Project Agreement

(Inner City Basic Services for the Poor Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

JAMAICA SOCIAL INVESTMENT FUND

Dated May 4, 2006
PROJECT AGREEMENT

Agreement dated May 4, 2006, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and JAMAICA SOCIAL INVESTMENT FUND (“Project Implementing Entity”) (“Project Agreement”) in connection with the Loan Agreement of same date between JAMAICA (“Borrower”) and the Bank (“Loan Agreement”). The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I—GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in the Project Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

ARTICLE II—PROJECT

2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall:

(a) carry out the Project in accordance with the provisions of Article V of the General Conditions; and

(b) provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III—REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is the Managing Director.
3.02. The Bank’s Address is:

For the Bank:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: INTBAFRAD  Telex: 248423(MCI) or 64145(MCI)  Facsimile: 1-202-477-6391

3.03. The Project Implementing Entity’s Address is:

Jamaica Social Investment Fund
IC - IF Pawsey Road
Kingston 5
Jamaica

Facsimile: 876-929-8427
AGREED at Kingston, Jamaica, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Caroline Anstey
Authorized Representative

JAMAICA SOCIAL INVESTMENT FUND

By /s/ Scarlette Gillings
Authorized Representative
SCHEDULE

Execution Of The Project

Section I. Institutional and Other Arrangements

1. Without limitation to the provisions of Article V of the General Conditions, the Project Implementing Entity declares its commitment to the objective of the Project as set forth in Schedule 1 to the Loan Agreement, and, to this end, shall:

   (a) carry out the Project in accordance with the Operations Manual, including the Environmental Management Framework (“EMF”) and the Land Acquisition and Resettlement Policy Framework (“LARPF”). The Operations Manual or any part thereof shall not be amended, waived, suspended or abrogated without the Bank’s prior written concurrence, and in case of any inconsistency between the provisions of the Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail;

   (b) maintain adequate staffing, including staff trained in the areas of environmental management, resettlement and land acquisition, and such staff shall continue to receive periodic training in such areas;

   (c) provide training in environmental management, resettlement and land acquisition, including the application of the EMF and LARPF, to staff of Borrower agencies and other service providers involved in related Project activities;

   (d) maintain at all times during Project implementation a management information system, which shall incorporate the monitoring requirements for the EMF and the LARPF;

   (e) conduct an annual audit of sample projects to learn lessons from the application of EMF and LARPF and introduce corrective measures to ensure improved processes are sustained; and

   (f) promptly inform the Bank of any developments in the legislation or regulations of the Borrower, and/or the rules or procedures of the Borrower or Project Implementing Entity that may affect the performance of the Project, or the application of the EMF or LARPF.

2. For the purposes of carrying out Part 1.1 of the Project, any new selection or changes to initial selections of the community infrastructure works or the Community-based Subprojects shall be carried out in accordance with the community consultation and technical assessment criteria set out in the Operations Manual.
3. For the purposes of carrying Part 1.1(a)(iii) of the Project, the Project Implementing Entity shall carry out the construction of any individual community center only after receiving written commitment, secured by the corresponding Project Community, from at least one public or private sponsor to cover a minimum of 50-percent of that center’s operating costs for at least one year.

4. For the purposes of carrying out Community-based Subprojects under Part 1.1(a)(iv) of the Project, the Project Implementing Entity shall:

   (a) perform an environmental screening of every Subproject, prior to its approval and financing, according to the procedures set forth in the Operations Manual. If the environmental screening of a particular Community-based Subproject identifies a potential negative environmental impact or social impact, the Project Implementing Entity shall take or cause to be taken all mitigation measures in accordance with the EMF and/or the LARPF, as relevant;

   (b) prior to the initiation of a Community-based Subproject, enter into an agreement, satisfactory to the Bank, with a registered legal entity of the Project Community (Community-based Subproject Agreement), whereby the legal entity undertakes to carry out the corresponding Community-based Subproject, and provides a community commitment to a minimum five-percent community contribution in cash or in kind, and satisfactory arrangements for the carrying out of the Community-based Subproject and the operation and maintenance of the assets created;

   (c) for Community-based Subprojects covered under paragraph 4(b) above, subject to and upon full signature of a corresponding Community-based Subproject Agreement and receipt of such agreement, the Project Implementing Entity shall transfer, on a grant basis, a portion of the Loan proceeds allocated under Category (3) set forth in the table in Section IV.A.2 of Schedule 2 to the Loan Agreement to the corresponding registered legal entity of the Project Community pursuant to the Community-based Subproject Agreement;

   (d) cause each registered legal entity referred to in paragraph 4(b) above and the corresponding Project Community to carry out the Community-based Subprojects concerned in accordance with the corresponding Community-based Subproject Agreements and Operations Manual, with due diligence and efficiency and in conformity with appropriate administrative, technical, financial, educational and environmental practices; and

   (e) exercise its rights and carry out its obligations under each Community-based Subproject Agreement in such a manner as to protect its interest and the interest of the Bank and to accomplish the purposes of the Loan and, except as the Bank shall otherwise agree, the Project Implementing Entity shall not waive or fail to enforce any Community-based Subproject Agreement or any provision thereof.
5. For the purposes of carrying out Part 1.2 of the Project, the Project Implementing Entity shall:

   (a) establish and maintain a Microfinance Management Committee to: (i) oversee the tender process for the micro-financial service contracts; (ii) select the financial institutions; (iii) approve the service contracts; (iv) review the implementation process results; and (v) oversee any changes to follow-on tenders and oversight mechanisms. The Microfinance Management Committee shall consist of members of the Project Implementing Entity’s management and Board of Directors, and highly qualified professionals with experience in and/or knowledge of the commercial banking sector, who have no direct interest in any potential financial institutions eligible for contracts under Part 1.2 of the Project or other conflicts of interest;

   (b) carry out the micro-financing activity in accordance with the criteria and requirements set out in the Operations Manual;

   (c) conduct on-site visits of financial institutions to ensure accuracy of information in bidding documents;

   (d) verify, on a semi-annual basis, the accuracy of the financial institutions’ loan reports; and

   (e) conduct, through the use of independent auditors, annual audits of the financial institutions’ portfolio claims and performance.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports for the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and Section II.A.1 of Schedule II of the Loan Agreement and on the basis of the indicators agreed with the Bank. The Project Implementing Entity shall include in the Project Reports the monitoring results of: (a) the application of EMF and LARPF to the Project; and (b) the measures taken to improve, and to make equivalent to the objectives and principles of the Bank’s relevant policies, the Project Implementing Entity’s environmental and resettlement and land acquisition systems.

2. The Project Implementing Entity shall provide to the Bank the report referred to in Section 5.08 (c) of the General Conditions and Section II.A.2 of Schedule II of the Loan Agreement, all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.
B. Financial Management, Financial Reports; Audits

1. The Project Implementing Entity shall 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 the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.

2. The Project Implementing Entity shall prepare and furnish to the Borrower and the Bank not later than forty-five 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 Project Implementing Entity shall have its financial statements referred to in paragraph B.1 above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Borrower and the Bank not later than four months after the end of the period.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 2 to the Loan Agreement.