Project Agreement

(Rural Economic Development Initiative Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

JAMAICA SOCIAL INVESTMENT FUND

Dated November 2, 2009
PROJECT AGREEMENT

Agreement dated November 2, 2009, 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 ("Loan Agreement") of same date between Jamaica ("Borrower") and the Bank. 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 this 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 carry out the Project in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds (as provided by the Borrower), 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 its Managing Director.

3.02. The Bank’s Address is:

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

Cable: INTBAFRAD  Telex: 248423(MCI) or 1-202-477-6391
Washington, D.C. Facsimile: 64145(MCI)
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 the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Yvonne Tsikata
Authorized Representative

JAMAICA SOCIAL INVESTMENT FUND

By /s/ Scarlette Gillings
Authorized Representative
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional 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 Operational Manual, including the EMF;

(b) (i) establish and maintain throughout Project implementation a Project management team (“PMT”), with composition, functions and responsibilities acceptable to the Bank, including, \textit{inter alia}, responsibility for overall Project implementation and coordination with all of the actors involved in the Project’s execution; and (ii) ensure that the PMT is at all times during Project implementation headed by a Project manager and assisted by staff in adequate numbers (including, \textit{inter alia}, a tourism specialist, an agriculture specialist, and a monitoring and evaluation specialist, all working exclusively for the Project), all with qualifications and experience satisfactory to the Bank, provided, however that: (A) the tourism specialist and the agricultural specialist may be hired up to one month after the Effective Date; and (B) the monitoring and evaluation specialist may be hired up to four months after the Effective Date;

(c) prior to the selection of any Subprojects, establish the Rural Economic Evaluation Committees, with composition, functions and responsibilities acceptable to the Bank;

(d) prior to the selection of any Subprojects, develop templates for business and implementation plans, satisfactory to the Bank;

(e) no later than ninety days after the Effective Date, select and contract Subproject formulators;

(f) upon the Bank’s request, complete a Project mid-term review report, in accordance with terms of reference acceptable to the Bank;

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

(h) maintain at all times during Project implementation a management information system, which shall incorporate the monitoring requirements of the EMF;
(i) conduct an annual audit of sample Subprojects to learn lessons from the application of the EMF and introduce corrective measures to ensure improved processes are sustained;

(j) promptly inform the Bank of any development in the legislation or regulations of the Borrower, and/or the rules or procedures of the Borrower or Project Implementing Entity that may significantly affect the performance of the Project, or the application of the EMF or the Operational Manual; and

(k) (i) no later than November 30, 2009, enter into (and comply with the terms of) a Memorandum of Understanding with each of MOA&F/RADA and MOT/TPDCo., which sets forth their respective roles in Project implementation, including, inter alia: (A) RADA’s commitment to provide field extension services for Type A Agricultural Subprojects; and (B) TPDCo.’s responsibility to conduct the initial assessment for proposed Type A Rural Tourism Subprojects to determine marketability and to determine the required aspects for product development; and

(ii) exercise its rights and carry out its obligations under the above-referenced Memoranda of Understanding in such a manner as to protect the interests of the Borrower, the Project Implementing Entity and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree (such consent not to be unreasonably withheld), the Project Implementing Entity shall not assign, amend, abrogate or waive the above-mentioned Memoranda of Understanding or any of their respective provisions.

2. No later than November 30, 2009, the Project Communication Strategy shall be approved by JSIF’s Board of Directors.

B. Anti-Corruption

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

C. Sub-projects

1. For purposes of carrying out Subprojects under Part 1 of the Project, the Project Implementing Entity:

   (a) shall, prior to Subproject implementation, either:

   (i) enter into an agreement, satisfactory to the Bank, with the Beneficiary or its legally registered associate (“Subproject Agreement”), whereby the legal entity undertakes to carry out the corresponding Subproject, provide a commitment to a minimum contribution percentage in cash and/or in kind in accordance with the Operational Manual, and make
satisfactory arrangements for the carrying out of the Subproject and the
operation and maintenance of the assets created;

(ii) enter into an arrangement, satisfactory to the Bank, with representatives
of the relevant Beneficiary (“JSIF Subproject Arrangement”) whereby
JSIF will undertake to carry out such Subproject for the benefit of said
Beneficiary if such Beneficiary contributes a minimum contribution
percentage (in cash and/or in kind in accordance with the Operational
Manual) of the total cost of such Subproject; or

(iii) enter into an agreement which includes a combination of both a
Subproject Agreement and a JSIF Subproject Arrangement, in the event
that the relevant Subproject implementation is shared by JSIF and the
relevant Beneficiary;

(b) subject to, and upon full signature of, a corresponding Subproject Agreement (or
an agreement combining a Subproject Agreement and a JSIF Subproject
Arrangement) and receipt of such agreement, may transfer, on a grant basis, a
portion of the Loan proceeds to the Beneficiary or its legally registered associate,
for contracts under the respective Subproject which cost individually JM$10
million (ten million Jamaican Dollars) or less, provided that the Beneficiary:

(i) (A) is legally registered as a cooperative, benevolent society or
friendly society; and

(B) meets the fiduciary capacity requirements set forth in the
Operational Manual for managing funds; or

(ii) (A) has associated with a legally registered community organization,
provided that such organization is able to demonstrate how that
Subproject will benefit such community (in which case the
proceeds would be transferred to the legally registered
associate); and

(B) the legally registered entity meets the fiduciary capacity
requirements set forth in the Operational Manual for managing
funds;

(c) shall, in the cases where funds are transferred pursuant to the preceding
paragraph:

(i) cause each Beneficiary (and/or its legally registered associate) to: (A)
carry out the respective Subproject in accordance with the corresponding
Subproject Agreement, the Operational Manual, and the provisions of the
Anti-Corruption Guidelines applicable to recipients of loan proceeds
other than the Borrower, with due diligence and efficiency and in
conformity with appropriate administrative, technical, financial and
environmental practices; (B) procure the goods, works and services to be
financed out of the Loan in accordance with the provisions of this Agreement; (C) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Subproject and the achievement of its objectives; (D) (1) 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, resources and expenditures related to the Subproject; and (2) at the Bank’s or the Borrower’s request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank; (E) enable the Borrower and the Bank to inspect the Subproject, its operation and any relevant records and documents; and (F) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing; and

(ii) retain the right to suspend or terminate the right of the Beneficiary (and/or its legally registered associate) to use the proceeds of the Loan, or obtain a refund of all or any part of the amount of the transferred proceeds of the Loan, upon the Beneficiary’s (and/or its legally registered associate’s) failure to perform any of its obligations under the Subproject Agreement (or the agreement combining a Subproject Agreement and a JSIF Subproject Arrangement, as the case may be); and

(d) shall exercise its rights and carry out its obligations under each Subproject Agreement and JSIF Subproject Arrangement (and each agreement with a combination thereof) in such manner as to protect the interests of JSIF, the Borrower and the Bank and to accomplish the purposes of the Loan and, except as the Bank shall otherwise agree, JSIF shall not assign, amend, abrogate, waive or fail to enforce any Subproject Agreement, any JSIF Subproject Arrangement, any agreement combining a Subproject Agreement and a JSIF Subproject Arrangement, or any provision thereof.

D. Safeguards

1. The Project Implementing Entity shall perform an environmental screening of every Subproject, prior to its approval and financing, according to the procedures set forth in the Operational Manual. If the environmental screening of a particular Subproject identifies a potential negative environmental impact, the Project Implementing Entity shall take or cause to be taken all mitigation measures in accordance with the EMF (including the preparation and execution of a pesticide management plan, acceptable to the Bank, if so required) in a manner and on terms acceptable to the Bank.
Section II.  Project Monitoring, Reporting and Evaluation.

A.  Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 (b) of the General Conditions, with the timing and periodicity set forth in Section II.A.1 of Schedule 2 to the Loan Agreement, and on the basis of the Performance Indicators. The Project Implementing Entity shall include in the Project Reports the monitoring results of: (a) the application of EMF to the Project; and (b) the measures taken for improvement.

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

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 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 un-audited 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 Section III of Schedule 2 to the Loan Agreement.