budget lines for expenditures necessary to meet the Disbursement-linked Targets 2016-2017, exceed an average disbursement rate of 60%.

(ii) In the event that a Disbursement Linked Target is not met, the Borrower may submit at any time a withdrawal application requesting payment for that Disbursement Linked Target once it has been achieved. In the event that any one or more of the Disbursement-linked Targets 2016-2017 are not achieved by June 1, 2017, or if any one or more of the other Disbursement-linked Targets are achieved prior to their scheduled completion, the Bank may agree to reschedule their timetable for approval and subsequent disbursement, if applicable.
(e) (i) A fifth withdrawal shall be made on or about June 1, 2018, in an amount not exceeding $500,000 for each Disbursement-linked Target 2017-2018 achieved pursuant to subparagraph (B) below, in respect of payments made by the Borrower in the FY 2017 for Grants for Community Schools and Grants for the ECC (other than those payments already reimbursed by the Bank under the preceding paragraph), subject to submission to the Bank of:

(A) the IFR for the calendar quarter ended March 31, 2018;

(B) evidence, satisfactory to the Bank, that one or more of the following Disbursement-linked Targets 2017-2018 have been achieved:

1. at least 45% of all the Borrower’s early childhood parenting education and support programs are certified;

2. at least 10% of health centers offering Well Child Care Clinics are certified;

3. the national service delivery model for screening, diagnosis and early intervention for child development risks referred to in Part 1 (c) of the Project is being implemented in at least 6 parishes;

4. the Community-based service delivery model for comprehensive ECD services referred to in Part 1 (f) of the Project has been implemented in at least 6 parishes;

(C) a budget execution report, satisfactory to the Bank, showing that the budget execution rates under: (1) the Borrower’s budget lines for Grants for Community Schools and Grants for the ECC for the FY 2017-2018; and (2) the ECC’s and Participating Entities’ budget lines for expenditures necessary to meet the Disbursement-linked Targets 2017-2018, exceed an average disbursement rate of 60%.
(ii) If any one or more of the other Disbursement-linked Targets for 2017-2018 are achieved prior to their scheduled completion, the Bank may agree to reschedule their timetable for approval and subsequent disbursement.

3. The Closing Date is September 28, 2018.
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, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15</td>
<td>2.13%</td>
</tr>
<tr>
<td>Beginning on May 15, 2020 through November 15, 2042</td>
<td></td>
</tr>
<tr>
<td>On May 15, 2043</td>
<td>2.02%</td>
</tr>
</tbody>
</table>

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, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) 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.

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

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions

1. “Age 4 School Readiness Evaluation” means a tool for screening children’s general development and readiness for primary school at the end of the second year at an ECI.


3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

4. “Classroom Observation Tool” means an automated system designed for development officers to observe and record best practices in early childhood classrooms for children age 3-5.

5. “CHDP” means the Child Health and Development Passport, approved in 2009 by the Borrower as a means for monitoring the holistic development of children, including immunization records, personal and family health records and nutrition check lists.


7. “Development Officers” means staff employed by the ECC to provide technical expertise, monitoring and supervisory functions of ECIs to promote comprehensive development support for early childhood institutions.


9. “Disbursement-linked Targets 2013-2014” means collectively the targets set forth in Section IV.B.2 (a) (i) (B) of Schedule 2 to this Agreement; and “Disbursement-linked Target 2013-2014” individually means any one of such targets.
10. "Disbursement-linked Targets 2014-2015" means collectively the targets set forth in Section IV.B.2. (b) (i) (B) of Schedule 2 to this Agreement; and "Disbursement-linked Target 2014-2015" individually means any one of such targets.

11. "Disbursement-linked Targets 2015-2016" means collectively the targets set forth in Section IV.B.2. (c) (i) (B) of Schedule 2 to this Agreement; and "Disbursement-linked Target 2015-2016" individually means any one of such targets.

12. "Disbursement-linked Targets 2016-2017" means collectively the targets set forth in Section IV.B.2. (d) (i) (B) of Schedule 2 to this Agreement; and "Disbursement-linked Target 2016-2017" individually means any one of such targets.

13. "Disbursement-linked Targets 2017-2018" means collectively the targets set forth in Section IV.B.2. (e) (i) (B) of Schedule 2 to this Agreement; and "Disbursement-linked Target 2017-2018" individually means any one of such targets.


15. "ECD" means early childhood development.


19. "FY" means the fiscal year of the Borrower (April 1 – March 31).

20. "FY Semester" means a semester of the fiscal year of the Borrower (April 1 – September 30 or October 1 – March 31).


22. "Grants for Community Schools" means payments made by the Borrower for salaries (or a portion thereof) of ECD practitioners, included in the Borrower's budget for the relevant FY as a separate budget line, all in accordance with the NSP 2013-2018.
23. "Grants for the ECC" means payments made by the Borrower for: (i) salaries and travel expenses and subsistence of ECC staff; (ii) rental of property by the ECC; and (iii) public utility services for the ECC; which grants are included in the Borrower's budget for the relevant FY as a separate budget line, all in accordance with the NSP 2013-2018.

24. "HEART Trust" means the Human Employment and Resource Training Trust established pursuant to the Borrower's Human Employment and Resource Training Act dated September 1, 1982, as amended to the date of this Agreement.

25. "IFR" means the interim unaudited financial reports referred to in Section II.B.2 of Schedule 2 to this Agreement.

26. "Improvement Plans" means a working document for use by the management of each ECI, based on an institution's inspection report, outlining ECI's priorities, objectives and targets for strategic improvement over a five year period.

27. "Joint Steering Committee" means a committee set up by the Borrower chaired by the Permanent Secretary of MOE, comprising key public stakeholders and responsible for providing oversight and guidance on Project implementation.

28. "Level III" means a vocational classification from the HEART Trust where having received training, a student will have the skills to operate as an independent/autonomous skilled worker.

29. "MOE" means the Borrower's Ministry of Education.


32. "MIS' means Management Information System.

33. "MLSS" means the Borrower's Ministry of Labor and Social Security.

34. "MOU" means any of the Memoranda of Understanding to be entered into between the ECC and each of the Participating Entities pursuant to Section 1.A.1 (b) of Schedule 2 to this Agreement.

35. "National Parenting Support Commission" means an arm of the MOE responsible for coordinating all parenting services.

36. "NGOs" means non-governmental organizations.

38. "NSP Cabinet Decision" means the NSP Cabinet Decisions referenced in the Original Loan Agreement.


40. "Original Project" means the Project described in Schedule 1 of the Original Loan Agreement.

41. "Participating Entities" means, collectively, the MOE, the MOH, the MLSS, the MOFP, the PIOJ, National Parenting Support Commission and the HEART Trust; and "Participating Entity" means each one of them individually.

42. "PATH" means the Borrower's Program of Advancement through Health and Education.

43. "Permit to Operate" means a certificate issued to an ECI confirming that it has fulfilled the health and safety conditions for children and employees as outlined in the standards and operations manual for ECIs.

44. "PIOJ" means the Planning Institute of Jamaica.


46. "Procurement Plan" means the Borrower's procurement plan for the Project, dated December 20, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

47. "Project Implementing Entity" or "ECC" means the Borrower's Early Childhood Commission, a corporate body established pursuant to the Project Implementing Entity's Legislation.

49. “Project Operations Manual” means the manual, including all appendices and schedules thereto, satisfactory to the Bank and adopted by the Project Implementing Entity, which sets forth the policies and procedures that apply to the carrying out of the Project, which include, *inter alia*: (a) the roles and responsibilities of each of the agencies or entities involved in Project implementation, including the ECC and the Participating Entities; (b) the staffing requirements for the Project; (c) the estimated implementation schedule; (d) the procedures for accessing, disbursing and accounting for funds under the Project; (e) the indicators to be used in the monitoring and evaluation of the Project; (f) the procedures for Project monitoring, supervision and evaluation, including the format and content of the Project Reports; (g) procurement and financial management procedures for the Project; and (h) basic construction rules for contractors performing minor works under the Project, detailing provisions to minimize dust, noise and other nuisances, safeguard worker health and safety, and require adequate disposal of any construction materials.

50. “Subsidiary Agreement” means the agreement referred to in Section I.A.1 of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity.

51. “Training” means the reasonable costs incurred for the training of personnel involved in Project implementation, including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation.

52. “Well-Child Clinic” means a public health care facility that provides preventative care services including immunization, health screening and monitoring of growth and development for children; and anticipatory guidance for parents.