Loan Agreement

(Foundations for Competitiveness and Growth Project)

between

JAMAICA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated September 3, 2014
LOAN AGREEMENT

Agreement dated September 3, 2014, between JAMAICA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). 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 fifty million Dollars ($50,000,000), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 February 15 and August 15 in 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 objective of the Project. To this end, the Borrower shall:

(a) cause all components of the Project other than Component 3.B to be carried out by PIOJ in accordance with the provisions of Article V of the General Conditions and the terms of the PIOJ MOU, with the assistance of:
(i) JAMPRO for Components 1 and 2.B (i) of the Project in accordance with the terms of the JAMPRO MOU; and

(ii) DBJ for Components 2.A, 2.B (ii) and (iii), and 3.A of the Project in accordance with the terms of the DBJ MOU; and

(b) cause DBJ to carry out Component 3.B of the Project in accordance with the provisions of Article V of the General Conditions and the terms of the DBJ Subsidiary Agreement.

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 PIOJ Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of PIOJ to perform any of its obligations under the PIOJ MOU.

(b) The JAMPRO Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of JAMPRO to perform any of its obligations under the JAMPRO MOU.

(c) The DBJ Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of DBJ to perform any of its obligations under the DBJ Subsidiary Agreement or the DBJ MOU.

(d) Any party to an MOU or DBJ as party to the DBJ Subsidiary Agreement shall have failed to perform any of its respective obligations thereunder.

4.02. The Additional Events of Acceleration consist of the following:

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

(b) Any event specified in paragraphs (a), or (b) or (c) of Section 4.01 of this Agreement occurs.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) the PIOJ MOU has been executed on behalf of the Borrower and PIOJ; and

(b) the DBJ Subsidiary Agreement has been executed on behalf of the Borrower and DBJ, and the DBJ MOU has been executed on behalf of the Borrower, PIOJ and DBJ.

5.02. The Additional Legal Matter consists of the following, namely that the DBJ Subsidiary Agreement has been duly authorized or ratified by the Borrower and DBJ and is legally binding upon the Borrower and DBJ 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 the eighteen (18) months after the Bank’s approval of the Loan which expires on January 25, 2016.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is the Minister with responsibility for Finance.

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: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391 -4-
AGREED at the District of Columbia, United States of America, as of the day and year first above written.

JAMAICA

By

Authorized Representative

Name: Dr. Peter David Phillips
Title: Minister of Finance and Planning

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Sophie Sturm
Title: Director
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the business environment in Jamaica for private sector investment.

The Project consists of the following parts:

Component 1: Enhancing Competition in the Business Environment

Provision of technical assistance and implementation support to address critical business regulation and procedural issues faced by investors in the Borrower’s territory that constrain firm entry, operation and expansion, competition, and trade and logistics including, inter alia:

(i) streamlining the process for the issuance of construction permits;
(ii) increasing the use of new institutions related to access to finance;
(iii) implementation of regulatory reforms for the use and expansion of electronic systems to improve the efficiency of port operations;
(iv) development of regulations for the new special economic zone regime; and
(v) strengthening the Borrower’s capacity to proactively advocate for enhanced and fair competition in the economy through the implementation of selected activities (the Business Environment Reform TA Activities).

Component 2: Facilitating Strategic Private Investments

Strengthening the Borrower’s capacity to prepare for and close large strategic investment transactions with private sector participation including, inter alia:

2.A: Project Preparation Facility

Provision of technical assistance to selected agencies of the Borrower for the carrying out of feasibility, financial, legal, environmental, social and other studies as needed for the structuring of public-private partnerships, divestments, and other strategic investments with potential to have a significant impact on growth and jobs (the PPF Financed Studies), but excluding implementation of any of said potential investments under the Project.
2.B: Technical Assistance and Studies for Investment Support

 Provision of technical assistance to selected agencies and departments of the Borrower designed to complement the studies funded by the facility referred to in Component 2.A of the Project and to strengthen the Borrower's and its agencies' and departments' capacity for attracting and planning strategic private sector investments including, inter alia:

(i) investment origination and investment generation support;
(ii) investment pre-commissioning and contracting support;
(iii) contract management support to improve ex-post monitoring; and
(iv) sector studies including a logistics hub master plan with industry analysis for special economic zones, a redevelopment plan for downtown Kingston, and a tourism demand and linkages study.

Component 3: Strengthening SMEs' Capabilities and Financing of SMEs' Investments

 Provision of support to SMEs for Supply Chain learning and skills upgrading, and provision of financing to SMEs including, inter alia:

3.A: SMEs Supply Chain Support and Skills Upgrading

(a) Provision of technical assistance for Eligible SMEs to identify, together with large buyers in a Supply Chain, the key commercial challenges in the Supply Chain, and reach a group solution to overcoming barriers to growth and productivity, and related challenges (the Supply Chain TA Activities).

(b) Provision of: (A) co-financing to Eligible SMEs in selected Supply Chains for training and skills upgrading after the respective SMEs' business plans have been approved by the Borrower (the Matching Grants); and (B) technical assistance required therefor.

(c) Provision of technical assistance to support dialogue among public sector agencies, SMEs, large buyers, and financial institutions, such as to resolve bottlenecks in the implementation of Supply Chains (the PPD Activities).
3.B: SME Financing

Establishment and operation of a credit facility within DBJ for the provision of financing, through Subsidiary Loans, to AFIs for on-lending by the AFIs to SMEs, through SME Sub-loans for SMEs to carry out Sub-projects.

Component 4: Project Implementation and Monitoring and Evaluation

4.A: Project Management and Implementation

Strengthening the Project management capacities of the Borrower and its agencies involved in Project implementation, including the carrying out of the required Project audits and evaluations.

4.B Technical Assistance for Communications and Productivity Evaluation

Strengthening PIOJ’s capacity for Project communication monitoring and evaluation including, inter alia:

(i) carrying out of a communication and outreach campaign designed to consult with stakeholders and raise awareness of the Project and the environmental and social issues involved as well as disseminate relevant information on the Borrower’s productivity and growth agenda;

(ii) support to agencies of the Borrower involved in productivity evaluation, including an evaluation study for the impact on SMEs of the skills upgrading and financing activities of the Project; and

(iii) implementation of a national business census to enable proper sampling of firms to monitor productivity changes brought about by reforms and activities supported by the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall cause PIOJ to maintain, at all times during Project implementation, a Project execution unit (PEU) with a structure, functions and responsibilities acceptable to the Bank and reflected in the Operational Manual. The Borrower shall cause:

   (a) PIOJ to maintain, at all times during Project implementation, the PEU led by a Project manager and assisted by adequate professional, technical and administrative staff (including procurement and financial management specialists); and

   (b) PIOJ to ensure that DBJ and JAMPRO are assisted at all times during Project implementation by adequate professional, technical and administrative staff,

all operating under terms of reference satisfactory to the Bank.

2. No later than one month after the Effective Date, the Borrower shall establish a committee (the Steering Committee), led by the Minister with responsibility for Finance or his designee, and comprised of representatives of relevant ministries and agencies of the Borrower and of private sector organizations, with functions and responsibilities satisfactory to the Bank and detailed in the Operational Manual.

B. MOUs and DBJ Subsidiary Agreement

1. To facilitate the carrying out of the Project the Borrower shall:

   (a) make the proceeds of the Loan allocated for all components of the Project other than component 3.B thereof available to PIOJ under a memorandum of understanding between the Borrower and PIOJ, under terms and conditions approved by the Bank, which shall include the obligation to carry out the Project in accordance with the provisions of this Agreement (the “PIOJ MOU”);

   (b) enter into a subsidiary agreement with DBJ, under terms and conditions approved by the Bank, which shall include inter alia:
(a) that the Borrower shall on-lend to DBJ the Jamaica dollar equivalent of the proceeds of the Loan (the DBJ Loan) allocated for Component 3.B in terms similar to those of the Loan and acceptable to the Bank; and

(b) the respective obligations of the Borrower and DBJ in the implementation of Component 3.B of the Project, in the overall financial reporting and auditing of the Project;

(c) enter into a memorandum of understanding with PIOJ and:

(i) JAMPRO with respect to Components 1 and 2.B (i) of the Project; and

(ii) DBJ with respect to Components 2.A, 2.B (ii) and (iii) and 3.A of the Project

setting forth their respective responsibilities in the implementation of such components of the Project (the “JAMPRO MOU” and the “DBJ MOU” respectively).

2. The Borrower shall exercise its rights and carry out its obligations under the MOUs and the DBJ Subsidiary Agreement and shall cause the agencies parties to the MOUs and DBJ Subsidiary Agreement to exercise their rights and carry out their obligations 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 terminate, assign, amend, abrogate, waive or fail to enforce, and shall cause the agencies parties to the MOUs and DBJ Subsidiary Agreement not to terminate, assign, amend, abrogate, waive or fail to enforce, any of the MOUs or the DBJ Subsidiary Agreement or any of their provisions.

C. Project Manuals

1. Without limitation upon the provisions of Section 3.01 of this Agreement and except as the Bank may otherwise agree, the Borrower shall cause:

(a) the Project to be carried out in accordance with an operational manual acceptable to the Bank (the “Operational Manual”); and

(b) the Matching Grants to be provided in accordance with the Operational Manual and a Procedural Sub-manual acceptable to the Bank (the “Matching Grants Procedural Sub-manual”).

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Except as the Bank shall otherwise agree, the Borrower shall not, and shall cause PIOJ and DBJ not to, amend or waive any provision of the Operational Manual or the Matching Grants Procedural Sub-manual without the Bank’s prior written approval. In case of any conflict between the terms of the Operational Manual or the Matching Grants Procedural Sub-manual and those of this Agreement, the terms of this Agreement shall prevail.

2. The Operational Manual shall consist of different sections setting forth the procedures for the carrying out of the Project including, *inter alia*, the following:

(a) the Project administrative, accounting, auditing, monitoring, reporting, financial, disbursement and procurement procedures including all pertinent standard documents and model contracts in relation thereto, including standard bidding documents in respect of each procurement method set forth in the Procurement Plan (as applicable);

(b) the eligibility criteria and the procedures governing the approval and financing of Business Environment Reform TA Activities, PPF Financed Studies, Supply Chain TA Activities, and PPD Activities;

(c) the eligibility criteria for Eligible Subprojects, including the environmental typology of investments and financing exclusion based on such typology;

(d) the eligibility criteria for TA Recipients, AFI and Eligible SMEs, Matching Grants and SME Sub-loans;

(e) the standard form of AFI Subsidiary Loan Agreements and SME Sub-loan Agreements;

(f) the EMF; and

(g) the performance indicators and the monitoring and evaluation strategy for the Project.


D. Anti-Corruption

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

1. The Borrower shall cause PIOJ, JAMPRO and DBJ, as the case may be to enter into, prior to initiating any technical assistance activity under Components 1, 2.A, 2.B and 3.A (i) and (iii) of the Project, a memorandum of understanding or make other contractual arrangements, acceptable to the Bank, with the TA Recipient, whereby the TA Recipient will undertake to carry out the Business Environment Reform TA Activities, PPF Financed Studies, Supply Chain TA Activities, and PPD Activities, as the case may be, in accordance with the provisions of this Agreement and in compliance with the requirements of the Operational Manual.

2. The Borrower shall cause PIOJ, JAMPRO and DBJ to carry out their obligations and exercise their rights under each of the TA Recipient MOU’s in such manner as to protect the interests of the Borrower, PIOJ, JAMPRO, DBJ and the Bank and to accomplish the purposes of the Loan. The Borrower shall cause PIOJ, JAMPRO and DBJ not to, except as the Bank shall otherwise agree, terminate, assign, amend, abrogate, waive or fail to enforce any of the TA Recipient MOU’s or any of their provisions.

F. Matching Grants and Sub-loans

1. The Borrower shall cause DBJ to enter into a contract with a financial management agent, under terms and conditions acceptable to the Bank, for the management of the provision of the Matching Grants.

2. For the purposes of carrying out Component 3.B of the Project, the Borrower shall cause DBJ to:

   (a) select AFIs pursuant to criteria set forth in the Operational Manual;

   (b) (i) on-lend to the AFIs in Jamaican Dollars part of the proceeds of the Loan allocated from time to time to Category (2) (b) under AFI Subsidiary Loan Agreements to be entered into between the DBJ and each such AFI, under terms and conditions acceptable to the Bank which shall include, *inter alia*: (A) financial terms acceptable to the Bank; (B) that the AFIs will abide by the Anti-corruption Guidelines and comply with the safeguard and other requirements set forth in this Agreement for the SME Sub-loans; and (C) other terms consistent with the standard form of the AFI Subsidiary Loan Agreement set forth in the Operational Manual;

   (ii) take or cause to be taken all action necessary or appropriate on its part to enable the AFIs to perform in accordance with the
provisions of their respective AFI Subsidiary Loan Agreements all the obligations of the AFIs therein set forth, and not take or permit to be taken any action that would prevent or interfere with such performance; and

(iii) exercise its rights and carry out its obligations under the AFI Subsidiary Loan Agreements in such manner as to protect the interests of the Bank and the Borrower and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise give its prior approval, not assign, amend, abrogate, waive or fail to enforce any such agreement or any provision thereof;

(c) monitor the overall execution of Component 3.B of the Project and the carrying out by the AFIs of their obligations under their respective AFI Subsidiary Loan Agreements in accordance with policies and procedures satisfactory to the Bank;

(d) establish a separate account, in accordance with policies and procedures satisfactory to the Bank, in which it shall deposit and record the repayments by the AFIs of their respective AFI Subsidiary Loans; and

(e) monitor the total amount of such repayments of AFI Subsidiary Loans and SME Sub-loans if the on-lending is operated as a line of credit, in order to continue extending the credit facility established under the Project by promptly re-lending to the same AFIs thereafter, for additional lending cycles, thereby assuring that the credit facility is utilized as set forth in the Operational Manual.

3. The Borrower shall cause:

(a) PIOJ and DBJ to make Matching Grants (through the agent referred to in paragraph 1 of this Section F); and

(b) DBJ to cause the AFIs to make SME Sub-loans, to Eligible SMEs under a Matching Grant Agreement or SME Sub-loan Agreement respectively to be entered into between the DBJ (or the agent referred to in paragraph 1 of this Section F on its behalf) and said Eligible SME, and the AFI and the Eligible SME on terms and conditions satisfactory to the Bank, which shall include the following:

(i) the SME Sub-loan shall be made on terms and conditions acceptable to the Bank; and
(ii) the Matching Grant shall require the Eligible SME to contribute a portion of the total cost of the services or training procured for the SME as elaborated in the Matching Grants Procedural Sub-manual.

4. The Borrower shall cause DBJ and PIOJ to obtain with respect to Matching Grants, and cause DBJ to cause the AFIs to obtain with respect to SME Sub-loans, from the SMEs, under the terms of each Matching Grant Agreement and SME Sub-loan Agreement, rights adequate to protect its interests and those of the Bank, the Borrower, PIOJ, DBJ and the AFIs including the right to:

(a) suspend or terminate the right of the Eligible SME to use the proceeds of the SME Sub-loan, or Matching Grant or declare to be immediately due and payable in the case of SME Sub-loans or obtain a refund of all or any part of the amount of the Sub-loan or Matching Grant then withdrawn, upon the Eligible SME’s failure to perform any of its obligations under the SME Sub-loan Agreement or Matching Grant Agreement; and

(b) require each Eligible SME to:

(i) carry out its Eligible Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower;

(ii) provide, promptly as needed, the resources required for the purpose under the Matching Grant;

(iii) procure the goods, services and/or operating expenses to be financed out of the SME Sub-loan or Matching Grant in accordance with the provisions of this Agreement as well as with the Operational Manual and the Matching Grants Procedural Sub-manual as appropriate;

(iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Sub-project and the achievement of its objectives;

(v) 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
Eligible Sub-project; 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;

(vi) enable the Borrower, DBJ and the Bank to inspect the Eligible Sub-project, its operation and any relevant records and documents; and

(vii) prepare and furnish to the Borrower, DBJ and the Bank all such information as the Borrower, DBJ or the Bank shall reasonably request relating to the foregoing.

5. The Borrower shall cause DBJ (and PIOJ with respect to Matching Grants) and the AFIs under the terms of the AFIs Sub-loan Agreements with respect to SME Sub-loans to carry out their obligations and exercise their rights under each Sub-loan Agreement and Matching Grant Agreement in such manner as to protect the interests of the Borrower, PIOJ, DBJ and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall cause DBJ, PIOJ and the AFIs not to assign, terminate, amend, abrogate, waive or fail to enforce any Sub-loan Agreement or Matching Grant Agreement or any of their provisions.

G. Implementation Review

1. The Borrower shall, not later than twenty-four (24) months after the Effective Date, or such later dates as may be agreed upon by the Bank, in conjunction with the Bank, PIOJ, JAMPRO and DBJ, carry out a progress review of the Project (“Implementation Review”), covering the progress achieved in the implementation of the Project.

2. Following such Implementation Review, and without limitation to the provisions of Section 5.08 (b) of the General Conditions, the Borrower shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Bank to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.

H. Safeguards

1. Without limitation to the provisions of Section 5.01 (b) of the General Conditions, the Borrower shall cause the Project to be carried out in accordance with the provisions and recommendations of the Environmental Management
Framework and the procedures outlined in the Operational Manual and, if applicable, the Matching Grants Procedural Sub-manual.

2. Wherever required in terms of said EMF, the Borrower shall proceed to have an Environmental Management Plan.

(a) prepared in form and substance satisfactory to the Bank;

(b) except as otherwise agreed with the Bank, submitted to the Bank for review and approval; and

(c) thereafter, adopted/locally disclosed and implemented in accordance with the terms of the relevant safeguard instrument and in a manner acceptable to the Bank.

3. The Borrower shall cause any ESIAs carried out under Component 2.A and financed under the Project to be carried out following the requirements of the Performance Standards in form and substance acceptable to the Bank.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare or cause to be prepared Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators set forth out in the Operational Manual and acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty-five days after the end of the period covered by such report.

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 cause:

(a) PIOJ with respect to all Components of the Project; and

(b) DBJ with respect to Component 3.B of the Project
to prepare and furnish to the Bank not later than 45 days after the end of each calendar semester, interim unaudited financial reports for the respective components of the Project covering the semester, in form and substance satisfactory to the Bank.

3. The Borrower shall cause PIOJ and DBJ to have their Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions, with PIOJ covering accounts of all Project components and DBJ, including as an annex, statements regarding the Sub-loans financed out of the proceeds of the Loan. Each audit of the respective 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of 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.

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and non-consulting services.
The Procurement Plan shall specify the circumstances under which such methods may be used.

**Procurement Methods**

<table>
<thead>
<tr>
<th>(a) Limited international bidding</th>
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<tbody>
<tr>
<td>(b) National Competitive Bidding</td>
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<tr>
<td>(c) Shopping</td>
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<tr>
<td>(d) Direct contracting</td>
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<tr>
<td>(f) Procedures set forth in paragraph 3.14 and 3.15 of the Procurement Guidelines of Goods and Non-consulting Services</td>
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</tbody>
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**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:

**Procurement Methods**

<table>
<thead>
<tr>
<th>(a) Quality-Based Selection</th>
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<tbody>
<tr>
<td>(b) Least Cost Selection</td>
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<tr>
<td>(c) Selection Based on Consultant Qualifications</td>
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<tr>
<td>(d) Single-source Procedures for the Selection of Consulting Firms</td>
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<tr>
<td>(e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
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<tr>
<td>(f) Procedures set forth in paragraph 5.6 of the Consultant Guidelines for the Selection of Individual Consultants</td>
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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) Goods, non-consulting services, Training and consultants' services for Components 1 and 2.B (i) of the Project</td>
<td>4,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Loan Allocated (expressed in USD)</td>
<td>Percentage of Expenditures to be financed (inclusive of Taxes)</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>-------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>(2) (a) Goods, non-consulting services, Training and consultants' services for Components 2.A, 2.B (ii) and (iii) and 3 (other than under SME Sub-loans and Matching Grants)</td>
<td>14,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) (b) SME Sub-loans</td>
<td>16,175,000</td>
<td>100% of the amounts disbursed as per the terms of the respective SME Sub-loan Agreement or Matching Grant Agreement</td>
</tr>
<tr>
<td>(2) (c) Matching Grants</td>
<td>4,500,000</td>
<td></td>
</tr>
<tr>
<td>(3) Goods, non-consulting services, Training and consultants’ services for Components 2.B (iv) and 4 of the Project, and Operating Costs for all Components of the Project</td>
<td>10,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Front-end Fee</td>
<td>125,000</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>(5) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.07(c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>50,000,000</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 $10,000,000 equivalent may be made for payments made prior to this date but on or after May 1, 2014, for Eligible Expenditures;

   (b) for payments made under Category (1) for Components 1 and 2.B (i) of the Project unless the JAMPRO MOU has been entered into by the parties thereto; or

   (c) for payments made under Sub-Category (2) (c) for Matching Grants under Component 3.A (ii) of the Project unless:

      (i) the Matching Grants Procedural Sub-manual has been approved by the Bank and adopted by DBJ; and

      (ii) the financial management agent referred to in Section I. F.1 of Schedule 2 to this Agreement has been contracted under terms and conditions acceptable to the Bank.

2. The Closing Date is June 30, 2020.
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.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15 Beginning on February 15, 2020 through February 15, 2043</td>
<td>2.08%</td>
</tr>
<tr>
<td>On August 15, 2043</td>
<td>2.24%</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.

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. "AFI" means a bank or other financial institution operating in the Borrower's territory eligible to participate in Component 3.B of the Project pursuant to the Operational Manual.

2. "AFI Subsidiary Loan" means any loan made by DBJ to an AFI pursuant to an AFI Subsidiary Loan Agreement.

3. "AFI Subsidiary Loan Agreement" means any agreement entered or to be entered into between DBJ and any AFI pursuant to Section I. F.2 (b) (i) of Schedule 2 to this Agreement.


5. "Business Environment Reform TA Activity" means any technical assistance activity selected following the procedures of the Operational Manual, and acceptable to the Bank, for implementation and financing under Component 1 of the Project.

6. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


8. "DBJ" means Development Bank of Jamaica, the Borrower's development bank established and operating pursuant to the DBJ Legislation.

9. "DBJ Legislation" means the Companies Act 2004 and DBJ's Articles of Incorporation of June 18, 1981, as amended to the date of this Agreement.

10. "DBJ Loan" means the loan made by the Borrower to DBJ, referred to in Section I.B.1(b) of Schedule 2 to this Agreement.

11. "DBJ MOU" means the memorandum of understanding referred to in Section I.B.1(c)(ii) of Schedule 2 to this Agreement.

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12. "DBJ Subsidiary Agreement" means the agreement referred to in Section I.B.1(b) of Schedule 2 to this Agreement pursuant to which the Borrower shall onlend to DBJ the proceeds of the Loan allocated for Component 3.B of the Project.

13. "Eligible SME" means an SME eligible to receive financing under Component 3 of the Project pursuant to the terms of the Operational Manual or the Matching Grants Procedural Sub-manual as the case may be.

14. "Eligible Subproject" means an investment or technical assistance activity to be carried out by an Eligible SME under Components 3.A (ii) or 3.B and financed with the proceeds of a SME Subloan or a Matching Grant in accordance with the provisions of the Operational Manual and/or the Matching Grants Procedural Sub-manual.

15. "Environmental Management Framework" or EMF" means the Borrower's environmental management framework (included in the Operational Manual), disclosed in the Borrower's territory on May 14, 2014 and at the Bank's Infoshop on May 14, 2014 giving details of a program of actions, measures and policies designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, along with the procedural and institutional measures needed to implement such actions, including:

(a) the procedures for a three tiered environmental and social impact assessment for activities to be carried out under Component 2 of the Project;

(b) the requirements for the preparation of ESIA's; and

(c) the environmental requirements for Eligible Sub-projects, as said framework may be amended from time to time with the prior consent of the Bank.

16. "Environmental Management Plan" or "EMP" means any plan prepared and implemented and/or any environmental permit processed in accordance with the requirements of the EMF.

17. "ESIA" means an Environmental and Social Impact Assessment carried out pursuant to the EMF and in accordance with the Performance Standards.

18. "Implementation Review" means the review referred to in Section I.G. of Schedule 2 to this Agreement.

20. “Jamaican Dollar” means the lawful currency of the Borrower.

21. “JAMPRO” means Jamaica Promotions Corporation, the Borrower’s corporation established and operating pursuant to the JAMPRO Legislation.

22. “JAMPRO Legislation” means the Borrower’s Jamaica Promotions Corporation Act, dated April 26, 1990, as amended to the date of this Agreement.

23. “JAMPRO MOU” means the memorandum of understanding referred to in Section I.B.1(c)(i) of Schedule 2 to this Agreement.

24. “Matching Grant” means a grant made or to be made to an Eligible SME out of the proceeds of the Loan allocated for Component 3.A (ii) of the Project to partially finance training pursuant to the provisions of this Agreement, the Operational Manual, and the Matching Grants Procedural Sub-manual.

25. “Matching Grant Agreement” means any of the agreements referred to in Section I.F.3 and 4 of Schedule 2 to this Agreement, and the term “Matching Grant Agreements” means collectively all such Matching Grant Agreements.

26. “Matching Grants Procedural Sub-manual” means the sub-manual referred to in Section I.C.1 (b) of Schedule 2 to this Agreement.

27. “MOU” means collectively the PIOJ MOU, the DBJ MOU and the JAMPRO MOU.

28. “Operating Costs” means reasonable and necessary incremental expenses incurred by PIOJ, DBJ, and JAMPRO with respect to Project implementation, management and monitoring, including the costs of staff salaries (excluding salaries of the Borrower’s civil service staff), communication, editing, printing and publication, translation, vehicle operation and maintenance, bank charges, local travel costs and field trip expenses, office rentals, utilities, equipment and supplies.

29. “Operational Manual” means the manual referred to in Section I. C.1 (a) of Schedule 2 to this Agreement.

performance standard in both documents determined to be applicable during the
assessment process.

31. "PEU" means the Project execution unit referred to in Section I.A.1 of Schedule
2 to this Agreement established by PIOJ on May 5, 2014.

32. "PIOJ" means Planning Institute of Jamaica, the Borrower's planning institute
established and operating pursuant to the PIOJ Legislation.

33. "PIOJ Legislation" means the Borrower's Planning Institute of Jamaica Act,
dated April 6, 1984.

34. "PIOJ MOU" means the memorandum of understanding referred to in Section
I.B. 1 (a) of Schedule 2 to this Agreement pursuant to which the Borrower shall
make the proceeds of the Loan available to PIOJ.

35. "PPD Activity" means any activity selected following the procedures of the
Operational Manual, and acceptable to the Bank, for implementation and
financing under Component 3.A (iii) of the Project.

36. "PPF Financed Study" means any study selected following the procedures of the
Operational Manual, and acceptable to the Bank, for implementation and
financing under Component 2.A of the Project.

and Non-consulting Services under IBRD Loans and IDA Credits and Grants by
World Bank Borrowers" dated January 2011.

38. "Procurement Plan" means the Borrower's procurement plan for the Project,
dated June 6, 2014 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.

39. "SME" means any small and medium enterprise established and operating in the
Borrower's territory eligible for participation in Component 3 of the Project
pursuant to the requirements of the Operational Manual and Matching Grants
Procedural Sub-manual.

40. "SME Sub-loan" means a loan made or to be made to an Eligible SME out of
the proceeds of the Loan allocated for Component 3.B of the Project to finance
goods, services and/or operating expenses under the pertinent Eligible Subproject
pursuant to the provisions of this Agreement and the Operational Manual.
41. “SME Sub-loan Agreement” means any of the agreements referred to in Section I.F.3 and 4 of Schedule 2 to this Agreement, and the term “SME Sub-loan Agreements” means collectively all such Sub-loans Agreements.

42. “Supply Chain” means the chain of steps and different businesses involved to purchase inputs and add value to bring a particular product to the eventual end-user with the goal of delivering a maximum value for the least possible total cost.

43. “Supply Chain TA Activity” means any technical assistance to be provided to an Eligible SME selected pursuant to the Operational Manual, acceptable to the Bank, and to be implemented under Component 3.A (i) of the Project.

44. “TA Recipient” means any recipient of technical assistance carried out under Components 1, 2.A, 3.A (i) and (iii) of the Project.

45. “TA Recipient MOU” means any of the memoranda of understanding to be entered into among PIOJ, JAMPRO and/or DBJ, as the case may be, and a TA Recipient pursuant to the provisions of Section I.E.1 of Schedule 2 to this Agreement.