Sint Maarten: Hurricane Irma Reconstruction, Recovery and Resilience Trust Fund
Grant Agreement

(Sint Maarten Enterprise Support Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as administrator of Sint Maarten: Hurricane Irma Reconstruction, Recovery
and Resilience Trust Fund

and

NATIONAL RECOVERY PROGRAM BUREAU
AGREEMENT dated as of the Signature Date, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as administrator of the Sint Maarten: Hurricane Irma Reconstruction, Recovery and Resilience Trust Fund, and NATIONAL RECOVERY PROGRAM BUREAU ("Recipient").

RECOGNIZING, this Agreement, including its schedules and appendix: (a) is concluded with the Recipient at the request of the Prime Minister of Sint Maarten, made on behalf of the Government of Sint Maarten, as communicated in a letter of November 12, 2019, to the World Bank; and (b) is not an international treaty and will not be registered as a treaty under Article 102 of the United Nations Charter.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


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

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions and Schedule 2 to this Agreement.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.
Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount not to exceed thirty-five million United States Dollars (USD 35,000,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund ("Trust Fund") for which the World Bank receives periodic contributions from the Donor to the Trust Fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the Trust Fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the Bank showing that the conditions specified below have been satisfied.

   (a) The execution and delivery of this Agreement, on behalf of the Recipient, have been duly authorized or ratified by all necessary governmental action.

   (b) If the Bank so requests, the condition of the Recipient, as represented or warranted to the World Bank at the date of this Agreement, has undergone no material adverse change after such date.

   (c) The Recipient has hired a Project Manager acceptable to the World Bank, pursuant to Section I.A.1(b)(i) of Schedule 2 to this Agreement.

   (d) The Recipient has adopted an Operations Manual satisfactory to the World Bank.

4.02. As part of the evidence to be furnished pursuant to Section 4.01(a), the Recipient shall furnish to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of Sint Maarten, acceptable to the World Bank, showing the following matters:
(a) the Recipient has the legal capacity under the laws of Sint Maarten to receive the Grant proceeds and to carry out the Recipient’s Project implementation obligations set forth in this Agreement, all for the benefit of Sint Maarten; and

(b) this Agreement has been duly authorized by, and executed and delivered on behalf of the Recipient, and is legally binding upon the Recipient in accordance with its terms.

4.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.04. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred and twenty (120) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.
Article V
Recipient's Representative; Addresses

5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Director.

5.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

#57 Walter J.A. Nisbeth Road
Philipsburg
Sint Maarten

5.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting as administrator of the Sint Maarten: Hurricane
Reconstruction, Recovery and Resilience Trust Fund

By

Tahseen Sayed

Authorized Representative

Name: Tahseen Sayed
Title: Country Director
Caribbean Countries
Latin America and the Caribbean

Date: March 5, 2020

NATIONAL RECOVERY PROGRAM BUREAU

By

Authorized Representative

Name: Mr. Claret Connor
Title: Director

Date: March 5, 2020
SCHEDULE 1
Project Description

The objective of the Project is to support the recovery of micro, small, and medium-sized enterprises through direct financial assistance to contribute to the restoration of economic activity.

The Project consists of the following components:

Component 1. Direct financial support to Micro-, Small- and Medium-sized Enterprises for investment and working capital

Provision of financing to eligible participating financial institutions ("PFIs") to extend to Eligible Beneficiary Enterprises: (a) subgrants for the financing of Assets and Repairs ("AR Subgrants"); (b) sub-loans for the financing of Assets and Repairs ("AR Sub-loans"); and (c) sub-loans for the financing of Working Capital ("WC Sub-loans").

Component 2. Study of financial solutions for disaster resilience

Carrying out of a longer-term study to explore instruments, markets, tools, and solutions to improve disaster resilience in Sint Maarten; said instruments and markets may include, inter alia, private insurance, public asset insurance, sovereign insurance markets, regulation, and supervision of insurance and reinsurance, and said tools may include catastrophe modelling and valuations and appraisal standards.

Component 3. Training, Project implementation, and monitoring and evaluation

Provision of: (a) training to financial institutions to improve their MSME lending skills; (b) training to enterprises and financial institutions on business continuity planning; and (c) PIU Operating Costs in support of Project implementation, management, and monitoring and evaluation, including third-party verification.
SCHEDULE 2
Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. Without limitation to the provisions of Article II of the Standard Conditions and except as the World Bank otherwise agrees, the Recipient shall maintain throughout Project implementation:

(a) staffing with composition, resources, terms of reference and functions acceptable to the World Bank; and

(b) a Project implementation unit ("PIU"), which shall, unless otherwise agreed to by the World Bank, include (i) a Project Manager, (ii) an Operations Officer, (iii) a Procurement Officer, and (iv) a Portfolio and Accounting Officer.

2. Further to Section I.A.1(b)(iii) of this Schedule 2, no later than ninety (90) days after the Effective Date, the Recipient shall hire or assign to the PIU a Procurement Officer, satisfactory to the Bank, for the carrying out of the Project.

3. The Recipient shall ensure the proper management, coordination, implementation, and monitoring and evaluation of the Project by the PIU, including:

(a) selecting PFIs based on the eligibility criteria acceptable to the World Bank;

(b) extending Sub-Financing to PFIs on terms and conditions acceptable to the World Bank, including those criteria, terms and conditions set forth in the Annex to this Schedule, all of which shall be part of the Operations Manual; and

(c) monitoring said PFIs in carrying out Component 1 of the Project to ensure the PFIs: (i) select Eligible Beneficiary Enterprises and Subprojects in compliance with eligibility criteria acceptable to the World Bank; and (ii) extend AR Subgrants, AR Sub-loans and WC Sub-loans to Eligible Beneficiary Enterprises on terms and conditions acceptable to the World Bank, including specifically those criteria, terms and conditions set forth in the Annex to this Schedule, all of which shall be part of the Operations Manual.
4. In furtherance of Section I.A.3 of this Schedule, the Recipient shall ensure that:

(a) all PFIs, Eligible Beneficiary Enterprises, and contractors under Component 1 of the Project have expressly agreed to comply, and ensure their compliance with the environmental and social safeguard, fiduciary, and technical requirements applicable to the Project in accordance with the provisions of this Agreement and the Operations Manual;

(b) all relevant Project activities financed in whole or in part by the proceeds of the Grant are carried out in accordance with the provisions of the Anti-Corruption Guidelines, including ensuring, through the individual Sub-financing Agreements with PFIs, that all PFIs, Eligible Beneficiary Enterprises, and contractors to receive proceeds from the Grant expressly agree to comply with the provisions of the Anti-Corruption Guidelines, including: (i) the right of the World Bank, and the Recipient to inspect and to require audits of all accounts, records and other documents of each PFI and each Eligible Beneficiary Enterprise relating to the Project that are required to be maintained pursuant to this Agreement; and (ii) the Recipient’s right to suspend, terminate or seek refund of ineligible expenditures;

(c) in accordance with the terms set forth in the Operations Manual, the principal repayments made under Component 1 of the Project are utilized during the period of Project implementation to provide additional Sub-financing to the same or other PFIs, and additional AR Sub-loans or WC Sub-loans to the same or other Eligible Beneficiary Enterprises (each case, “Reflows”), and such Reflows are used in a manner acceptable to the World Bank; and

(d) separate commercial accounts are established with a commercial bank acceptable to the World Bank, in numbers, and in accordance with policies and procedures, satisfactory to the World Bank; the purpose of such accounts shall be:

(i) to extend Sub-Financing to PFIs under Component 1 of the Project; and

(ii) to promptly deposit each payment and repayment received under the Sub-Financing Agreements and Sub-loan Agreements under Component 1(b) and (c) of the Project to, as appropriate, in accordance with the procedures set forth in the Operations Manual: (A) serve as Reflows; or (B) accumulate in trust.

5. In the carrying out of Component 1 of the Project, the Recipient shall:
(a) obtain the support of the Centrale Bank van Curaçao en Sint Maarten ("CBCS") in the capacity building of the PIU; and

(b) coordinate with the CBCS in obtaining nonconfidential information concerning qualifying PFIs as necessary for the implementation of Component 1 of the Project.

6. Not later than thirty days (30) days following the Effective Date, the Recipient shall establish, and thereafter maintain and publicize throughout Project implementation, a Project feedback and grievance redress mechanism, in form and substance satisfactory to the World Bank, to hear and determine fairly and in good faith all feedback and complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by said feedback and grievance redress mechanism, in a manner satisfactory to the World Bank.

B. Operations Manual

1. The Recipient shall maintain, throughout Project implementation, an Operations Manual in substance, form, and manner acceptable to the World Bank.

2. The Recipient shall carry out, and ensure that the Project is carried out, in accordance with the Operations Manual, which shall consist of different schedules, setting forth rules, methods, guidelines, specific development plans, standard documents, and procedures for the carrying out of the Project. The Operations Manual shall include, inter alia, provisions on the following:

(a) the detailed description of all Project activities supported under this Agreement, their sequencing, prospective timetable, and benchmarks in relation thereto;

(b) the parties responsible for carrying out the respective parts of the Project;

(c) the detailed qualification and selection criteria and processes, as relevant, for the respective parts of the Project;

(d) for Component 1 of the Project, (i) the eligibility criteria for the selection of PFIs and Eligible Beneficiary Enterprises, (ii) application and selection criteria and processes for AR Subgrant, AR Sub-loan, and WC Sub-loan financing, (iii) the repayment and Reflow processes for said AR Sub-loan and WC Sub-loan financing, and all such criteria and processes may be reviewed from time to time and be subject to modification, if justified, with the prior agreement of the World Bank;
(e) the safeguards arrangements, including the Environmental and Social Management Framework and the grievance redress mechanism, for the Project;

(f) the financial management and procurement arrangements for the Project;

(g) the coordination arrangements between the relevant parties for the day-to-day execution of the Project; and

(h) Project monitoring, evaluation, reporting, and communications.

3. The Operations Manual may not be assigned, amended, abrogated or waived, or permitted to be assigned, amended, abrogated or waived, or any provision thereof, in a manner which, in the opinion of the World Bank, may materially and adversely affect the implementation of the Project; the Operations Manual may only be amended in consultation with, and after written approval of, the World Bank. In case of any conflict between the terms of the Operations Manual and those of this Agreement, the terms of this Agreement shall prevail.

C. Annual Work Plan and Budget

1. The Recipient shall:

(a) prepare and furnish to the World Bank not later than June 1st of each year during the implementation of the Project, a proposed Annual Work Plan and Budget containing: (i) all activities to be carried out under the Project during the following year; (ii) a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing; and (iii) any training activities that may be required under the Project including (A) the type of training, (B) the purpose of the training, and (C) the cost of the training;

(b) afford the World Bank a reasonable opportunity to exchange views with the Recipient on each such proposed Annual Work Plan and Budget, and shall thereafter ensure that the Project is implemented with due diligence during said following year, in accordance with such Annual Work Plan and Budget as shall have been approved by the World Bank; and

(c) not make or allow to be made any change to the approved Annual Work Plan and Budget without the World Bank’s prior written approval.

D. Safeguards.

1. The Recipient shall:
ensure that AR Subgrants, AR Sub-loans, and WC Sub-loans are provided under Component 1 of the Project for any Subproject only after said Subproject and relevant Eligible Beneficiary Enterprise have been screened and approved in accordance with the provisions of the Operations Manual and the Environmental and Social Management Framework ("ESMF");

ensure that each Subproject under Component 1 of the Project has been subjected to an environmental and social analysis and its environmental and social impacts have been addressed by the respective Eligible Beneficiary Enterprise in a manner satisfactory to the World Bank in accordance with the provisions of the Operations Manual and the ESMF;

ensure that PPIs and Eligible Beneficiary Enterprises under Component 1 of the Project take all necessary measures in accordance with the Operations Manual, the ESMF, and any Environmental and Social Management Plans ("ESMPs"), and that these instruments and their respective provisions are not amended, suspended, abrogated, or repealed without the prior approval of the World Bank;

ensure that no Subproject shall involve any land acquisition, Involuntary Resettlement, expropriation or other Excluded Activities;

ensure that for Subprojects that require an ESMP, the Eligible Beneficiary Enterprise concerned shall carry out such plan in a timely manner, requiring such ESMP to be in compliance with the Operations Manual and ESMF, and shall include adequate information on the carrying out of such ESMPs in the Project Reports;

ensure that any contract or agreement financed by the Project, as the case may be, includes Codes of Conduct, in form and substance acceptable to the World Bank; and

ensure that adequate information on the implementation of the ESMF is suitably included in the Project Reports.
E. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016 (“Anti-Corruption Guidelines”).

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project, and to prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.
Section III.  Procurement

All goods, non-consulting services, and consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for IPF Recipients” dated July 2016, revised November 2017 and August 2018 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated December 12, 2018, provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

Section IV.  Withdrawal of Grant Proceeds

A.  General

1.  The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World 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 Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) AR Subgrants, AR Sub-loans, and WC Sub-loans under Component 1 of the Project</td>
<td>32,500,000</td>
<td>100% of amounts disbursed under a Subgrant or a Sub-loan Agreement</td>
</tr>
<tr>
<td>(2) Goods, consulting services, non-consulting services, Training, and PIU Operating Costs, under Component 2 and Component 3 of the Project</td>
<td>2,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>35,000,000</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; or

   (b) under Category 1 until the Recipient has hired or assigned a Portfolio and Accounting Officer and an Operations Officer, satisfactory to the Bank, to work on the Project.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 30, 2024.
Annex to Schedule 2

I. Provision of Sub-Financing to PFIs

A. Participating Financial Institution ("PFI") Eligibility Criteria. For the purposes of carrying out Component 1 of the Project, and except as the World Bank otherwise agrees, the Recipient shall select Financial Institutions as PFIs in accordance with the criteria and procedures set forth in the Operations Manual, including the following, unless the World Bank may otherwise agree:

1. a Financial Institution may be selected as a PFI only if the Recipient shall have determined that the Financial Institution is duly established, regulated, licensed to operate, and so operating in the territory of Sint Maarten and:

   (a) has an established record of extending lending to businesses in Sint Maarten;

   (b) has at least one branch or subsidiary operating in Sint Maarten;

   (c) has demonstrated its full compliance with applicable banking regulations and prudential regulations of Sint Maarten; and

   (d) has been assessed to be satisfactory based on profitability, capital adequacy, asset quality, prudential compliance, corporate governance, and risk management.

B. Terms and Conditions of the Sub-Financing to PFIs.

1. The Recipient shall make the proceeds of the Grant allocated from time to time to Category (1), set forth in the table of Section IV.A.2 of Schedule 2 to this Agreement to each selected PFI, which continues to satisfy the eligibility criteria set forth in the Operations Manual, in accordance with on-lending terms set forth in the individual Sub-Financing Agreement between the Recipient and the respective PFI, under terms and conditions approved by the World Bank.

2. Each Sub-Financing Agreement shall contain provisions pursuant to which the PFI concerned undertakes to:

   (a) carry out the activities under Component 1 of the Project and conduct its operations and affairs in accordance with appropriate financial standards and practices, including (i) the provisions of the Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the Recipient, (ii) with qualified management.
and staff in adequate numbers, (iii) in conformity with the investment and lending policies and procedures referred to in the Operations Manual, and (iv) to provide, promptly as needed, the funds, facilities, services and other resources required for this purpose;

(b) (i) provide AR Subgrants, AR Sub-loans, and WC Sub-loans to Eligible Beneficiary Enterprises on the terms and conditions set forth in the Operations Manual;

(ii) ensure that the amount of each AR Subgrant, AR Sub-loan, and WC Sub-loan, or in their aggregate, provided to any single Eligible Beneficiary Enterprise shall not exceed the respective maximum amounts set forth in the Operations Manual, as may be relevant;

(iii) exercise the respective PFI’s rights and carry out its obligations in relation to each such AR Subgrant, AR Sub-loan and WC Sub-loan in such a manner as to protect the interests of the Recipient and the World Bank and to achieve the purposes of the Project;

(iv) not assign, amend, abrogate or waive any of its agreements providing for AR Subgrants, AR Sub-loans and WC Sub-loans, or any provision thereof, without the prior approval of the Recipient;

(v) select and appraise Subprojects and supervise, monitor and report on the carrying out of Subprojects by Eligible Beneficiary Enterprises, all in accordance with the Operations Manual, and ensure that no Excluded Activities are included in any Subproject;

(vi) in consultation with the Recipient, ensure that each Subproject complies with environmental and social review procedures set forth in the Operations Manual and the ESMF. To that end and as may be relevant, PFIs shall require each Eligible Beneficiary Enterprise applying for an AR Subgrant, an AR Sub-loan, or a WC Sub-loan to furnish evidence satisfactory to the World Bank, showing that the Subproject, in respect of which the application has been prepared, is in accordance with such procedures; and

(vii) ensure that goods, works, non-consulting services and consulting services to be financed out of the proceeds of
the Grant shall be used exclusively in the carrying out of the Subproject;

(c) (i) exchange views with and furnish all such information to the World Bank or the Recipient, as may be reasonably requested by the World Bank and the Recipient, with regard to the progress of its activities under the Project, the performance of its obligations under its respective Sub-Financing Agreement, and other matters relating to the purposes of the Project;

(ii) prepare and submit to the Recipient, quarterly reports on Subgrant and Sub-loan disbursements, and repayments in the case of Sub-loans; and

(iii) promptly inform the World Bank and the Recipient of any condition that interferes or threatens to interfere with the progress of its activities under its respective Sub-Financing Agreement; and

(d) (i) maintain records and accounts adequate to reflect, in accordance with sound accounting practices, its operations and financial condition; and

(ii) furnish to the World Bank such information concerning said records and accounts as the World Bank may request.

3. Each Sub-Financing Agreement shall also provide that the right of the PFI to use the proceeds of its respective Sub-Financing shall be:

(a) suspended upon failure of such PFI to perform any of its obligations under its respective Sub-Financing Agreement, or to continue to satisfy the eligibility criteria for PFLs; and

(b) terminated if such right shall have been suspended pursuant to sub-paragraph (a) hereof for a continuous period reasonably established by the Recipient, and acceptable to the World Bank.

II. PFIs’ Provision of AR Subgrants, AR Sub-loans and WC Sub-loans to Eligible Beneficiary Enterprises

A. Eligible Beneficiary Enterprises Eligibility Criteria. The Recipient and the respective PFI shall have determined that each Eligible Beneficiary Enterprise has established, and maintains during the duration of its receipt of an AR Subgrant, AR Sub-loan or WC Sub-loan, that it meets the eligibility criteria set forth in the
Operations Manual, which shall include the following, unless otherwise agreed to by the World Bank:

1. the enterprise is registered with the Chamber of Commerce and Industry of Sint Maarten ("CCISM") and remains in good standing pursuant to the requirements of the CCISM, if the laws of Sint Maarten require the enterprise concerned to be so registered in order to be operational in the territory of Sint Maarten;

2. the enterprise is registered with the tax administration of the government of Sint Maarten;

3. the enterprise is a for-profit business that conducts business in the territory of Sint Maarten; and

4. the enterprise’s monthly revenue is less than USD 55,866 per month, or such amount agreed to by the World Bank and set forth in the Operations Manual.

B. Subproject Eligibility Criteria. Each AR Subgrant and AR Sub-loan shall be provided for a Subproject which is determined, on the basis of an appraisal carried out in accordance with procedures in accordance with the Operations Manual and acceptable to the World Bank.

C. Except as the World Bank shall otherwise agree:

(i) the terms and conditions for each AR Subgrant, Sub-loan and WC Sub-loan to Eligible Beneficiary Enterprises under Component 1 shall be provided on terms and conditions set forth in the Operations Manual and acceptable to the World Bank, including, in the case of sub-loans under Component 1 (b) and Component 1 (c), those terms and conditions relating to, inter alia, maturity, interest rate, markup, charges, fees, and refinancing;

(ii) for each AR Subgrant, AR Sub-loan, and WC Sub-loan, each PFI shall obtain, by written contract with the Eligible Beneficiary Enterprise or by other appropriate legal means, rights adequate to protect its interests and the interests of the Recipient and the World Bank, including, inter alia, the right to:

(a) require the Eligible Beneficiary Enterprise to carry out and operate the facilities financed under the Subproject with due diligence and efficiency and in accordance with sound technical, financial and managerial standards, and in accordance with the provisions of the
Anti-Corruption Guidelines applicable to recipients of finance proceeds, and to maintain adequate records;

(b) without limitation to the generality of the provisions of the preceding paragraph (a), require the Eligible Beneficiary Enterprise to carry out and operate the Subproject with due regard to applicable social impact, and environmental standards and in accordance with the provisions of the Operations Manual and the ESMF;

(c) require that goods, works, non-consulting services and consulting services to be financed out of the proceeds of the AR Subgrant, AR Sub-loan and WC Sub-loan be used exclusively in the carrying out of the Subproject;

(d) inspect, by itself or jointly with representatives of the World Bank or the Recipient, if the World Bank or the Recipient so requests, such goods and the sites, works, plants and construction included in the Subproject, the operation thereof, and any relevant records and documents;

(e) obtain all such information as the World Bank or the Recipient shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Eligible Beneficiary Enterprise and the benefits to be derived from the Subproject; and

(f) suspend and terminate the right of the Eligible Beneficiary Enterprise to the use of the proceeds of the AR Subgrant, AR Sub-loan and/or WC Sub-loan upon failure by such Eligible Beneficiary Enterprise to perform any of its obligations under its contract with the PFI.
APPENDIX

Section I. Definitions

1. "Anti-Corruption Guidelines" means the guidelines referred to in Section I.E of Schedule 2 to this Agreement.

2. "AR Subgrant" means subgrant financing made or proposed to be made by a PFI to an Eligible Beneficiary Enterprise out of the proceeds of the Grant allocated from time to time to Category (1), for purposes of financing all or a portion of eligible expenditures incurred by the Eligible Beneficiary Enterprises for assets and Nonstructural Repairs.

3. "AR Sub-loan" means sub-loan financing made or proposed to be made by a PFI to an Eligible Beneficiary Enterprise out of the proceeds of the Grant allocated from time to time to Category (1), for purposes of financing all or a portion of eligible expenditures incurred by the Eligible Beneficiary Enterprise for assets and Nonstructural Repairs.

4. "Assets" means assets that have the ability to generate profits and cash flow, including machinery, computers, electronic products, electric equipment, appliances and components, transportation equipment, furniture and related products, and other durable goods, but excluding land.

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

6. "Category ‘A’ Subprojects" means Subprojects that are likely to have significant adverse environmental or social impacts that are sensitive, diverse, or unprecedented and require a full environmental impact assessment pursuant to the provisions of the Operations Manual and the Environmental and Social Management Framework.

7. "Centrale Bank van Curaçao en Sint Maarten" or "CBCS" means the central bank of Curaçao and Sint Maarten, established pursuant to the National Ordinance CBCS, AB 2010, GT no. 24, Sint Maarten, or any legal successor or successors thereto, and which is responsible for supporting the Recipient in implementing certain aspects of Component 1 of the Project.

8. "Chamber of Commerce and Industry of Sint Maarten" or "CCISM" means the entity of the same name that serves as the trade registry for businesses seeking to operate in the territory of Sint Maarten, or any legal successor or successors thereto.
9. "Codes of Conduct" means the codes of conduct referred to in Section I.D.1 (f) of Schedule 2, detailing, *inter alia*, measures and standards of professional conduct for people working on the Project, including with regard to preventing sexual harassment and responding to matters of violence (including gender-based violence, and violence against minors).


11. "Eligible Beneficiary Enterprises" means Micro-, Small- and Medium-sized Enterprises and such other enterprises as may be included and defined in the Operations Manual by agreement of the Recipient and the World Bank; "Eligible Beneficiary Enterprise" means one such enterprise.

12. "Environmental and Social Management Framework" or "ESMF" means the environmental and social management framework prepared and adopted by the Recipient for the purposes of the Project, acceptable to the World Bank, and publicly disclosed by the Recipient on November 13, 2018, and on the World Bank’s website on November 29, 2018; the ESMF describes: (a) the procedures, principles and guidelines to screen all Subprojects proposed for financing under the Project; and (b) in case such screening shall reveal that a Subproject may have any negative environmental or social impact, the procedures, principles and guidelines which shall be complied with in order to prepare an environmental/social assessment and to address the environmental/social impacts of such Sub-project through mitigation measures, as such framework may be amended from time to time with the prior agreement of the World Bank.

13. "Environmental and Social Management Plan" or "ESMP" means any specific environmental and social management plan, satisfactory to the World Bank, to be carried out by an Eligible Beneficiary Enterprise under a Subproject, as may be required pursuant to the due observance of the ESMF, and in accordance with the provisions of the respective Subgrant Agreement or Sub-loan Agreement, as relevant; the ESMP shall define specific details of measures to manage potential environmental and social risks and mitigate, reduce and/or offset adverse environmental and social impacts associated with the implementation of activities under the Subproject, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the ESMP terms, as such ESMP may be amended and supplemented from time to time, to the satisfaction of the World Bank.

14. "Excluded Activities" means, collectively:

(a) any of the activities listed, or activities that produce and/or use materials listed, in the Operations Manual and which are classified and referred to as part of the negative list in said manual;
any investment that is classified as a Category “A” Subproject in accordance with the provisions of the Operations Manual;

any investment involving land acquisition (including other land expenditures such as the purchase of real property);

any investment in hydroelectric, irrigation, flood control, navigation, drainage, water and sewerage, industrial and similar projects (or the detailed design and engineering studies for such types of projects) that involve the use or potential pollution of international waterways, as such waterways shall have been described more specifically in the Operations Manual;

any investment that may be in disputed areas; and

any investment that involves the construction of a new dam or will rely on the performance of an existing dam or a dam under construction.

15. “Financial Institution” means an institution registered and operating as a financial institution under the law of Sint Maarten, Landsverordening toezicht bank- en kredietweten AB 2013, GT no. 691, AB 2015, no. 9 and other applicable laws and regulations of Sint Maarten pertaining to banking; “Financial Institutions” means more than one such institution.

16. “Involuntary Resettlement” means any direct economic and social impact caused by: (a) the involuntary taking of land resulting in (i) relocation or loss of shelter, (ii) loss of assets or access to assets, and (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of such person.

17. “Medium-sized Enterprise” means an enterprise that has a monthly gross turnover from NAf 50,000 (USD 27,933) to NAf 100,000 (USD 55,866), as defined by the SME Policy Framework, or such monthly turnover established by agreement of the Recipient and the World Bank for the purposes of this Project and set forth in the Operations Manual.

18. “Member Country” means the Kingdom of the Netherlands.


20. “Micro-sized Enterprise” means an enterprise within the territory of Sint Maarten that has a monthly gross turnover of up to NAf 15,000 (USD 8,380), as defined by the SME Policy Framework, or such monthly turnover established by agreement
of the Recipient and the World Bank for the purposes of this Project and set forth in the Operations Manual.

21. "Ministry of Tourism, Economic Affairs, Transport and Telecommunications" means the ministry of the same name of Sint Maarten that is also referred to as TEATT, or any legal successor or successors thereto.

22. "National Recovery and Resilience Plan" means the plan pursuant to Article 2 of the Temporary National Ordinance on the National Recovery Program Bureau," enacted for the purpose of listing and prioritizing the short-, medium- and long-term needs for the recovery of Sint Maarten and to give an indication of the funds, costs and investments required to meet these needs.

23. "National Recovery Program Bureau" or "NRPB" means the bureau of the same name established by law through the Temporary National Ordinance on the National Recovery Program Bureau as an independent administrative agency of Sint Maarten, for the purpose of managing the Trust Fund and implementing projects financed under the Trust Fund, or any legal successor or successors thereto.

24. "Netherlands Antillean guilder" or "NAf" means the legal currency of Sint Maarten.

25. "Nonstructural Repair" means minor, nonstructural repairs, including but not limited to painting, plastering, carpeting, tiling and basic roof repair, but excluding internal or external load-bearing component of a building that is essential to the stability of the building or any part thereof.

26. "Operations Manual" means the operations manual for the Project as defined in Section I.B of Schedule 2 to this Agreement.

27. "Operations Officer" means the officer, which shall be part of the PIU, responsible for roles and duties set forth in the Operations Manual, including, inter alia, supporting Eligible Beneficiary Enterprises and PFIs with, as relevant, Sub-loan and Subgrant applications under Component 1 of the Project, the related environmental and social screening, and Subproject compliance with the terms and conditions of the Subprojects.

28. "Participating Financial Institution" or "PFI" means any or each Financial Institution selected by the Recipient pursuant to the criteria set forth in the Operations Manual.

29. "PIU" means the Project implementation unit of the Recipient, referred to in Section I.A.1(b) of Schedule 2, or any legal successor to such unit.
30. “PIU Operating Costs” means reasonable incremental expenses directly incurred on account of the implementation, management, and monitoring of the Project, including: staff compensation and social and pension benefits for staffing set forth in a staffing plan satisfactory to the World Bank (excluding consulting services); office supplies; office rental; publication of procurement notices; office and equipment maintenance and repair; communication; translation and interpretation; travel and supervision costs; audits, as relevant; and other miscellaneous expenses directly associated with the Project and agreed to by the World Bank.

31. “Portfolio and Accounting Officer” means the officer of the Recipient, which shall be part of the PIU, responsible for roles and duties set forth in the Operations Manual, including, *inter alia*, the financial management and accounting of all Project components, the preparation of the Project budget, the management of disbursements to PFIs, and maintaining a portfolio of all loans, including tracking loan payments and monitoring loan quality, the coordination between the PIU for on-site PFI reviews, and the coordination for the Project’s annual audits.

32. “Procurement Officer” means the officer, within the PIU, responsible for roles and duties set forth in the Operations Manual, including, *inter alia*, carrying out ex-post review sampling of Eligible Beneficiary Enterprise Subgrant and Sub-loan packages, and the procurement under Component 2 and Component 3 of the Project.

33. “Project Manager” means the officer, within the PIU, responsible for roles and duties set forth in the Operations Manual, including, *inter alia*, (a) overseeing Project management, monitoring and evaluation, reporting, communications, and grievance review mechanism, (b) coordinating with the CBCS, (c) providing support to Eligible Beneficiary Enterprises and PFIs with the application process and screening, and (d) supervising Subprojects.

34. “Reflows” means the reflows described in Section I.A.4(e) of Schedule 2 of this Agreement.

35. “Signature Date of Grant Agreement” means the later of the two dates on which the Recipient and the World Bank signed this Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions, and “the date of this Agreement” in this Agreement.

36. “Sint Maarten” means the constituent country of the same name of the Member Country.

37. “Small-sized Enterprise” means an enterprise that has a monthly gross turnover from NAF 15,000 (USD 8,380) to NAF 50,000 (USD 27,933), as defined by the SME Policy Framework, or such monthly turnover established by agreement of
the Recipient and the World Bank for the purposes of this Project and set forth in
the Operations Manual.

38. "SME Policy Framework" means the SME Policy Framework of 2014, issued by
the Ministry of Tourism, Economic Affairs, Transport and Telecommunications.

39. "Subgrant Agreement" means an agreement entered or to be entered into between
a PFI and an Eligible Beneficiary Enterprise for the purpose of extending a
subgrant under Component 1(a) of the Project.

40. "Sub-loan Agreement" means an agreement entered or to be entered into between
a PFI and an Eligible Beneficiary Enterprise for the purpose of extending a sub-
loan under Component 1(b) or (c) of the Project.

41. "Subproject" means a specific project, selected based on criteria satisfactory to the
World Bank, to be carried out by an Eligible Beneficiary Enterprise, in whole or
in part through the utilization of the proceeds of any AR Subgrant or AR Sub-loan.

42. "Sub-Financing" means any financing provided by the Recipient to a PFI pursuant
to a Sub-Financing Agreement.

43. "Sub-Financing Agreement" means an agreement entered or to be entered into
between the Recipient and a PFI for the purposes of providing Sub-Financing.

44. "Temporary National Ordinance on the National Recovery Program Bureau"
means Sint Maarten's National Ordinance, dated September 6, 2018, for the
temporary establishment of the National Recovery Program Bureau and for
regulating its organisation, composition, tasks and powers, AB no. 33.

45. "Training" means reasonable expenditures (excluding costs of consultants’
services) incurred for Project-related study tours, training courses, seminars,
workshops and other training activities, including costs associated with securing,
the services of trainers, preparation and reproduction of training materials, space
and equipment rental, travel, accommodation and per diem costs of trainees and
trainers, and other training related miscellaneous costs, all based on an Annual
Work Plan and Budget agreed with the World Bank.

46. "Trust Fund" means the Sint Maarten: Hurricane Irma Reconstruction, Recovery
and Resilience Trust Fund.

47. "WC Sub-loan" means sub-loan financing made or proposed to be made by a PFI
to an Eligible Beneficiary Enterprise out of the proceeds of the Grant allocated
from time to time to Category (1), for purposes of financing working capital of the
Eligible Beneficiary Enterprise.