

**ARRANGEMENT OF CLAUSES**

1. Short title
2. Authority to raise loan





GRENADA

**ACT NO. 10 OF 2012**



I assent,

CARLYLE ARNOLD GLEAN

29th February, 2012.

*Governor-General.*

AN ACT to authorise the Minister of Finance to borrow from the International Fund for Agricultural Development an amount as nearly as may be a sum equivalent to two million, nine hundred and fifty thousand United States Dollars and from the Caribbean Development Bank, a loan of an amount not exceeding the equivalent of three million United States Dollars.

*[March 16, 2012].*

WHEREAS the Government of Grenada deems it desirable to enhance and increase the incomes of rural young unemployed or self-employed men and women, through the strengthening and establishment of competitive, profitable and sustainable rural businesses and employment, opportunities and creating better linkages to production chains and greater to markets.

WHEREAS the Government of Grenada has therefore deemed it necessary to secure funding for same;

WHEREAS section 49 of the Public Finance Management Act No. 27 of 2007, authorises the Minister of Finance to secure a liability by borrowing for the purposes specified therein, including for any purpose of a capital nature;

AND WHEREAS the Minister of Finance proposes to borrow, on behalf of the Government of Grenada an amount as nearly as may be the sum equivalent to two million, nine hundred and fifty thousand United States Dollars from the International Fund for Agricultural Development and a sum not exceeding the equivalent of three million United States Dollars from the Caribbean Development Bank for the purposes afore-mentioned;

BE IT ENACTED by the Queen's Most Excellent Majesty by and with the advice and consent of the Senate and the House of Representatives and by the authority of the same as follows;—

Short title.

**1.** This Act may be cited as the

MARKET ACCESS AND RURAL ENTER-  
PRISE DEVELOPMENT PROGRAMME LOAN  
AUTHORISATION ACT, 2012

Authority to  
raise loan

**2.**—(1) The Minister of Finance is hereby authorised to raise a loan for the purposes of enhancing and increasing the incomes of rural young unemployed or self-employed men and women, through the strengthening and establishment of competitive, profitable and sustainable rural businesses and employment opportunities and creating better linkages to production chains and greater access to markets.

(2) The loan specified in subsection (1) is to be raised as follows—

- (a) an amount of as nearly as may be a sum equivalent to two million, nine hundred and fifty thousand United States Dollars (SDR1,930,000) from the International Fund for Agricultural Development; and
  - (b) an amount not exceeding the equivalent of three million United States Dollars from the Caribbean Development Bank
- (3) All monies borrowed under this Act shall be effected and secured pursuant to the terms and conditions specified in the Schedule.

LOAN NO. \_\_\_\_\_

**FINANCING AGREEMENT**

Market Access And Rural Enterprise Development Programme  
(MAREP)

between the

STATE OF GRENADA

and the

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Signed in .....

on .....

**FINANCING AGREEMENT**

Loan Number: ~~010K and 015R in 10061~~

Programme Title: Market Access and Enterprise Development Programme ("the Programme")

The International Fund for Agricultural Development (the "Fund" or "IFAD")

and

The State of Grenada (the "Borrower")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

**Preamble**

The Borrower intends to obtain co-financing funds for the implementation of the Programme from the Caribbean Development Bank (CDB).

**Section A**

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. The Fund shall provide a Loan to the Borrower (the "Financing"), which the Borrower shall use to implement the Programme in accordance with the terms and conditions of this Agreement.

**Section B**

1. The amount of the Loan is SDR 1 930 000
2. The Loan is granted on ordinary terms and shall have a maturity period of eighteen (18) years, including a grace period of three (3) years.
3. The Loan Service Payment Currency shall be United States Dollar (USD).
4. The first day of the applicable Fiscal Year shall be 1<sup>st</sup> of January.
5. Payments of principal and interest shall be payable on each 1<sup>st</sup> of February and 1<sup>st</sup> of August.
6. There shall be two Programme Accounts for the benefit of the Programme Management Unit in commercial banks acceptable to the Fund.
7. The Borrower shall provide counterpart financing for the Programme in the amount of approximately USD 2.22 million.

**Section C**

1. The Lead Programme Agency shall be the Ministry of Finance (MoF).
2. The following are designated as additional Programme Parties: the Ministry of Agriculture (MOA) and the Grenada Co Operative Bank.
3. The Programme Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement.

**Section D**

The Loan will be administered and the Programme supervised by IFAD.

**Section E**

1. The following is designated as additional ground for suspension of this Agreement:  
The right of the Borrower to withdraw the proceeds of the Co-Financing Agreement with CDB has been suspended, cancelled or terminated, in whole or in part.
2. The following are designated as additional general conditions precedent to withdrawal:
  - (a) The draft Programme Operations Manual shall have been approved by the Fund.
  - (b) The Programme Manager and the Programme Accountant shall have been selected with IFAD's prior non objection.
  - (c) The Programme Accounts shall have been opened.
3. This Agreement is subject to ratification by the Borrower.
4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Fund:

The President  
International Fund for Agricultural Development  
Via Paolo di Dono 44  
00142 Rome, Italy

For the Borrower:

Minister of Finance

click and type  
click and type  
click and type

This agreement, dated click and type, has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower.

For the Fund

insert name and title

For the Borrower

insert name and title

This Agreement, dated 30 March 2011, has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower.

Signed by: (Yukiko Omura)  
 For the Fund  
 Kanayo F. Nwanze  
 President  
 On his behalf:  
 Yukiko Omura  
 Vice-President

Signed by: (Stephen Fletcher)  
 For the Borrower  
 Stephen Fletcher  
 Ambassador of Grenada  
 Brussels

### Schedule 1

#### *Programme Description and Implementation Arrangements*

#### I. Programme Description

1. *Target Population.* The Programme shall benefit rural men and women, including young people and female headed households, involved in part-time or full-time: (a) small scale farming either of subsistence or market-oriented production; (b) artisanal fishing; (c) micro/small-scale rural businesses and enterprises (agricultural and non-agricultural); and (d) unskilled labor provision in the parishes of the main islands of Grenada and the Carriacou (the "Programme Area").
2. *Goal.* The goal of the Programme is to contribute to the reduction of rural poverty and vulnerability of rural young unemployed or self-employed men and women in the Programme Area.
3. *Objectives.* The Programme Development Objective is to increase the income of rural young unemployed or self-employed men and women through reaching four different outcomes: i) increased level of empowerment of rural communities and the male and female members of social and economic rural organizations and their capacity to participate in development opportunities; ii) employment opportunities created, particularly for young rural men and women; iii) rural businesses and microenterprises established and strengthened; and, iv) improved sustainable agriculture, linkages to production chains, access to markets, and financial services.
4. *Components.* The Programme shall consist of the following Components:
  - a) Human and Social Capital Building and Inclusion of Vulnerable Groups. Activities under this component will orient the development process towards empowerment of rural organizations and its male and female members, aiming towards a progressive process of participation that will enable stakeholders to take initiative and become actively involved in community development and/or economic activities. The main activities under this component will include:

- a.1) Training of community and youth officers.
  - a.2) Life-skills and personal development training.
  - a.3) Support to skills and vocational training.
  - a.4) Strengthening of community based organizations.
  - a.5) Strengthening of community based producers groups.
  - a.6) Strengthening of Producers Associations and/or Cooperatives.
  - a.7) Social Window of the Rural Investment Fund (RIF).
  - a.8) National Advocacy campaign addressing gender, youth and poverty.
- b) Market Access and Enterprise Development. The activities carried out under this component will aim to enhance and increase the incomes of the target group, through the strengthening and establishment of competitive, profitable and sustainable rural businesses and employment opportunities, creating better linkages to production chains and greater access to markets. This component will be implemented through the following activities:
- b.1) Training of MoA extension staff and other Service providers.
  - b.2) Technical Assistance Services, including Market Access, Extension and Business Development Services (business plan formulation and hand-holding support; promotion of best agricultural practices through farmer-to-farmer technical services; market research and database development and operation; specialised marketing support; linkage of diverse local economic/commercial actors within the identified value chains to rural financial services).
  - b.3) An Enterprise and a Productive Window in the Rural Investment Fund.
  - b.4) Rural Financial Services, comprising a Credit Line and a Rural Finance Innovation Fund.
- c) Programme Management. This component will facilitate the implementation of the Programme through results-based management. The Programme management will have a two-tiered management structure comprising: a Programme Steering Committee, as a policy-making and guidance supervision body and a Programme Management Unit, principal responsible for the overall Programme management. Monitoring and evaluation and learning and knowledge management and policy dialogue are important tasks of Programme management.

## II. Implementation Arrangements

1. Lead Programme Agency.
  - 1.1. Designation. The Ministry of Finance (MoF) is designated as the Lead Programme Agency.
  - 1.2. Responsibilities. The MOF shall provide overall strategic and policy direction for Programme implementation.
2. Programme Steering Committee
  - 2.1. Establishment. The Borrower shall establish a Programme Steering Committee (PSC) by conclusion of Cabinet upon recommendation of the MoF. The PSC shall be the Programme's highest authority.
  - 2.2. Composition. The PSC shall be composed of nine (9) members, including Government ministries, financial sector, private sector, cooperatives and community based organization representatives. The exact composition shall be defined in the Programme Operations Manual. The PSC will be chaired by the representative from MOF. A Deputy Chairperson shall also be elected to assume the responsibilities of the chair

when he/she is not available. The Programme Manager would attend all PSC meetings and serve as the Recording Secretary. Other Programme Stakeholders may also participate in the PSC meetings, subject to the approval of the Chair on a meeting-by-meeting basis but only those named as representatives would be authorized to vote.

2.3. Responsibilities. The PSC shall be responsible for the overall coordination and guidance of the Programme, including: (i) providing overall operational guidance for Programme implementation; (ii) approving the AWPB submitted by the Programme Manager; (iii) approving all implementation and financial reports required by the Financing Agreement prior to their submission to the MoF and IFAD; (iv) providing assistance and guidance to the PMU in handling implementation and coordination problems brought to its attention by them.

### 3. Programme Management Unit

3.1. Establishment. The MoF shall establish a Programme Management Unit (PMU), which shall be located in a town to be determined in the Programme Operations Manual. The location will seek to allow easy access by Programme beneficiaries and to attract the most competent persons to fill the positions to be created in the PMU.

3.2. Composition. The PMU shall be headed by a Programme Manager and shall include a Programme Accountant, a Planning Monitoring and Knowledge Management Specialist, a Gender, Equity and Youth Specialist and the technical and administrative staff required for the correct implementation of Programme activities. PMU staff shall be recruited based on a competitive process and with the prior non objection of the Fund.

3.3. Responsibilities. The PMU's responsibilities include: (a) management and coordination of Programme activities on a day to day basis; (b) negotiation and signature of contracts with services providers and other Programme parties; (c) preparation of annual work plan and budgets (AWPBs) and submission to the PSC for approval and to IFAD for non objection; (d) preparation and submission of required technical and financial reports as outlined in the Programme Operations Manual and Monitoring and Evaluation Plan; recruitment of external auditors and submission of annual Audit Report.

### 4. Support Services

4.1. The overall support services will be implemented through specialized entities (government or non-governmental organizations or private sector). The Programme shall enter into a Memorandum of Understanding (MOU), a performance based contract or a similar arrangement with each, stating the responsibilities of each party.

4.2. The implementation of the Extension Services shall be carried out through two different modalities: the traditional approach through the MoA and the direct implementation by beneficiaries approach.

4.3. Under the traditional approach, the MoF shall enter into a MOU with the MoA for providing the core services to the target beneficiaries through Extension Officers.

4.4. Under the direct implementation by beneficiaries approach, the PMU, the MoA and an eligible beneficiary organization shall enter into a Letter of Agreement or similar arrangement to establish the purpose, mechanisms and conditions for the transfer funds to the organization. The Extension Officers shall be contracted by the beneficiary organization and shall be directly responsible to this organization for the implementation of activities, under the technical guidance and supervision of the MoA.

4.5. The business development and access to market support services shall be carried out by a specialized entity with the capacity to undertake such responsibility. The preferred candidate is the Grenada Industrial Development Corporation, but other services providers may prove to be more qualified. The selected service provider shall be chosen after an assessment at the beginning of Programme implementation.

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4.6. The selected service provider shall enter into a contractual arrangement, either MoU or performance based contract, with the PMU for the implementation of business development, specialized training and hand holding (coaching) support. The service provider shall appoint the Business Development Officers to be allocated on a full time basis to the Programme.

5. The Rural Investment Fund (RIF)

5.1. The RIF shall be financed with CDB funds and shall implement three windows directly related to strengthening and facilitating income earning projects: (a) the Social Window targeting legally constituted organizations supported by the Human and Social Capital Building and Inclusion of Vulnerable Groups component, to finance shared infrastructure that is critical for production, marketing and processing and for ensuring equitable access to the opportunities of the Programme; (b) the Enterprise Window targeting legally constituted organizations to finance business planning, production, processing and marketing leading to the consolidation of sustainable and competitive business supported by the Market Access and Enterprise Development Component and (c) the Productive Window focused on vulnerable groups providing financing for small scale sustainable revenue generating initiatives supported by the same Component.

5.2. The criteria and methodology for identifying, preparing, selecting and approving applications shall be established in the Programme Operations Manual. The Programme shall coordinate the implantation of these activities with financial services providers, particularly the Grenada Cooperative Bank (GCB) and rural credit unions, developing partnerships and focusing RIF on existing gaps for long term investment financing.

6. The Rural Financial Services

6.1. A credit line shall be set up for facilitating access to suitable (commercial) financial services.

6.2. The credit line shall be financed with CDB funds and shall be set up through a commercial bank and on-lending. Credit shall be made available for farm development, storage, processing and marketing of agricultural produce. Medium and long term credit will be used for activities such as the establishment and revitalisation of tree crops, civil works in support of farm building, aquaculture, farm equipment, etc. Short term loans will finance working capital, the purchase of inputs, small equipment, agrochemicals and services.

7. The Rural Finance Innovation Fund (RFIF)

7.1. The objective of the RFIF is to contribute to explore innovative financial schemes that could leverage the allocation of the Programme to the RIF or could increase access to financial services in rural areas.

7.2. The RFIF will finance the preparation of proposals for schemes promoting the use of remittances in development initiatives, linking rural development initiatives in Grenada with the fundraising capacity of organizations of Grenadian nationals living abroad, thus providing a channel for direct investment of remittances in development projects for the rural poor. The methodology and criteria for preparing and approving proposals shall be defined in the Programme Operations Manual.

## Schedule 2

## Allocation Table

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the allocation of the amounts of the Loan to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated (expressed in SDR)	Percentage of IFAD financing
I. Technical Assistance, Training, Studies and Audit		
a) Technical Assistance and Training	1 335 000	75% of total expenditures
b) Studies and Audit	45 000	65% of total expenditures
II. Rural Finance Services – Innovation Fund	60 000	100% net of taxes
III. Operating Costs	300 000	30% of total expenditures
IV. Unallocated	190 000	
TOTAL	1 930 000	

(b) The terms "Technical Assistance, Training and Studies" used in the Table above excludes the cost of salaries for the Business specialist financed by CDB.

2. *Start-up Costs.* Withdrawals in respect of expenditures for start-up costs in Categories I and III incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 25 000.

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LOAN NO. 17 /SFR-OR-GRN



**LOAN AGREEMENT  
(Market Access and Rural Enterprise Development)**

**BETWEEN**

**CARIBBEAN DEVELOPMENT BANK**

**AND**

**GRENADA**

Dated: February 8, 2011

LOAN NO. 17 /SFR-OR-GRN

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LOAN NO. 17 /SFR-OR-GRN

**LOAN AGREEMENT**

AGREEMENT dated the 8<sup>th</sup> day of February, 2011, between the Caribbean Development Bank (hereinafter called the Bank) of the one part and the Government of Grenada (hereinafter called the Borrower) of the other part.

**ARTICLE I**

**General Provisions, Interpretation, Definitions**

Section 1.01 **General Provisions.** (a) The "General Provisions Applicable to Loan Agreements with Borrower Only" of the Bank dated June 30, 1995 set forth in Schedule 1 (hereinafter called the General Provisions) shall apply to this Loan Agreement subject, however, to any modifications thereof set out herein.

(b) References in the General Provisions to the Loan Account shall mean either the SFR Loan Account or the OCR Loan Account or both such loan accounts as the context requires.

Section 1.02 **Interpretation.** Unless otherwise stated, references to Sections are to Sections of this Loan Agreement and references to Schedules are to the Schedules immediately following Section 9.01.

Section 1.03 **Definitions.** (a) Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the General Provisions shall have the respective meanings therein set forth and for the purposes of sub-paragraphs (v), (xiv) and (xv) respectively of Section 2.01 of the General Provisions, the terms:

- (i) "Due Dates" shall mean January 1, April 1, July 1, and October 1 in each year, except in the case of interest payable under Section 3.09 of the General Provisions, and other charges, which are payable on demand;
- (ii) "Project" shall mean the market access and rural enterprise development project described in Schedule 2; and

(iii) "Project Country" shall mean Grenada.

(b) Wherever used in this Loan Agreement, including the Schedules, the following additional terms shall have the following meanings:

- (i) "AWPB" means Annual Work Plan and Budget;
- (ii) "Business Specialist" means the consultant referred to in paragraph (c)(i)(aa) of Section 6.01;
- (iii) "CDB" means the Bank;
- (iv) "Credit Component" means the component of the Project described in sub-paragraph 16(b) of Schedule 2;
- (v) "Financing Plan" means the Project Cost, Phasing and Financing Plan set out at Appendix 1 to Schedule 2;
- (vi) "GCBL" means Grenada Cooperative Bank Limited;
- (vii) "GOGR" means the Borrower;
- (viii) "Grant" means the grant provided for in Section 2.01 of the Grant Agreement to assist the Borrower in financing the services of consultants to design and deliver training in credit appraisal for staff of financial institutions;
- (ix) "Grant Agreement" means the Grant Agreement No. GA /GRN dated on even date with this Loan Agreement and made between the Bank and the Borrower, as such Agreement may be amended from time to time, providing for the Grant;
- (x) "IFAD" means the International Fund for Agricultural Development;

- (xi) "IFAD Loan" means the loan of approximately three million United States dollars (USD3000,000) provided under the IFAD Loan Agreement to assist the Borrower in financing the Project;
- (xii) "IFAD Loan Agreement" means the Loan Agreement between the Borrower and IFAD providing for the IFAD Loan;
- (xiii) "Loan Accounts" means the OCR Loan Account and the SFR Loan Account;
- (xiv) "MOF" means the Borrower's Ministry of Finance;
- (xv) "OCR Loan Account" means the Loan Account to be opened by the Bank pursuant to paragraph (b) of Section 2.02 and credited with the OCR Portion;
- (xvi) "OCR Portion" means an amount of the Loan not exceeding the equivalent of one million and thirty thousand United States dollars (USD1,030,000) allocated from the Bank's Ordinary Capital Resources;
- (xvii) "PCC" means the Project Coordinating Committee referred to in paragraph (b)(ii)(aa) of Section 6.01;
- (xviii) "PCU" means the Project Coordinating Unit referred to in paragraph (b)(ii)(bb) of Section 6.01;
- (xix) "PM" means the Project Manager referred to in paragraph (c)(ii)(aa) of Section 6.01;
- (xx) "POM" means the Project Operations Manual referred to in Section 6.03;
- (xxi) "Procurement Plan" means the procurement plan set out in Schedule 3;
- (xxii) "RIF" means the Rural Investment Fund;
- (xxiii) "RIF Component" means the component of the Project described in paragraph 11 of Schedule 2;

- (xxiv) "SFR Loan Account" means the Loan Account to be opened by the Bank pursuant to paragraph (b) of Section 2.02 and credited with the SFR Portion;
- (xxv) "SFR Portion" means an amount of the loan not exceeding the equivalent of one million nine hundred and seventy thousand United States dollars (USD1,970,000) allocated from the Bank's Special Funds Resources;
- (xxvi) "Special Account" means the Special Account referred to in Section 6.04;
- (xxvii) "TORs" or "Terms of Reference" means the Terms of Reference set out at Appendices 3-6 to Schedule 2;
- (xxviii) "USD" or "United States dollars" means dollars in the currency of the United States of America; and
- (xxix) "XCD" or "Eastern Caribbean dollars" means the currency which is, for the time being, general legal tender for the payment of public and private debts in the Project Country.

## ARTICLE II

### The Loan and its Purpose

Section 2.01 **Amount of Loan.** The Bank agrees to lend to the Borrower on the terms and conditions set forth in this Loan Agreement, an amount not exceeding the equivalent of three million United States dollars (USD3,000,000) consisting of the SFR Portion and the OCR Portion.

Section 2.02 **Loan Accounts.** (a) Section 3.01 of the General Provisions shall not apply to this Loan Agreement.

(b) The Bank shall open two (2) Loan Accounts in its books in the name of the Borrower and shall credit to one (1) such account the amount of the SFR Portion and to the other such account the amount of the OCR Portion. The amounts credited to the Loan Accounts may be withdrawn from the Loan Accounts as

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provided, and subject to the rights of cancellation and suspension set out, in this Loan Agreement and in the General Provisions.

Section 2.03 **Purpose.** The purpose for which the Loan is being made is to assist the Borrower in financing the Project.

### ARTICLE III

#### Repayment, Interest, Commission and Commitment Charge

##### (SFR PORTION)

Section 3.01 **Repayment.** Except as provided in paragraph (b) of Section 3.02 of the General Provisions, the Borrower shall repay the amount withdrawn from the SFR Loan Account in eighty (80) equal or approximately equal and consecutive quarterly instalments on each Due Date, commencing on the first Due Date after the expiry of ten (10) years following the date of this Loan Agreement or on such later Due Date as the Bank may specify in writing.

Section 3.02 **Interest.** The Borrower shall pay interest at the rate of two percent (2%) per annum on the amount of the SFR Portion withdrawn and outstanding from time to time. Such interest shall be payable quarterly in accordance with paragraph (a) of Section 3.03 of the General Provisions.

Section 3.03 **Commission and Commitment Charge.** Sections 3.04 and 3.05 of the General Provisions shall not apply to the SFR Portion.

##### (OCR PORTION)

Section 3.04 **Repayment.** Except as provided in paragraph (b) of Section 3.02 of the General Provisions, the Borrower shall repay the amount withdrawn from the OCR Loan Account in sixty-eight (68) equal or approximately equal and consecutive quarterly instalments on each Due Date commencing on the first Due Date after the expiry of five (5) years following the date of this Loan Agreement or on such later Due Date as the Bank may specify in writing.

Section 3.05 **Interest.** Subject to the provisions in paragraph (b) of Section 3.03 of the General Provisions, the Borrower shall pay interest at the rate of four decimal five percent (4.5%) per annum on the amount of the OCR Portion withdrawn and outstanding from time to time. Such interest shall be payable quarterly in accordance with paragraph (a) of Section 3.03 of the General Provisions.

Section 3.06 **Commission.** Section 3.04 of the General Provisions shall not apply to the OCR Portion.

Section 3.07 **Commitment Charge.** The Borrower shall pay to the Bank a commitment charge at the rate of one percent (1%) per annum on the amount of the OCR Portion unwithdrawn from time to time. Such charge shall accrue from the sixtieth (60<sup>th</sup>) day after the date of this Loan Agreement and shall be payable quarterly in accordance with Section 3.05 of the General Provisions.

#### ARTICLE IV Withdrawal of Loan

Section 4.01 **Withdrawal and Application of Loan.** (a) Except as the Bank may otherwise agree:

- (i) the amounts withdrawn from the Loan Accounts shall be applied by the Borrower to finance the components of the Project allocated for financing by the Bank as shown in the Financing Plan up to the respective limits shown therein; and
- (ii) withdrawals from the Loan Accounts shall not exceed in the aggregate thirty-four percent (34%) of the cost of the Project.

(b) The amounts withdrawn from the Loan Accounts shall not be used to meet any part of the cost of the Project which consists of identifiable Taxes imposed under the laws of the Project Country.

Section 4.02 **Period of Disbursement.** (a) The date to be specified pursuant to Section 4.03 of the General Provisions is December 31, 2016.

(b) The Credit Component shall be fully committed by December 31, 2013, or such later date as may be specified in writing by the Bank.

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Section 4.03 **Procurement.** (a) Any goods and services to be financed out of the amounts withdrawn from the Loan Accounts shall be procured in accordance with the provisions of Section 4.04 of the General Provisions.

(b) The Procurement Plan set out in Schedule 3 has been approved by the Bank for the purposes of the Project. Any revisions to the Procurement Plan shall require the Bank's prior approval in writing.

(c) The Borrower hereby acknowledges that it has been furnished with a copy of the Bank's:

- (i) "Guidelines for Procurement" published in January 2006;
- (ii) "Procedures for the Selection and Engagement of Consultants by Recipients of CDB Financing" published in February 1998; and
- (iii) "Handbook for Use with Procedures for the Selection and Engagement of Consultants by Recipients of CDB Financing" published in March 1998,

all of which publications are in effect at the date of this Loan Agreement.

#### ARTICLE V Conditions Precedent

Section 5.01 **Additional Conditions Precedent to First Disbursement.** In addition to the requirements specified in paragraph (a) of Section 6.01 of the General Provisions, the Borrower shall, by the date referred to in Section 8.03 (i) thereof, furnish or cause to be furnished to the Bank evidence acceptable to the Bank that:

- (i) the PM and the Business Specialist have been appointed;
- (ii) the PCC shall be established;
- (iii) the Special Account shall be opened; and

- (iv) the conditions precedent to effectiveness of the IFAD Loan Agreement have been satisfied, other than, if applicable, the conditions precedent to first disbursement of Loan.

Section 5.02 **Condition Precedent to First Disbursement of Funds for the Credit Component.**

The Borrower shall, prior to disbursement in respect of the Credit Component, furnish to the Bank, in form and substance acceptable to the Bank, an agreement between the Borrower and GCBL, or such other financial institution as may be acceptable to the Bank, with respect to the implementation of the Credit Component by GCBL, or such other financial institution acceptable by the Bank, including provisions as regards the matters set out in Schedule 4.

Section 5.03 **Condition Precedent to First Disbursement of Funds for the RIF Component.**

The Borrower shall, prior to disbursement in respect of the RIF Component, furnish to the Bank evidence acceptable to the Bank that the POM has been completed in form and substance acceptable to the Bank and IFAD and has been adopted by the Borrower.

## ARTICLE VI

### Particular Conditions

Section 6.01 **Execution of the Project.** (a) The Borrower shall:

- (i) carry out the Project at all times with due diligence and efficiency, with management personnel whose qualifications and experience are acceptable to the Bank, and in accordance with sound technical, environmental, financial and managerial standards and practices; and
- (ii) institute and maintain organisational, administrative, accounting and auditing arrangements acceptable to the Bank for monitoring the Project.

(b) Except as the Bank may otherwise agree, in carrying out the Project the Borrower shall:

- (i) carry out the Project through MOF;

- 
- (ii) establish and during implementation of the Project, maintain:
    - (aa) a PCC with the composition, duties and responsibilities outlined at Appendix 2 to Schedule 2; and
    - (bb) a PCU with the composition, responsibilities and functions outlined at Appendix 2 to Schedule 2.
  
  - (c) The Borrower shall:
    - (i) in accordance with the provisions of Section 4.04 of the General Provisions, select and engage:
      - (aa) a Business Specialist, to provide the services specified in the TOR set out at Appendix 3 to Schedule 2; and
      - (bb) a project officer to provide the services specified in the TOR set out at Appendix 4 to Schedule 2; and
  
    - (ii) engage:
      - (aa) a PM, with qualifications and experience acceptable to the Bank, to be the head of the PCU, and to provide the services specified in the TOR set out at Appendix 5 to Schedule 2; and
      - (bb) a monitoring and evaluation specialist with qualifications and experience acceptable to the Bank, to provide the services set out at Appendix 6 to Schedule 2, and who shall be a member of the PCU.

The costs of the services of the PM and the monitoring and evaluation specialist shall not be eligible for financing from the Loan.

(d) The Borrower shall by the end of October in each year, submit for the Bank's no objection, a draft AWPB specifying the activities to be undertaken in the following year. Such no objection shall be issued prior to the approval by the Borrower of the AWPB or the award of any contract.

Section 6.02 **Audit.** The Borrower shall engage independent auditors acceptable to the Bank to perform an annual financial audit during implementation of the Project, to include the Special Account, all sub-project accounts and all disbursements made against statements of expenditure in relation to the Project.

Section 6.03 **Project Operations Manual.** The Borrower shall ensure that the provisions of the POM are complied with and shall not permit any variation of, or departure from, such provisions without the prior written approval of the Bank and IFAD.

Section 6.04 **Special Account.** (a) The Borrower may, for purposes of the Project, open and maintain a special account at a commercial bank or other financial institution in Grenada, acceptable to the Bank, on terms and conditions acceptable to the Bank. The Special Account shall be operated in accordance with the terms and conditions set out in Schedule 5.

(b) The Borrower shall establish, and during the implementation period of the Project maintain, adequate internal controls for the proper operation of the Special Account.

Section 6.05 **Mid-Term Review and Evaluation.** The Borrower shall facilitate and make all necessary arrangements in consultation with the Bank and IFAD for a mid-term review and evaluation of the Project to be conducted by independent consultants within three (3) years from the satisfaction of conditions precedent to first disbursement of the Loan or such later date as the Bank and IFAD may agree. The Borrower shall ensure that the recommendations resulting from the mid-term review acceptable to the Bank and IFAD, are implemented within the time specified therefor and to the satisfaction of the Bank and IFAD.

Section 6.06 **Reports and Information.** Without prejudice to the provisions of paragraph (a) of Section 7.01 of the General Provisions, and except as the Bank may otherwise agree, the Borrower shall furnish or cause to be furnished to the Bank, in such form or forms as the Bank may require, the Reports listed at Schedule 6 not later than the times specified therein for so doing.

Section 6.07 **Additional Funds.** For the purpose of Section 7.05 of the General Provisions, the estimated cost of the Project is twenty-four million four hundred and six thousand Eastern Caribbean dollars (XCD24,406,000).

Section 6.08 **Borrower's Contribution to Project.** (a) Without prejudice to the provisions of Section 7.05 of the General Provisions, the Borrower shall contribute to the Project:

- (i) an amount of not less than six million eight hundred and thirteen thousand Eastern Caribbean dollars (XCD6,813,000); and
- (ii) the proceeds of the IFAD Loan.

(b) Unless otherwise agreed with the Bank, the contribution which the Borrower is required to make to the Project in accordance with paragraph (a) of this Section shall be expended by the Borrower in a timely manner on the components of the Project allocated for financing by the Borrower as shown in the Financing Plan up to the respective limits set out therein.

Section 6.09 **The Credit Component.** The Borrower shall:

- (i) make the proceeds of the Credit Component of the Loan available to GCBL, or such other financial institution as may be acceptable to the Bank, for the purpose of implementation of the Credit Component as agent of the Borrower;
- (ii) take all necessary steps to facilitate and ensure the performance by GCBL, or such other financial institution, of its obligations as set out herein;
- (iii) as a condition of making the proceeds of the Credit Component available to GCBL, or such other financial institution, procure that GCBL, or such other financial institution, undertake to observe and perform the obligations on its part to be observed and performed as set out and referred to herein;
- (iv) in the implementation of the Credit Component, procure that GCBL, or such other financial institution, shall comply with the requirements set out in Schedule 4 and that

sub-loans are made by GCBL or such other financial institution, subject to such terms and conditions;

- (v) except as the Bank may otherwise agree, procure that:
- (aa) the proceeds of the Credit Component are lent to individuals or institutions operating or about to be engaged in sub-projects which satisfy the eligibility criteria set out in Schedule 4;
  - (bb) a sub-loan or aggregate of sub-loans for the same sub-project shall not exceed the equivalent of forty thousand United States dollars (USD40,000);
  - (cc) without prejudice to the Borrower's obligation to repay the Bank, sub-loans are made for any period not exceeding four (4) years, including a grace period not exceeding one (1) year;
  - (dd) the rate of interest applicable to sub-loans shall be such rate as may from time to time be determined by the Borrower and GCBL, or such other financial institution; and
  - (ee) financial institutions implementing the Credit Component provide:
    - 1. no more than ninety percent (90%) of the financing required for new sub-projects; and
    - 2. in the case of the expansion of an existing sub-project, one hundred percent (100%) of the estimated costs of expansion only where the sub-borrower's contribution to the total sub-project (existing plus expansion) represents not less than ten percent (10%) of the total cost of the sub-project.

**ARTICLE VII**

**Cancellation and Suspension**

Section 7.01 **Suspension by the Bank.** The following event is specified as an additional event of suspension pursuant to paragraph (a)(xii) of Section 8.02 of the General Provisions:

- the IFAD Loan or any part thereof is suspended, cancelled or called in.

Section 7.02 **Cancellation by the Bank.** (a) In the event that the IFAD Loan or any part thereof is suspended, cancelled or called in, then at any time thereafter the Bank may by notice to the Borrower, terminate the right of the Borrower to make withdrawals from the Loan Accounts or with respect to any amount of the Loan, as the case may be, and upon the giving of such notice, the amount of the Loan specified therein shall be cancelled.

(b) The date referred to in sub-paragraph (iii) of Section 8.03 of the General Provisions is June 30, 2011, or such later date as the Bank may specify in writing.

(c) If after the Commitment Date an amount of the Loan remains uncommitted by the Borrower, then at any time thereafter the Bank may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals from the Loan Accounts or either of them or with respect to any amount of the Loan, as the case may be and, upon the giving of such notice, the amount of the Loan specified therein shall be cancelled.

**ARTICLE VIII**

**Events of Default**

Section 8.01 **Additional Event of Default.** The following event is specified as an additional event pursuant to sub-paragraph (xii) of Section 9.01 of the General Provisions for the purpose of that Section:

- the IFAD Loan or any part thereof is suspended, cancelled or called in.

**ARTICLE IX****Miscellaneous**

Section 9.01 **Addresses for Service.** The following addresses are specified for the purpose of Section 12.03 of the General Provisions:

**For the Bank:**

Caribbean Development Bank  
Wildey  
St. Michael  
**BARBADOS, W.I.**

Cable Address: CARIBANK, Bridgetown  
Telex No.: WB 2287  
Telefax No.: (246) 426-7269

**For the Borrower:**

The Permanent Secretary  
Ministry of Finance  
Financial Complex  
The Carenage  
St. George's  
**GRENADA, W.I.**

Telefax No. (473) 440-4115

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**SCHEDULE I**

(Section 1.01)

**CARIBBEAN DEVELOPMENT BANK**

**GENERAL PROVISIONS APPLICABLE**  
**TO LOAN AGREEMENTS WITH**  
**BORROWER ONLY**

**DATED: June 30, 1995**

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CARIBBEAN DEVELOPMENT BANK

GENERAL PROVISIONS APPLICABLE  
TO LOAN AGREEMENTS WITH  
BORROWER ONLY

DATED: June 30, 1995

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**CARIBBEAN DEVELOPMENT BANK****GENERAL PROVISIONS APPLICABLE**  
**TO LOAN AGREEMENTS WITH**  
**BORROWER ONLY****DATED: June 30, 1995****ARTICLE I****Application of General Provisions,**  
**Inconsistency with Loan Agreement**

Section 1.01 Application of General Provisions. These General Provisions set forth certain terms and conditions generally applicable to loans made by the Bank and shall apply to Loan Agreements without an Executing Agency to such extent, and subject to such modifications, as may be provided in such Loan Agreements, provided however that, where there is no Guarantor, references in these General Provisions to Guarantor and Guarantee Agreement shall be disregarded.

Section 1.02 Inconsistency with Loan Agreement. If any provision of a Loan Agreement is inconsistent with a provision of these General Provisions, the provision of the Loan Agreement shall prevail.

**ARTICLE II****Definitions, References, Headings**

Section 2.01 Definitions. The following expressions have the following meanings wherever used in these General Provisions unless the context otherwise requires:

- (i) "Aid Donor(s)" means such of the Donors or Lenders to the Bank which may be providing financing through the Bank for the Project;

- 
- (ii) "Bank" means the Caribbean Development Bank;
  - (iii) "Borrower" means the party to the Loan Agreement to which the Bank has agreed to make the Loan;
  - (iv) "Closing Date" means the date referred to in Section 4.03;
  - (v) "Due Dates" means the dates specified in the Loan Agreement for payment of instalments of the Principal and the interest (excluding interest payable pursuant to Section 3.09), commission, commitment charge and other charges in respect of the Loan;
  - (vi) "Guarantee Agreement" means the agreement between the Guarantor and the Bank whereby the Guarantor guarantees the payment of the instalments of the Principal and the interest, commission, commitment charge and other charges in respect of the Loan, as such agreement may be amended from time to time, and includes all agreements amending such agreement or supplemental thereto and all schedules to such agreement;
  - (vii) "Guarantor" means the party to the Guarantee Agreement which is the member of the Bank guaranteeing the payment of the instalments of the Principal and the interest, commission, commitment charge and other charges in respect of the Loan;
  - (viii) "interest" means interest payable pursuant to Sections 3.03 and 3.09;
  - (ix) "Loan" means the loan provided for in the Loan Agreement and includes portions of the Loan which are separately provided for in the Loan Agreement;
  - (x) "Loan Account" means the account referred to in Section 3.01;
  - (xi) "Loan Agreement" means the agreement between the Bank and the Borrower providing for the Loan, to which some or all of these General Provisions shall have been made applicable, as such agreement may be amended from time to time, and includes such of these General Provisions as thus made applicable thereto, all agreements amending such agreement or supplemental thereto and all schedules to such agreement;

- (xii) "other charges" means expenditure incurred by the Bank for or in connection with the remittance by the Bank of amounts withdrawn from the Loan Account, the purchase by the Bank of any currency needed by the Bank for payment to itself of interest, commission, commitment charge and/or other charges in accordance with Section 4.11 and the establishment or modification of Letters of Credit pursuant to Section 4.02, and amounts agreed to be paid by the Borrower to the Bank for or in connection with other special commitments entered into by the Bank in accordance with Section 4.02;
- (xiii) "Principal" means the amount withdrawn from the Loan Account and outstanding from time to time;
- (xiv) "Project" means the project or programme for which the Loan is granted, as described in the Loan Agreement and as such description may be amended from time to time;
- (xv) "Project Country" means the country specified in the Loan Agreement being the country of a member of the Bank in which the Project is located or in which the Borrower is directing the operations of, and implementing, the Project; and
- (xvi) "Taxes" includes imposts, levies, fees and duties of any nature in effect at the date of the Loan Agreement or Guarantee Agreement and thereafter.

Section 2.02 References. References in these General Provisions to Articles or Sections are to Articles or Sections of these General Provisions and reference to the singular shall include the plural and vice versa unless the context otherwise requires.

Section 2.03 Table of Contents and Headings. The Table of Contents and the headings to the Articles and Sections are inserted for convenience of reference only and are not a part of these General Provisions.

### ARTICLE III

#### **Loan Account, Repayment, Interest, Commission, Commitment Charge, Other Charges and Payments**

Section 3.01 Loan Account. The Bank shall open a Loan Account in its books in the name of the Borrower. The amount of the Loan shall be credited to the Loan Account and may be withdrawn therefrom as provided,

and subject to the rights of cancellation and suspension set out, in the Loan Agreement and in these General Provisions.

Section 3.02 Repayment. (a) The Borrower shall repay the amount withdrawn from the Loan Account in the manner specified in the Loan Agreement. The Bank shall provide the Borrower with particulars of the repayments before the Due Date for the first repayment.

(b) Without prejudice to the provisions of Article IX, if there shall have been a cancellation, pursuant to Section 8.01 or Section 8.03, of such amount of the Loan as in the Bank's opinion is substantial and the Project has not been completed, the Borrower shall repay the Principal or, where portions of the Loan are separately provided for in the Loan Agreement, the amount of each portion of the Loan withdrawn from the Loan Account credited with such portion and outstanding in such fewer instalments than those specified in the Loan Agreement as the Bank may specify in writing not exceeding such portion of the number of such instalments to the nearest whole number as the Principal bears to the Loan or the amount of each portion of the Loan withdrawn from the Loan Account credited with such portion and outstanding bears to such portion, as the case may be.

Section 3.03 Interest. (a) The Borrower shall pay interest on the Principal at the rate provided for in the Loan Agreement, except as otherwise provided in Section 3.09. Such interest shall accrue from the respective dates on which amounts shall be withdrawn from the Loan Account and shall be payable on the Due Dates, the first payment being due and payable on the first Due Date after the date of the first disbursement of the Loan.

(b) The Bank may from time to time increase or decrease the rate of interest for the time being payable on any amount of the Loan which is being lent from the Ordinary Capital Resources of the Bank to take effect on the day after the first Due Date after June 30 and/or December 31 in any year, or on such other date or dates as the Bank may specify in writing from time to time.

Section 3.04 Commission. The Borrower shall pay to the Bank a commission on the Principal at the rate provided for in the Loan Agreement, except as otherwise provided in Section 3.09. Such commission shall accrue from the respective dates on which amounts shall be withdrawn from the Loan Account and shall be payable on the Due Dates, the first payment being due and payable on the first Due Date after the date of the first disbursement of the Loan.

Section 3.05 Commitment Charge. The Borrower shall pay to the Bank a commitment charge on the amount unwithdrawn from the Loan Account from time to time at the rate specified in the Loan Agreement.

Except as the Bank may otherwise specify in writing, such commitment charge shall accrue from the date specified in the Loan Agreement to the respective dates on which amounts shall be withdrawn from the Loan Account or shall be cancelled and shall be payable on the Due Dates, the first payment being due and payable on the first Due Date after the date on which such charge shall accrue.

Section 3.06 Other Charges and Interest on Overdue Payments. Other charges due by the Borrower to the Bank and interest payable under Section 3.09 shall be payable on demand, except as otherwise provided in Section 3.10.

Section 3.07 Computation of Interest, Commission and Commitment Charge. Interest, commission and commitment charge shall be computed daily on the basis of a 360-day year of twelve (12) 30-day months.

Section 3.08 Advance Payments. The Borrower shall have the right, upon payment of all overdue Principal and all accrued interest, commission, commitment charge and other charges and upon not less than forty-five (45) days' notice to the Bank, to repay as of a date acceptable to the Bank in advance of maturity any portion of the Principal, provided however that, unless otherwise agreed, such early repayment shall not interfere with the repayment in the regular course of the Principal, but shall have the effect only of accelerating repayment of the Principal and the particulars of the repayments to be provided pursuant to Section 3.02 shall be amended accordingly.

Section 3.09 Overdue Payments. (a) In case the Borrower fails to pay any portion of the Principal, interest (excluding interest payable under this Section), commission, commitment charge and/or other charges due and payable under the Loan Agreement, but without prejudice to the provisions of Articles VIII and IX, the Borrower shall pay to the Bank interest on such overdue Principal, interest, commission, commitment charge and/or other charges at such rate or rates of interest per annum as shall be applicable thereto as provided in paragraph (b) of this Section, for a period from the day immediately succeeding the Due Date for such overdue payment or payments to the day of actual payment thereof (both dates inclusive) if the Borrower fails to pay any portion of such overdue payment or payments within the period of twenty-one (21) days after the Due Date for such overdue payment or payments.

(b) The rate of interest per annum payable on the amount of an overdue payment, or, if there be more than one, of the aggregate of all overdue payments outstanding from time to time shall be such rate as the Bank shall specify in writing from time to time being equivalent to one per cent (1%) above the aggregate rates of interest and commission, if any, payable on the Loan on the day immediately succeeding the Due Date or Due Dates

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for such overdue payment or payments and each Due Date thereafter until payment in full of such overdue payment or payments.

(c) The rate or rates of interest payable on an overdue payment of Principal under this Section shall be in lieu of the rate or rates of interest and commission, if any, payable on the Loan.

Section 3.10 Place and Application of Payments. (a) The Principal and the interest, commission, commitment charge and other charges in respect of the Loan shall be paid at such place or places as the Bank may reasonably request.

(b) All payments shall be applied firstly to any interest payable under Section 3.09, then to any commitment charge and other charges due and payable, then to any interest (excluding interest payable under Section 3.09) and commission due and payable, then to any Principal due and payable.

#### ARTICLE IV Withdrawal of Loan

Section 4.01 Withdrawal and Application of Loan. (a) Subject to the provisions of the Loan Agreement, the Borrower shall be entitled to withdraw from the Loan Account amounts required for the purpose of the Project, but, except with the agreement of the Bank, no withdrawals shall be made on account of expenditures incurred before the date of the Loan Agreement.

(b) The amount withdrawn from the Loan Account shall be applied for the purpose of the Project in accordance with the provisions of the Loan Agreement and of these General Provisions.

Section 4.02 Special Commitments. At the request of the Borrower and upon such terms and conditions as may be agreed upon between the Bank and the Borrower, the Bank may enter into special commitments in writing to pay amounts to the Borrower or others in respect of the cost of goods and services to be financed out of the amount withdrawn from the Loan Account notwithstanding any subsequent suspension or cancellation.

Section 4.03 Period of Disbursement. The Loan may be disbursed up to the date specified in the Loan Agreement or such later date as may be specified in writing by the Bank.

Section 4.04 Procurement. (a) Any goods and services required for carrying out the Project shall, if they are to be financed out of an amount of the Loan,

- (i) be procured in accordance with the procedures outlined in the Bank's "Procedures for Selection and Engagement of Consultants by Recipients of CDB Financing" and "Guidelines for Procurement" as are in effect on the date of the Loan Agreement and as the same may be amended from time to time by the Bank or in accordance with such other procedures as may be specified in writing by the Bank; and,
- (ii) except as provided in the procedures referred to in sub-paragraph (i) of this paragraph, have their source and origin in and be procured from only the member countries of the Bank, all of which are specified in the Annex to these General Provisions, and such other countries as may be specified in, or pursuant to, the Loan Agreement.

(b) The Borrower undertakes that, in the procurement of goods and services for the Project, all necessary measures will be taken to ensure that the construction and service contracts and all purchases of goods financed out of an amount of the Loan will be made at a reasonable cost which will generally be the lowest market price taking into account time of delivery, quality, efficiency, reliability of the goods and availability of maintenance facilities and spare parts therefor and, in the case of services, of their quality and the competence of the parties rendering them.

Section 4.05 Goods and Services to be used exclusively in carrying out the Project. Except as the Bank may otherwise agree, the Borrower shall cause all goods and services financed out of an amount withdrawn from the Loan Account to be used exclusively in carrying out the Project.

Section 4.06 Request for Withdrawal or Special Commitment. When the Borrower desires to withdraw any amount from the Loan Account, or to request the Bank to enter into a special commitment pursuant to Section 4.02, the Borrower shall deliver to the Bank a written application in such form and containing such statements and agreements as the Bank shall reasonably request. Applications for withdrawal with the necessary documentation as hereinafter in this Article provided shall be made promptly in relation to expenditures for the Project.

Section 4.07 Authorisation of Requests for Withdrawals. The Borrower shall furnish to the Bank evidence of the authority of the person or persons authorised to sign applications for withdrawal and the authenticated specimen signature of such person or persons.

Section 4.08 Documentation of Requests for Withdrawals. The Borrower shall furnish to the Bank such documents and other evidence in support of the application as the Bank shall reasonably request, whether before or after the Bank shall have permitted any withdrawal requested in the application.

Section 4.09 Application and Documents to satisfy Bank. Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Bank that the Borrower is entitled to withdraw from the Loan Account the amount applied for and that the amount to be withdrawn from the Loan Account has been or will be used for the purposes specified in the Loan Agreement.

Section 4.10 Payments to the Borrower. Payment by the Bank to the Borrower of amounts which the Borrower is entitled to withdraw from the Loan Account shall be made to or on the order of the Borrower.

Section 4.11 Withdrawal and Deduction of Interest, Commission, Commitment Charge and Other Charges. The Bank shall be entitled, but not obligated, to withdraw from the Loan Account when allocated for financing by the Bank without the necessity of an application for withdrawal by the Borrower, or deduct from any disbursement to, or on behalf of, the Borrower under the Loan Agreement, and pay to itself interest, commission, commitment charge and/or other charges due and payable under the Loan Agreement, and the Bank shall promptly notify the Borrower in writing of such withdrawal or deduction. Each such withdrawal from the Loan Account shall be deemed to be a disbursement of a portion of the Loan to the extent of the amount, and as of the date, of such withdrawal.

## ARTICLE V

### Currency Provisions

Section 5.01 Currencies in which Withdrawals may be made. Except as the Bank and the Borrower may otherwise agree, withdrawals from the Loan Account shall be made in the respective currencies in which the expenditures to be financed out of the Loan have been paid or are payable or in such other currency or currencies available to the Bank, as the Bank may reasonably determine.

Section 5.02 Currency in which Principal is Repayable. (a) Any amount withdrawn from the Loan Account which is being lent from that portion of the Special Development Fund of the Bank subject to the Rules adopted by the Board of Directors of the Bank in May 1983, as the same may be amended from time to time by the Bank, shall be repayable in United States dollars.

(b) Except as provided in paragraph (a) of this Section or as the Bank may otherwise specify in writing, the amount withdrawn from the Loan Account shall be repayable in the several currencies withdrawn from the Loan Account and the amount repayable in each currency shall be the amount withdrawn in that currency, provided that, if a withdrawal shall be made in any currency which the Bank shall have purchased with another currency for the purpose of such withdrawal, the amount so withdrawn shall be repayable in such other currency and the amount so repayable shall be the amount paid by the Bank on such purchase.

(c) The portion of the amount withdrawn from the Loan Account to be repaid in a particular currency shall be repayable in such instalments as the Bank shall from time to time specify provided that the amount to be repaid on each Due Date shall remain as set out in the particulars of the repayments to be provided under Section 3.02.

Section 5.03 Currencies in which Commitment Charge, Interest, Commission and Other Charges are Payable. The Commitment Charge shall be payable in United States dollars, interest and commission on any portion of the amount withdrawn from the Loan Account shall be payable in the currency or currencies in which such portion of the amount withdrawn from the Loan Account is repayable, interest payable under Section 3.09 shall be payable in the currency or currencies in which the overdue payment is payable and other charges shall be payable in the currency or currencies utilised by the Bank for such other charges.

Section 5.04 Exchange Control Permission. The obligation to obtain any requisite exchange control permission shall be that of the Borrower.

Section 5.05 Purchase of Currencies. The Bank will, at the request of the Borrower and on such terms and conditions as the Bank shall determine, use its best efforts to purchase any currency needed by the Borrower for payment of Principal, interest, commission, commitment charge and other charges required under the Loan Agreement upon payment by the Borrower of sufficient funds therefor in such currency or currencies to be specified by the Bank from time to time. In purchasing the currencies required, the Bank shall be acting as agent of the Borrower, and the Borrower shall be deemed to have made any payment required under the Loan Agreement only when and to the extent that the Bank has received such payment in the currency or currencies required.

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Section 5.06 Valuation of Currencies. Whenever it shall be necessary to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Bank.

**ARTICLE VI**

**Conditions Precedent to First Disbursement**

Section 6.01 (a) The Borrower shall, by the date referred to in Section 8.03 (i), furnish or cause to be furnished to the Bank:

- (i) the Guarantee Agreement in form and substance acceptable to the Bank;
- (ii) evidence, acceptable to the Bank, that the Borrower, if it is not a member of the Bank, is legally established;
- (iii) one or more opinions, satisfactory to the Bank, of a legal practitioner, acceptable to the Bank, showing that:
  - (aa) the Borrower, if it is not a member of the Bank, has the legal capacity to contract the obligations assumed in the Loan Agreement and to fully execute the Project;
  - (bb) the Borrower has complied with all the necessary requirements under the Constitution of the Project Country and under the Laws and Regulations in force therein in order to enter into the Loan Agreement; and
  - (cc) the Loan Agreement has been duly authorised by and executed and delivered on behalf of the Borrower and constitutes a valid and legally binding obligation in accordance with all of its terms;
- (iv) proof, satisfactory to the Bank, that the person or persons who signed the Loan Agreement on behalf of the Borrower were legally empowered to do so;
- (v) evidence, acceptable to the Bank, that the Borrower has designated one or more representatives to represent it in all acts regarding the implementation of the Loan Agreement and the authenticated specimen signature of the said representative or representatives; and

(vi) evidence, acceptable to the Bank, that the Borrower has authorised one or more persons to sign applications for withdrawals in accordance with Section 4.07 and the authenticated specimen signature of the person or persons so authorised on a withdrawal card to be provided by the Bank to the Borrower.

(b) Except as the Bank may otherwise agree, the Bank shall not be obliged to make the first disbursement of the Loan until the requirements of paragraph (a) of this Section, as amplified by the Loan Agreement, have been complied with to the entire satisfaction of the Bank and the Aid Donor(s) shall have authorised withdrawals for the Project, if necessary.

#### ARTICLE VII

##### Particular Covenants

Section 7.01 Records, Accounts and Information. (a) The Borrower, if it is not a member of the Bank, shall maintain records and accounts adequate to reflect in accordance with consistently maintained sound accounting practice the operations and financial condition of the Borrower. Without prejudice to the generality of the foregoing provision, if applicable, the Borrower shall maintain records and accounts adequate to identify the goods and services financed out of the amount withdrawn from the Loan Account, to disclose the use thereof in the Project, to show the expenditures of the amount withdrawn from the Loan Account and to record the progress of the Project (including the cost thereof). The Borrower shall maintain such accounts and records relating to the Project to the satisfaction of the Bank and such records and accounts shall be kept separately and distinct from the records and accounts of the other operations of the Borrower.

(b) The Borrower, if it is not a member of the Bank, shall:

- (i) have its accounts and financial statements (balance sheets, statements of income and expenditure and related statements) for each fiscal year audited by independent auditors acceptable to the Bank in accordance with sound auditing principles consistently applied;
- (ii) furnish to the Bank, as soon as available, but in any case not later than six (6) months after the end of each such year, certified copies of its audited financial statements for such year and an audit report by the said auditors of such scope and in such detail as the Bank may reasonably request; and

(iii) furnish to the Bank such other information concerning its accounts and financial statements and the audit thereof as the Bank may from time to time reasonably request.

(c) The Borrower shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditures of the amount withdrawn from the Loan Account, the Project, the benefits to be derived therefrom, the administration and operations of the Project and the financial condition of the Borrower.

(d) The authorised representatives of the Bank and the Aid Donor(s) shall be entitled to inspect the goods financed out of the amount withdrawn from the Loan Account, the sites, works, plant and construction included in the Project, the operation thereof and any records, documents and accounts of the Project and for that purpose to enter any lands, buildings, erections or facilities owned or occupied by the Borrower. The Borrower will provide such representatives with all reasonable opportunities and facilities for this purpose.

Section 7.02 Cooperation between the Bank and the Borrower. (a) The Bank and the Borrower shall cooperate fully to ensure that the purpose of the Loan will be accomplished. To that end, the Bank and the Borrower shall, from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under the Loan Agreement and any other matters relating to the Project.

(b) The Borrower shall promptly inform the Bank of any condition which interferes, or threatens to interfere, with the accomplishment of the purpose of the Loan, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

Section 7.03 Taxes. The Borrower shall pay, or cause to be paid, all taxes, if any, imposed under the laws in force in the Project Country in connection with the execution, issue, delivery or registration of the Loan Agreement, any instrument given as a requirement of the Loan Agreement (including securities and promissory notes), any transfer or assignment by the Bank pursuant to Section 7.07 and any agreement amending or supplemental to the Loan Agreement, any such instrument and any such transfer or assignment, and all payments of Principal, interest, commission, commitment charge and other charges shall be made without deduction for, and free from, any taxes imposed under any such laws.

Section 7.04 Priority of Loan. (a) It is the mutual intention of the Borrower, if it is a member of the Bank, and the Bank that no other external debt shall enjoy any priority over the Loan by way of lien on governmental assets.

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(b) To that end, the Borrower, if it is a member of the Bank, undertakes that, except as the Bank may otherwise agree, if any lien shall be created by the Borrower on any governmental assets as security for any external debt, such lien will, *ipso facto* and at no cost to the Bank, equally and ratably secure the payment of the Principal, interest, commission, commitment charge and other charges and that in the creation of any such lien express provision will be made to that effect. The Borrower, if it is a member of the Bank, shall promptly inform the Bank of the creation of any such lien.

(c) The foregoing provisions of this Section shall not apply to:

- (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or
- (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one (1) year after its date.

(d) As used in this Section the term:

- (i) "external debt" means any debt payable by the Borrower in any medium other than the currency which at the time in question is legal tender in the Project Country whether such debt is payable absolutely or at the option of the creditor in such other medium; and
- (ii) "governmental assets" means assets of the Project Country, if the Borrower is a member of the Bank, of any of its political sub-divisions, or of any agency of the Project Country, if the Borrower is a member of the Bank, or of any such political sub-division including an institution performing the functions of a central bank.

(e) The Borrower, if it is not a member of the Bank or a political sub-division or agency of a member of the Bank or an enterprise in which equity participation by one or more members of the Bank or one or more agencies of such member or members of the Bank is a controlling one, undertakes that, except as the Bank may otherwise agree or as contemplated for the Project, no security which will rank prior to, or *pari passu* with, any security given as a requirement of the Loan Agreement shall, after the date of the Loan Agreement, be created or maintained on any of its property as security for any debts.

Section 7.05 Additional Funds. The Borrower shall provide promptly as necessary all funds in addition to the amount withdrawn from the Loan Account and all other resources required for the punctual and effective

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carrying out of the Project and, in particular, shall be responsible for meeting any amount by which the cost of the Project exceeds the estimated cost thereof as specified in the Loan Agreement.

Section 7.06 Maintenance of Insurance. (a) Except as otherwise specified in the Loan Agreement, the Borrower shall take out and maintain with responsible insurers, or make adequate arrangements acceptable to the Bank for, insurance against such risks and in such amounts as shall be consistent with sound business practice and, without limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to the acquisition, transportation and delivery of goods financed out of an amount withdrawn from the Loan Account to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the Borrower to replace or repair such goods.

(b) The Borrower shall require any such insurers with which insurances in respect of any insurable property financed out of an amount withdrawn from the Loan Account and other insurable property are taken out and are to be maintained to give notice periodically to the Borrower and the Bank when such insurances are to be renewed and, in addition, advise the Bank immediately on each renewal date whether such insurances are renewed.

Section 7.07 Transfer or Assignment of Loan Agreement or Loan. The Bank shall be entitled to transfer or assign at any time to the Aid Donor(s) all or any of its right, title and interest in and under the Loan Agreement and any instrument (including securities and promissory notes) given as a requirement of the Loan Agreement and in and to the whole or any part of all monies whatsoever due or to become due to the Bank thereunder. The Bank shall promptly inform the Borrower of any such transfer or assignment.

Section 7.08 Maintenance of Corporate Existence, Licences and Franchises and other special requirements if the Borrower is a limited liability company. (a) Except as the Bank may otherwise agree or as specified in the Loan Agreement, the Borrower shall:

- (i) take all necessary steps as lie within its power and use its best endeavours at all times to maintain its corporate existence and the right to carry on operations and shall acquire, maintain and renew all rights, powers, privileges, licences and franchises owned or held by it and necessary and useful in the implementation of the Project and the conduct of the business contemplated by the Project;
- (ii) not amend its Memorandum or Articles of Association; and

(iii) observe all the Laws of the Project Country affecting the Borrower and, in particular, all the provisions of the Companies legislation in force in the Project Country as amended or modified from time to time especially in filing with the Registrar of Companies any information and documents required to be filed under such legislation.

(b) Except as the Bank may otherwise agree, at least fifty-one percent (51%) of the issued and paid up share capital of the Borrower shall be held at all times by one or more of the Governments, nationals and belongers of Commonwealth Caribbean member countries of the Bank and corporate bodies controlled by such Governments, nationals and belongers and the Borrower shall at all times be controlled by one or more of such Governments, nationals, belongers and corporate bodies.

#### ARTICLE VIII

##### Cancellation and Suspension

Section 8.01 Cancellation by Borrower. The Borrower may by notice to the Bank cancel any amount of the Loan which the Borrower shall not have withdrawn prior to the giving of such notice, except that the Borrower may not so cancel any amount of the Loan in respect of which the Bank shall have entered into a special commitment pursuant to Section 4.02.

Section 8.02 Suspension by Bank. (a) If any of the following events shall have occurred and be continuing, the Bank may by notice to the Borrower and the Guarantor suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account:

- (i) The Borrower shall have failed to make payment (notwithstanding the fact that such payment may have been made by the Guarantor or a third party) of Principal, interest, commission, commitment charge or other charges under the Loan Agreement or any principal, interest, commission, commitment charge or other payment required under any other agreement between the Bank and the Borrower.
- (ii) The Guarantor shall have failed to make payment of Principal, interest, commission, commitment charge or other charges under the Guarantee Agreement or any principal, interest, commission, commitment charge or other payment required under any other agreement between the Bank and the Guarantor;

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- (iii) The Borrower or the Guarantor shall have failed to perform or observe any of its other obligations under the Loan Agreement or the Guarantee Agreement;
  - (iv) A situation shall have arisen which shall make it improbable in the Bank's opinion that the Project can be carried out or that the Borrower or the Guarantor will be able to perform or observe any of its obligations under the Loan Agreement or the Guarantee Agreement;
  - (v) Prior to the Closing Date, any material adverse change in the condition of the Borrower, as represented by the Borrower, shall have occurred;
  - (vi) A representation made by the Borrower or the Guarantor in or pursuant to the Loan Agreement or the Guarantee Agreement or any statement furnished in connection therewith and intended to be relied upon by the Bank in making the Loan shall have been incorrect in any material respect;
  - (vii) The Borrower, if it is a member of the Bank, or the Guarantor shall have withdrawn or been suspended from membership in, or ceased to be a member of, the Bank;
  - (viii) The right of the Borrower or the Guarantor to make withdrawals under any other agreement with the Bank shall have been suspended in whole or in part by the Bank;
  - (ix) The right of the Bank to receive funds for the Project from the Aid Donor(s) shall have been suspended in whole or in part or shall have terminated;
  - (x) A situation shall have arisen whereby, in the Bank's opinion, any withdrawal or further withdrawal from the Loan Account will cause the Bank to exceed any of the lending limits of the Bank, established by the Board of Directors of the Bank from time to time;
  - (xi) Any event specified in sub-paragraph (vii) of Section 8.03 and sub-paragraphs (iv), (vi), (vii), (viii), (ix), (x), (xi) and (xii) of Section 9.01 shall have occurred; or
  - (xii) Any other event specified in the Loan Agreement for the purpose of this Section shall have occurred.

(b) The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Bank shall have notified the Borrower and the Guarantor that the right to make withdrawals shall be restored, whichever is earlier, but, in case of any such notice of restoration, the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other or subsequent event described in this Section.

Section 8.03 Cancellation by the Bank. If any of the following events shall occur, then at any time thereafter the Bank may by notice to the Borrower and the Guarantor terminate the right of the Borrower to make withdrawals from the Loan Account or with respect to any amount of the Loan, as the case may be, and, upon the giving of such notice, the amount of the Loan specified therein shall be cancelled:

- (i) The Borrower shall have failed to comply with the conditions set out in Section 6.01 (a), as amplified by the Loan Agreement, by the sixtieth (60th) day after the date of the Loan Agreement or such later date as may be specified in writing by the Bank;
- (ii) In the opinion of the Bank, it is improbable that any requirement specified in or pursuant to Section 6.01 (b) or any condition to be fulfilled in meeting any such requirement will be satisfied;
- (iii) By the date therefor referred to in the Loan Agreement, the Bank has not received any application for withdrawal from the Loan Account or for Special Commitment in accordance with Article IV or all applications received by the date shall not have been acceptable to the Bank;
- (iv) The right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty (30) days;
- (v) At any time the Bank determines, after consultation with the Borrower, that an amount of the Loan will not be required to finance the Project's cost to be financed out of the Loan;
- (vi) After the Closing Date an amount of the Loan remains unwithdrawn from the Loan Account;  
or

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- (vii) The Bank shall have received notice from the Guarantor pursuant to Section 3.05 of the General Provisions applicable to Guarantee Agreements with respect to any amount of the Loan.

Section 8.04 Amounts subject to Special Commitment not affected by Cancellation or Suspension by the Bank. No cancellation or suspension by the Bank shall apply to amounts subject to any special commitment entered into by the Bank pursuant to Section 4.02.

Section 8.05 Effectiveness of Provisions after Cancellation or Suspension. Notwithstanding any cancellation or suspension, all the provisions of the Loan Agreement and of these General Provisions which shall have been made applicable thereto shall continue in full force and effect except as in this Article specifically provided.

#### ARTICLE IX Events of Default

Section 9.01 If any of the following events shall occur and shall continue for the period specified, if any, then, at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower and the Guarantor declare the Principal due and payable immediately together with interest, commission, commitment charge and other charges under the Loan Agreement and upon such declaration the Principal together with interest, commission, commitment charge and other charges under the Loan Agreement shall become due and payable immediately:

- (i) A default shall occur in the payment of Principal, interest, commission, commitment charge or other charges under the Loan Agreement and such default shall continue for a period of thirty (30) days;
- (ii) A default shall occur in the payment of Principal, interest, commission, commitment charge or other charges under the Guarantee Agreement and such default shall continue for a period of thirty (30) days;
- (iii) A default shall occur in the payment of Principal, interest, commission, commitment charge or other charge under any other loan or guarantee agreement between the Bank and the Borrower and such default shall continue for a period of thirty (30) days;

- (iv) A default shall occur in the payment of Principal, interest, commission, commitment charge, or other charges under any loan or guarantee agreement between the Guarantor and the Bank under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Loan Agreement or the Guarantee Agreement and such default shall continue for a period of thirty (30) days;
- (v) A default shall occur in the performance or observance of any other obligation on the part of the Borrower or the Guarantor under the Loan Agreement or the Guarantee Agreement and such default shall continue for a period of sixty (60) days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor;
- (vi) The Borrower, if it is not a member of the Bank, shall have become unable to pay its debts as they mature or any action or proceeding shall have been taken by the Borrower, if it is not a member of the Bank, or by others whereby any of the property of the Borrower, if it is not a member of the Bank, shall or may be distributed among its creditors;
- (vii) The Borrower, if it is not a member of the Bank, shall have taken or suffered any action for its reorganisation, liquidation or dissolution or the suspension of its operations or a receiver or liquidator shall have been appointed of all or any part of its property;
- (viii) Any modification shall have been made in the purpose, nature or objectives, capital or assets of the Borrower, if it is not a member of the Bank, and particularly any substantial revision of the legislation establishing the Borrower, if it is not a member of the Bank and is established by legislation, which may have a deleterious effect on the Project or on the purpose for which the Loan Agreement was entered into;
- (ix) The Borrower or the Guarantor shall have failed to fulfil any of its obligations to the Bank whether arising under the agreement establishing the Bank or otherwise;
- (x) There shall have been cancellation, pursuant to Section 8.01 or Section 8.03, of such an amount of the Loan as will make it improbable in the Bank's opinion that the Project can be carried out or that the Borrower will be able to perform or observe any of its obligations under the Loan Agreement;

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- (xi) The Project shall have been discontinued or suspended without the prior approval of the Bank or the Borrower shall have suspended, or ceases or threatens to cease to carry on, the business contemplated in carrying out the Project; or
  - (xii) Any other event specified in the Loan Agreement for the purpose of this Section shall have occurred and shall continue for the period, if any, specified in the Loan Agreement.

**ARTICLE X**  
**Termination**

Section 10.01 Termination of Loan Agreement. Upon payment in full of the Principal and all interest, commission, commitment charge and other charges under the Loan Agreement, the Loan Agreement and all obligations of the parties thereunder shall forthwith terminate.

**ARTICLE XI**  
**Enforceability**

Section 11.01 (a) Except as provided in paragraph (b) of this Section, the rights and obligations of the Bank and the Borrower under the Loan Agreement shall be valid and enforceable in accordance with its terms.

(b) If the Borrower is not a member of the Bank, the rights and obligations of the Bank and the Borrower under the Loan Agreement shall be construed and determined in accordance with the laws of the Project Country at the date of the Loan Agreement.

(c) Neither the Bank nor the Borrower shall be entitled in any proceeding under or pursuant to Article XIII to assert any claim that any provision of the Loan Agreement is invalid or unenforceable because of any provision of the agreement establishing the Bank or for any other reason.

**ARTICLE XII**  
**Miscellaneous**

Section 12.01 All statements, reports, certificates, evidence, opinions, notices, communications and other documents or information furnished or given under the Loan Agreement shall be supplied or submitted in the English Language without cost to the Bank.

Section 12.02 No failure or delay on the part of the Bank to exercise any right, power or privilege under the Loan Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under the Loan Agreement preclude any other or further exercise thereof or the exercise of any right, power or privilege.

Section 12.03 All notices and other communications required or permitted to be given or made under the Loan Agreement and any other Agreement between any of the parties contemplated by the Loan Agreement shall be in writing. Any such notice or other communication shall be deemed to have been duly given or made when delivered by hand or mail or by telegram, cable, telex, telefax or radiogram to the party to which it is required or permitted to be given or made at such party's address specified in the Loan Agreement or at such other address as such party may have designated by notice to the party giving such notice or making such communication.

Section 12.04 Subject to Article 42 of the agreement establishing the Bank, if the Borrower, being a member of the Bank, or the Guarantor ceases to be a member of the Bank, any amount due to it for its shares repurchased by the Bank shall be withheld so long as the Borrower or the Guarantor remains liable to the Bank in respect of the Loan. Such amount may, at the option of the Bank, be applied on any such liability as it matures.

Section 12.05 Subject to Article 46 of the agreement establishing the Bank, in the event of a distribution of the assets of the Bank, the Borrower, being a member of the Bank, or the Guarantor shall not be entitled to receive its share in such distribution until it has settled its obligations to the Bank under the Loan Agreement or the Guarantee Agreement.

#### **ARTICLE XIII**

##### **Arbitration**

Section 13.01 (a) Any controversy between the parties to the Loan Agreement and any claim by any such party against any other such party arising under the Loan Agreement which shall not be determined by agreement between the parties shall be submitted to arbitration before an Arbitration Committee as hereinafter provided.

(b) The parties to such arbitration shall be the Bank on one side and the Borrower on the other side.

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- (c) The Arbitration Committee shall consist of three arbitrators appointed as follows:

One arbitrator shall be appointed by the Bank, another by the Borrower and a third (hereinafter called the umpire) shall be appointed by agreement between the parties, either directly or through their respective arbitrators. If the parties fail to agree on who shall be the umpire, he shall be appointed at the request of either party by the Secretary-General of the Caribbean Community. If either side fails to appoint an arbitrator, he shall be appointed by the Secretary-General of the Caribbean Community at the request of the other party. If either of the appointed arbitrators or the umpire is unwilling or unable to act or to continue to act in such capacity, his successor shall be appointed in the same manner as for the original appointment. The successor shall perform the same functions and shall have the same powers as his predecessor.

- (d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the remedy sought and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty (30) days after the giving of such notice, the other party shall notify the party instituting the proceeding of the name of the arbitrator appointed by such other party.

- (e) If within sixty (60) days after giving notice instituting the arbitration proceeding the parties shall not have agreed upon an umpire, either party may request the appointment of an umpire as provided in paragraph (c) of this Section. If within forty-five (45) days after becoming entitled to do so, neither party requests the appointment of an umpire as provided in paragraph (c) of this Section, the arbitration proceeding shall be deemed to have been abandoned.

- (f) The Arbitration Committee shall convene in Barbados at such time and place as shall be fixed by the umpire. Thereafter the Arbitration Committee shall meet in Barbados or in the Project Country at such time and place as the Arbitration Committee shall determine.

- (g) Subject to the provisions of this Section and except as the parties shall otherwise agree, the Arbitration Committee shall decide all questions relating to its competence and shall determine its procedure. All decisions of the Arbitration Committee shall be by a majority vote.

- (h) The Arbitration Committee shall afford to both sides a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitration Committee

shall constitute the award of the Arbitration Committee. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Loan Agreement. Each party shall abide by and comply with any such award rendered by the Arbitration Committee in accordance with the provisions of this Section.

(i) The parties shall fix the amount of the remuneration of the Arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. The Bank and the Borrower shall each defray its own expenses in the arbitration proceedings. The costs of the Arbitration Committee shall be divided between and borne equally by the Bank on the one side and the Borrower on the other. Any question concerning the division of the costs of the Arbitration Committee or the procedure for payment of such costs shall be determined by the Arbitration Committee.

(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the determination of any controversy between the parties to the Loan Agreement or any claim by any such party against the other such party arising thereunder.

(k) If within thirty (30) days after the counterparts of the award shall be delivered to the parties the award shall not be complied with, any party may enter judgement upon or institute a proceeding to enforce the award in any court of competent jurisdiction against any other party, may enforce such judgement by execution or may pursue any other appropriate remedies against such other party for the enforcement of the award and the provisions of the Loan Agreement. Notwithstanding the foregoing, this Section shall not authorise any entry of judgement or enforcement of award against any party that is a member of the Bank except as such procedure may be available otherwise than by reason of the provisions of this Section.

(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award pursuant to this Section may be made in the manner provided in Section 12.03. The parties to the Loan Agreement waive any and all other requirements for the service of any such notice or process.

(m) Notwithstanding the provisions of paragraph (j) of this Section, if the Borrower is not a member of the Bank, nothing in this Section shall be deemed to preclude either of the parties from exercising or instituting any legal or equitable action to enforce any right or claim arising out of or pursuant to any instrument given as a requirement of the Loan Agreement with respect to the repayment of the Principal and payment of interest, commission, commitment charge and other charges and submission to arbitration under this Section shall not be deemed to be a condition precedent or in any way prejudice such exercise or other enforcement of any such right or claim.

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ANNEX

[Section 4.04 (a) (ii)]

**MEMBERS OF THE BANK**

**Regional Members**

1. Anguilla
2. Antigua and Barbuda
3. Bahamas - Commonwealth of The
4. Barbados
5. Belize
6. British Virgin Islands
7. Cayman Islands
8. Colombia
9. Dominica - Commonwealth of
10. Grenada
11. Guyana - Co-operative Republic of
12. Haiti – Republic of
13. Jamaica
14. Mexico
15. Montserrat
16. Saint Kitts and Nevis
17. Saint Lucia
18. Saint Vincent and the Grenadines
19. Trinidad and Tobago - Republic of
20. Turks and Caicos Islands
21. Venezuela

**Non-Regional Members**

1. Canada
2. China - The People's Republic of
3. Germany
4. Italy
5. United Kingdom

**SCHEDULE 2**

[Section 1.03 (a)(ii)]

**THE PROJECT****PROJECT OBJECTIVE**

1. The overall objective of the Project is to enhance the livelihoods and increase the incomes of identified target groups. It is proposed to achieve this objective through strengthening and establishing rural businesses/clusters, upgrading technical and business skills among rural entrepreneurs, strengthening value chains and fostering better linkages between production and markets, assisting in the development and upgrading of small-scale production and marketing infrastructure and providing affordable credit.

**PROJECT COMPONENTS**

2. The Project will comprise four components namely:

- (a) Social and Human Capital Development;
- (b) Market Access and Enterprise Development (MAED);
- (c) Financial Services; and
- (d) Project Management and M&E.

3. **COMPONENT A: SOCIAL AND HUMAN CAPITAL DEVELOPMENT (USD2.321 mn – IFAD Loan USD1.33 mn; GOCR USD0.991 mn)**

The focus of this component will be on:

- (a) the formation and strengthening of rural organisations' human and social capital; and
- (b) empowerment of vulnerable and poor rural women, men and youth by building their human and social capital, skills, knowledge, and confidence base in order to increase their capacity to become engaged in employment, and/or small business development opportunities, and improve their living standards

4. The intervention will target:

- (a) organisations which are mainly focused on the overall well-being of the community, including community-based organisations (CBOs), youth councils, women's groups, etc.;
- (b) producers' groups – farmers/fishermen cooperatives, agricultural producers' associations and cooperatives and similar type organisations which have as a central theme the provision of services to their membership in order to increase agricultural or non-agricultural production; and
- (c) individuals – small-scale farmers, micro and small-scale entrepreneurs, and underemployed rural women and youth.

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5. The following activities will be implemented:
- (a) Life-skills and Personal Development Training – to identify and equip participants to address human relationship issues, challenges, abuses and social constraints that impact on the individual, family, community, organisation, business, and consequently, the nation. This training will be provided by the Community and Youth Officers, or sub-contracted service providers.
  - (b) Support to skills and vocational training – to improve employment opportunities. It involves tuition support, literacy and skills training and job placement/apprenticeship programmes.
  - (c) Strengthening of CBOs/producers' groups in: leadership, building networks of mutual support and trust among rural organisations members; consolidation of democratically elected executive bodies, etc. Also included will be assistance in support of official/legal registration.
  - (d) National advocacy campaigns addressing gender, youth, and poverty issues.
6. All organisations will be required to undergo an initial assessment (management capacity, capacity to formulate proposals, coordinate, monitor, and evaluate activities, etc.). This will be the basis for the development of an intervention strategy and definition of training needs.
7. Organisational strengthening will involve the following activities:
- (a) Technical Assistance (TA) in organisational strengthening and identifying small business opportunities.
  - (b) TA in the development of production, marketing and organisational strengthening plan.
  - (c) Assistance in obtaining legal registration.
  - (d) Development of Strategic Plan which, among other things, will facilitate access to financing under the RIF.

**COMPONENT B: MAED**

8. The objective of this Component will be to establish and/or consolidate profitable and competitive rural businesses. The focus will be on strengthening value chains through the provision of the full range of activities that are required to bring products (agricultural and non-agricultural) through to the final consumers. Support will be provided to assist businesses to adopt improved production, processing and marketing technologies and to increase production and sales on a sustainable basis. Beneficiaries will include membership of producers' groups – Associations and Cooperatives (crops, livestock, poultry, fishermen, beekeepers etc.). There will be close coordination with the Social and Human Capital Development component to support groups and organisations in improving their governance structure and internal relationships. As part of the value chain approach the project will, either directly by the PCU or through contracted service providers:

- (a) promote the establishment of business clusters;
- (b) promote a market-led approach whereby the focus will be on the identification of products – agricultural and non-agricultural – that have the greatest market demand/profitability and, where feasible, foster the development of a contractual relationship between producers and buyers;
- (c) assist in the formation and strengthening of producer groups;
- (d) facilitate producer groups' access to required support services for business plan development; and
- (e) provide technical support and training in areas of business development, financial management, and improving technical aspects of business operation - production, processing, marketing etc.

9. It is anticipated that the main market outlets for agricultural produce will be supermarkets, hotels, the Grenada Marketing and National Importing Board, locally based agro-processors (of which two new operations will commence operations in the fourth quarter of 2010) and produce exporters. There is also much scope for increasing sales through local/community markets, and towards this end, the project will explore opportunities for the rehabilitation/upgrade of community markets and related approved points of sale.

**Sub-Components of MAED:**

10. **Sub-Component B1: Business Technical and Entrepreneurial Services** (USD1.57 mn – IFAD USD0.85 mn, GOCR USD0.49 mn; and Beneficiaries USD 0.231 mn)

Activities to be financed include:

- (a) development of strategic/business plans for eligible producers/producer groups;
- (b) training of beneficiaries in general business and financial management and technical skills in production, processing and marketing;
- (c) provision of specific technical assistance to producer groups in the implementation of strategic/business plans;
- (d) conduct of market studies/demand analysis; and
- (e) TA to the Ministry of Agriculture to improve the capacity of extension staff in methodologies to improve product value chains

11. **Sub-Component B2: RIF** (USD2.05mn – CDB USD1.794 mn; Beneficiaries USD0.257 mn): Will provide financing (non-reimbursable grants) for sub-projects designed to assist communities, producers/producer groups to increase their revenue, and respond to market demand by increasing the efficiency and competitiveness of agriculture value chains. Three types of sub-projects are foreseen:

- (a) B2.1: Community Investments (Total USD1.3 mn CDB) – Investment in critical public infrastructure and services in support of production and marketing – agriculture and non-agriculture activities and the inclusion of vulnerable groups in economic activities. Sub-projects include investments that: (i) improve produce sanitary conditions, presentation and extend shelf life, improve transportation linkages; and (ii) contribute to the inclusion of vulnerable groups in economic activities – construction/rehabilitation of markets, community facilities, craft centres, community and access roads, etc. Sub-projects will be identified by the PCU in collaboration with community groups, central government, non-governmental organisations, etc. Ceilings – USD800,000 for access roads; USD50,000 per sub-project, with the exception of access roads where the maximum is USD100,000 per road; USD500 per direct beneficiary; up to 100% contribution by the Fund.
- (b) B2.2: Enterprise Investment (Total USD0.300 mn CDB) – Financing to legally constituted groups of farmers, fisherfolk and other rural entrepreneurs. These sub-projects will complement the investment of individual group members and provide a platform for sustainable improvements in enterprise production/productivity, efficiency and access to market. Investments are contemplated in areas such business planning and management, construction/rehabilitation of shared facilities – off-farm irrigation systems, produce storage and handling, cold storage facilities, fish landing/handling facilities and purchase of small-scale equipment for land preparation, agro-processing etc. Ceilings – USD30,000 per sub-project; USD2,000 per direct beneficiary; 80% contribution by Fund.
- (c) B2.3: Small-scale Revenue-Generating Activities (Total USD0.200 mn CDB) – Non-reimbursable financing of small-scale revenue-generating sub-projects aimed at increasing the income of unemployed vulnerable groups – women, youth etc. Investments are contemplated in production, processing and marketing activities which demonstrate a capacity to improve the livelihood of the most vulnerable groups. Ceiling – USD20,000 per sub-project; USD1,000 per direct beneficiary; 80% contribution by Fund.

12. Sub-project beneficiary groups, with the exception of those under the Community Investment Component, are expected to be legally registered.

13. Enterprise investment sub-projects will be selected through a competitive process initiated by semi-annual calls for proposals launched by the PCU. Proposals will be ranked, by the PCU, on the basis of published eligibility criteria. The highest ranked proposals will also be eligible to receive support under the project for the development of business plans, conduct of feasibility studies, technical designs etc. The scope of sub-project preparation, including a determination of whether preparation is done by the PCU or through contracted service providers, will be made on a case-by-case basis giving due consideration to factors such as project size and complexity. Fully prepared sub-projects will be submitted to the PCC for final approval. Sub-projects will be required, at a minimum, to meet the following criteria:

- (a) provide evidence that the group is legally registered and not bankrupt;
- (b) are technically and financially viable;
- (c) can be implemented within the approved budget;

- (d) demonstrate that the beneficiaries have the capacity to provide the minimum beneficiary contribution;
- (e) are environmentally sustainable; and
- (f) have a clearly defined marketing plan.

14. The following activities will not qualify for financing under the Fund:

- (a) purchase of land and buildings;
- (b) purchase of motor vehicles; and
- (c) repayment of outstanding debt.

15. Sub-projects under the Community Investment Component will be implemented by the PCU on behalf of the community or by the sponsoring CBO. Sub-projects under the Enterprise Investment Component will be implemented in accordance with the strategic/business plan for the respective organisation/group. Successful groups/organisations will be required to enter into a sub-project Financing Agreement with the PCU, and maintain an account specifically for managing sub-project funds. The agreement will specify;

- (a) maximum contribution by the Fund to the sub-project and the duties and responsibilities of both parties,
- (b) disbursement procedures; and
- (c) ownership of assets procured under the sub-project, etc.

16. **COMPONENT C: FINANCIAL SERVICES** (100% CDB financing – USD775,000)

This component comprises three lines of action, namely:

- (a) **Sub-Component C1:** (CDB TA grant USD27,000) – Training for staff of FIs to improve their capacity in investment appraisal of productive (agriculture and rural enterprises) sector loans.
- (b) **Sub-Component C2:** (CDB USD700,000) – A line of credit to facilitate small-farmer/rural entrepreneurs' access to credit - Implemented by the GCBL or other approved FI.
- (c) **Sub-Component C3:** (CDB TA Loan USD48,000) – TA to facilitate the implementation of the LOC. Support will be provided to GCBL or such other FI acceptable to CDB over a period of two years to develop a system and mentor staff in the area of credit appraisal and supervision.

17. **COMPONENT D: PROJECT MANAGEMENT** (Total USD1.805 mn - USD 0.82mn IFAD Loan; USD0.2 CDB loan; and USD0.785 mn GOGF, CDB remuneration of Business Specialist)

This sub-component will provide the necessary resources in support of all activities necessary to ensure the implementation of the project including: staff remuneration of the PCU; establishment of a Project Office; purchase of vehicles and equipment; operating costs to ensure the effective project management and coordination with service providers; financial management; auditing, baseline studies; the mid-term evaluation; the Project Completion Report; post evaluation studies; reporting and supervision of sub-projects. CDB resources will be used exclusively to finance the remuneration of the Business Specialist.

PROJECT COST PHASING AND FINANCING PLAN  
(R'000)

Item	2011				2012				2013				TOTAL
	IPAD	CDB		Total	IPAD	CDB		Total	IPAD	CDB		Total	
		SFR	OCB			SFR	OCB			SFR	OCB		
A. Social and Business Capital Development	337	-	-	337	716	-	716	1,236	716	-	1,236	2,288	1,236
B. M&ED	-	-	-	-	439	-	439	849	439	-	849	1,288	849
(i) Business Technical and Entrepreneurial Services	-	-	-	-	31	-	31	132	31	-	132	163	132
(ii) IEP	-	-	-	-	246	-	246	437	408	-	437	1,116	408
Sub-total	337	-	-	337	694	-	694	1,321	694	-	1,321	2,467	1,321
C. Financial Services	-	-	-	-	602	-	602	602	602	-	602	1,204	602
(i) LDC	-	-	-	-	602	-	602	602	602	-	602	1,204	602
(ii) TA	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	602	-	602	602	602	-	602	1,204	602
D. Project Management	221	14	-	235	497	443	880	975	443	188	1,166	1,446	443
Sub-total	221	14	-	235	497	443	880	975	443	188	1,166	1,446	443
E. Other	110	897	246	1,253	1,430	1,243	2,673	4,073	1,243	402	5,316	6,586	1,243
(i) LDC	-	-	-	-	1,430	-	1,430	2,673	1,243	402	4,318	5,316	1,243
(ii) TA	110	897	246	1,253	-	-	-	-	-	-	-	-	-
Total Project Cost	668	911	246	1,425	1,629	1,376	3,005	6,384	1,629	1,078	8,091	9,585	1,629
IPAD Application	339	239	31	609	357	184	541	1,146	357	184	1,487	1,827	357
Percentage	50.6%	26.2%	4.2%	41.0%	21.9%	10.4%	15.3%	17.9%	21.9%	11.3%	17.9%	19.6%	21.9%

Item	2014				2015				2016				TOTAL
	IPAD	CDB		Total	IPAD	CDB		Total	IPAD	CDB		Total	
		SFR	OCB			SFR	OCB			SFR	OCB		
A. Social and Business Capital Development	716	-	-	716	1,236	-	1,236	2,288	1,236	-	1,236	4,760	1,236
B. M&ED	439	-	-	439	849	-	849	1,288	439	-	439	2,066	439
(i) Business Technical and Entrepreneurial Services	-	-	-	-	132	-	132	163	132	-	132	325	132
(ii) IEP	-	-	-	-	437	-	437	437	439	-	439	1,741	439
Sub-total	439	-	-	439	849	-	849	1,288	439	-	439	2,066	439
C. Financial Services	-	-	-	-	602	-	602	1,204	602	-	602	2,408	602
(i) LDC	-	-	-	-	602	-	602	1,204	602	-	602	2,408	602
(ii) TA	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	602	-	602	1,204	602	-	602	2,408	602
D. Project Management	443	14	-	457	880	443	1,323	1,660	443	188	1,166	2,290	443
Sub-total	443	14	-	457	880	443	1,323	1,660	443	188	1,166	2,290	443
E. Other	1,253	1,430	246	2,929	1,430	1,243	2,673	4,073	1,243	402	5,316	6,586	1,243
(i) LDC	-	-	-	-	1,430	-	1,430	2,673	1,243	402	4,318	5,316	1,243
(ii) TA	1,253	1,430	246	2,929	-	-	-	-	-	-	-	-	-
Total Project Cost	2,408	1,454	246	4,108	3,159	1,726	4,885	10,367	3,159	1,078	14,604	17,473	3,159
IPAD Application	668	468	31	1,167	609	357	966	2,142	609	357	1,036	3,144	609
Percentage	27.7%	32.8%	7.5%	28.4%	19.3%	20.7%	20.0%	20.8%	19.3%	33.0%	20.0%	17.9%	17.9%

APPENDIX 1(a) TO SCHED

**APPENDIX 1(b) TO SCHEDULE 2****PROJECT COST, PHASING AND FINANCING**  
(XCD'000)

Item	TOTAL COST						Total
	IFAD	CDB			GOCR	Ben.	
		SFR	OCR	Grant			
<b>A. Social and Human Capital Development</b>	3,591	-	-	-	2,676	-	6,267
<b>B. MAED</b>							
(i) Business Technical and Entrepreneurial Services	2,295	-	-	-	1,323	625	4,243
(ii) RIF	-	2,385	2,460	-	-	695	5,540
<b>Sub-total</b>	<b>2,295</b>	<b>2,385</b>	<b>2,460</b>	<b>-</b>	<b>1,323</b>	<b>1,320</b>	<b>9,783</b>
<b>C. Financial Services</b>							
(i) LOC	-	1,890	-	-	-	-	1,890
(ii) TA	-	130	-	73	73	-	276
<b>Sub-total</b>	<b>-</b>	<b>2,020</b>	<b>-</b>	<b>73</b>	<b>73</b>	<b>-</b>	<b>2,166</b>
<b>D. Project Management</b>	2,214	540	-	-	2,120	-	4,874
<b>Base Cost</b>	<b>8,100</b>	<b>4,945</b>	<b>2,460</b>	<b>73</b>	<b>6,192</b>	<b>1,320</b>	<b>23,090</b>
IDI and Commitment Fees	-	375	320	-	621	-	1,316
<b>Total Project Cost</b>	<b>8,100</b>	<b>5,320</b>	<b>2,780</b>	<b>73</b>	<b>6,813</b>	<b>1,320</b>	<b>24,406</b>
USD Equivalent	3,000	1,970	1,030	27	2,523	489	9,039
Percentage	33%	22%	12%	0.3%	28%	4.7%	100%

**APPENDIX 2 TO SCHEDULE 2****PROJECT MANAGEMENT ARRANGEMENTS****PCC**

1. A PCC will be established by the MOF to provide policy direction for the programme. The PCC will have overall responsibility for the coordination and guidance of the project and its Chairperson will be the Permanent Secretary, MOF. A Deputy Chairperson, elected from the PCC membership, will assume the responsibilities in the absence of the chairperson.

2. The PCC will have a membership, composed of: a representative of MOF, Ministry of Agriculture, Ministry of Community Development, Ministry of Works and Grenada Cooperative Bank Limited (GCBL), two community representatives and the PM. Each organization represented on the PCC will be required to nominate the representative and his/her alternate. Other persons may be invited to participate in PCC meetings based on the subject matter being addressed. These special invitees will, however, not be authorised to vote.

3. The PCC shall:

- (a) provide overall operational guidance for project implementation to ensure that the project meets its objectives, in line with GOCR's policy;
- (b) approve the AWPB submitted by the PM;

- 
- (c) approve all implementation and financial reports required by the respective loan/grant agreements prior to their submission to the MOF, CDB and IFAD;
  - (d) provide assistance and guidance to the PCU in handling implementation and coordination problems brought to its attention;
  - (e) approve sub-projects under the RIF;
  - (f) monitor the Project's targeting mechanism and resource allocation.

The PCC would meet at least quarterly, and more often if required. The PM could request additional meetings when faced with extraordinary situations. The Chairperson would convene the PCC meetings.

#### **PCU**

4. The day-to-day management of the project will be assigned to the PCU. The PCU will be headed by the PM and consist of an Accountant, Monitoring and Evaluation (M&E) Specialist; Organisational Strengthening and Human and Capacity Building Specialist; Gender Specialist; Business Specialist; a Marketing Technical Assistant; Community Liaison Officers; and support staff.

5. The PCU shall have overall responsibility for:
- (a) direct management and coordination of all project activities, with the exception of the line of credit and TA to GCBL under the Financial Services Component;
  - (b) negotiation of contracts with service providers for the implementation of project activities;
  - (c) preparation of the AWPB and submission to the PCC for approval; and
  - (d) M&E including the preparation of reports as outlined in the M&E Plan. The Reports from the PCU will cover all project components including details of the LOC. Accordingly, the GCBL will provide reports on the implementation of the LOC, to the PCU on a quarterly basis, for amalgamation into the PCU report. These reports from GCBL will include, *inter alia*, the number and value of loans approved and disbursed by sub-sector, whether the projects were start-ups or expansions of existing businesses; the number of jobs created; the gender of those employed; whether the projects were export-oriented, etc.

#### **ENGAGEMENT OF PCU STAFF**

6. All staff of the PCU shall be selected based on procedures for the selection and engagement of consultants by recipients of CDB financing and IFAD financing, as appropriate.

7. One of the first responsibilities of the PCC and PCU will be the review and adoption of the POM – a draft of which has been prepared during programme design. The POM includes, among other things:

- (a) financial and other regulations for the operations of the PCU;
- (b) draft TOR for TA consultancies and model contracts for the service providers contemplated under the programme;

- (c) procedures and criteria for the selection of communities, groups, individuals and business entities for inclusion in the programme;
- (d) the rules and regulations applicable to the operations of the RIF including, but not limited to, the type of activities eligible for financing under the fund, procedures for the submission and approval of proposals, and fund financing thresholds;
- (e) outputs and performance indicators for the various components;
- (f) a detailed M&E plan; and
- (g) detailed guidelines for the flow of funds, compliance with reporting requirements, procedures for the approval of the AWPB, procurement and financial matters (including procedures for audits).

8. The PCU shall submit the revised POM to the PCC and thereafter to IFAD and CDB for approval no later than 90 days after the programme start up, i.e. later of the two dates of signature of the loan/grant agreement by CDB/IFAD and GOCR. IFAD and CDB will collaborate and submit comments no later than 30 days after receipt.

9. The programme will be implemented in accordance with the POM. The PCU through the PCC may propose amendments to the POM during programme implementation – such amendments shall only be effective after written approval by IFAD and CDB.

#### APPENDIX 3 TO SCHEDULE 2

##### TERMS OF REFERENCE BUSINESS SPECIALIST

- Qualifications:** Bachelors Degree (Preferably a post-graduate degree) in Business/Marketing/Economics
- Personal Skills:** Leadership and negotiation skills, ability to identify business opportunities and to link with the private/public sector
- Experience:** At least eight years' experience in business/agri-business in:
- (a) Management of Marketing Operations
  - (b) Management of Agri-business Operations
  - (c) Management of Business Promotion Projects
  - (d) Provision of Technical Assistance to Micro/Small Businesses
  - (e) Provision of Training to Micro/Small Business
  - (f) Knowledge of the National Business Environment
  - (g) Knowledge of Project Preparation and Appraisal Techniques
- Reporting to:** Project Manager (PM)
- Main Responsibilities:**
- (a) Supporting the PM and other members of the Project Coordinating Unit and the Project Coordinating Committee (PCC) in all matters relating to implementation of activities under the Market Access and Enterprise Development component.

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- (b) Drafting Memorandum of Understanding with service providers (private and public) for the provision of services to the Project/beneficiaries.
  - (c) Contacting service providers; preparing the terms of reference and draft contracts; assisting the PM and the PCC in assessing potential candidates and selecting the service providers; and coordinating the delivery of business support services (hand-holding support) and Entrepreneurial Skills Training.
  - (d) Supporting beneficiary businesses/organisations in the procurement of goods and services for the implementation of sub-projects financed by the Rural Investment Fund (RIF).
  - (e) Preparing Calls Proposals for financing under the RIF – and assisting the PM in the review and prioritisation of proposals.
  - (f) Where required, engage specialised technical assistance (TA) to assist in the assessment of proposals for financing under the RIF.
  - (g) Assisting organisations/businesses in the implementation of sub-projects financed by the RIF – including selection and engagement of TA, procurement of goods and services, financial management and reporting.
  - (h) Monitoring the implementation of support services and business proposals and identifying the corrective measures needed to improve quality or better achieve the objectives of the Project.
  - (i) Preparing a draft for the annual work plan and budget for the Market Access and Business Enterprise for submission to the PM component.
  - (j) Supervising the Market Technical Assistant and contracted Service providers.

**APPENDIX 4 TO SCHEDULE 2**

**TERMS OF REFERENCE**  
**CONSULTANCY SERVICES FOR THE DELIVERY OF CREDIT**  
**TO AGRICULTURAL AND RURAL ENTERPRISE PROJECTS**

**BACKGROUND**

1. The Grenada Cooperative Bank Limited (GCBL) provides commercial banking services in Grenada. The institution has agreed to provide an agency function for the credit component of the Market Access and Rural Enterprise Project, being jointly financed by the Caribbean Development Bank (CDB) and the International Fund for Agricultural Development. Under this arrangement GCBL will administer the credit component for a fee, under an agreement to be finalised between GCBL and the Government of Grenada. Sub-loans for tree crops, agro-processing, small ruminant production, livestock, fresh fruits and vegetables and operators in the fishing sub-sector will be eligible for financing. GCBL has requested institutional support to implement the credit component. In this regard, it is proposed that CDB fund a consultancy that would provide the services of a Project Officer for a period of two years to manage the implementation of the credit component.

2. The purpose of this technical assistance is to assist GCBL with the expertise to deliver the credit component of the Market Access and Rural Enterprise Project.

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**SPECIFIC TASKS**

3. Consultancy services will be engaged for the delivery of credit to agricultural projects and rural enterprises in Grenada. The Consultant will be required to work as a Project Officer, for a period of two years and will be required to carry out the responsibilities set out at paragraph 4 below.

**RESPONSIBILITIES**

4. The Consultant will:
- (a) develop a three-year Strategic Plan for the commitment and disbursement of the resources allocated under the credit component;
  - (b) in collaboration with the Project Coordinating Unit (PCU) and GCBL staff, identify, appraise, monitor and supervise sub-projects in the GCBL portfolio;
  - (c) review collateral issues and develop innovative collateral schemes that would facilitate the development of agricultural projects, without compromising security for the loans;
  - (d) make recommendations for approval and financing of sub-projects as appropriate;
  - (e) ensure the completion of all legal formalities for successful applications prior to the disbursement of loans;
  - (f) manage the disbursements of each loan to ensure that funds are used for the purpose for which they were approved;
  - (g) conduct quarterly field supervision visits to monitor implementation and operation of approved sub-projects and prepare a report of the findings of each visit;
  - (h) mentor and train counterpart staff in appraisal and monitoring techniques for agricultural and rural enterprise projects;
  - (i) ensure compliance with reporting requirements to the management of GCBL, and the PCU; and
  - (j) undertake other duties as assigned by the General Manager of GCBL.

**REPORTING REQUIREMENTS**

5. The Consultant will report to the General Manager, of the GCBL.

6. The Consultant will be required to prepare quarterly reports for submission to the PCU. The reports will include, *inter alia*: the number and value of loans approved and disbursed by sub-sector; whether the projects were start-ups or expansions of existing businesses; the number of jobs created; the gender of those employed; whether the projects were export-oriented etc. At the conclusion of the two-year contract, the Consultant will prepare a report highlighting the foregoing elements, and make recommendations on the way forward.

**QUALIFICATIONS AND EXPERIENCE:**

7. The successful candidate should possess a Bachelors Degree in Business or in a related field and have at least five years' experience as a Project / Business Analyst or equivalent qualification. Formal

training and experience in the appraisal of agricultural/ rural enterprise projects would be required. The candidate must be proficient in the use of the Microsoft Office Suite, 2007, specifically, MS Word and MS Excel.

8. The ideal candidate should:
- (a) be proficient at critical thinking and analysis;
  - (b) demonstrate knowledge of business and management principles involved in strategic planning;
  - (c) possess excellent oral and written communication skills, research and presentation skills; and
  - (d) possess excellent inter-personal skills.
9. The contract will be for a duration of two years.

**BUDGET**  
(USD)

Project Components	CDB	GCBL	Total
Consultancy Fees and Allowances	48,000	-	48,000
Office accommodation and support services	-	5,000	5,000
<b>Total</b>	<b>48,000</b>	<b>5,000</b>	<b>53,000</b>

**APPENDIX 5 TO SCHEDULE 2**

**TERMS OF REFERENCE**  
**PROJECT MANAGER**

- Qualifications:** Bachelors Degree (Preferably a post-graduate degree) in Business/Marketing/Economics
- Personal Skills:** Strong leadership and negotiation skills, ability to identify business opportunities and to link with the private/public sector
- Experience:** At least ten years' experience in:
- (a) Project Management;
  - (b) Project Preparation and Appraisal Techniques;
  - (c) Provision of Technical Assistance to Micro/Small Businesses; and
  - (d) Provision of Training to Micro/Small Business.
- Reporting to:** Permanent Secretary, Ministry of Finance
- Duration:** Three-year contract with possibility of renewal for a second three-year period, subject to performance.

**Main Responsibilities:**

1. The Project Manager (PM) will hold ultimate responsibility for managing project resources and the Project Coordinating Unit (PCU) staff. Main responsibilities include, but are not limited to:

- (a) Assisting in the selection of the PCU staff;
- (b) Managing staff of the PCU and contracted service providers;
- (c) Developing the annual work plan and budget for (AWPB) the project, in collaboration with the other staff of the PCU, and submitting to it to the Project Coordinating Committee annually;
- (d) Monitoring the implementation of the AWPB, making adjustments as necessary;
- (e) Overseeing all project contracting, delegating, where appropriate, to PCU staff;
- (f) Working with other agencies and stakeholders to ensure implementation of the activities contained in line with the AWPB;
- (g) Executing all procurements in accordance with International Fund for Agricultural Development/Caribbean Development Bank Loan Agreements;
- (h) Preparing all Project reports including: annual progress reports; quarterly reports; project completion reports; etc.
- (i) Forging linkages with other national and regional projects to ensure complementary of effort and involvement in rural development in Grenada; and
- (j) Collaborating with private sector initiatives.

2. **Performance Monitoring Indicators:**

The PM will be monitored based on the following criteria:

- (a) successful execution of the Project's AWPB;
- (b) effective communication at all Project levels;
- (c) timeliness and quality of Project reports as detailed in the Project Operations Manual; and
- (d) project impact.

3. **Vehicle:** Full time access to a vehicle from the PCU vehicle pool.

4. **Other:** In the event that the person is recruited from outside Grenada, a relocation allowance would be paid at the beginning and at the end of the contract period.

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**APPENDIX 6 TO SCHEDULE 2**

**TERMS OF REFERENCE**  
**MONITORING AND EVALUATION SPECIALIST**

- Qualifications:** A Bachelor's degree in Social Sciences, Sociology, development studies, statistics and/or management
- Personal Skills:** A willingness to undertake regular field visits; interact with different stakeholders; and to work outside of the normal working hours.
- Experience:** At least three years of proven experience with:
- (a) logical framework approach and other strategic planning approaches;
  - (b) monitoring and evaluation (M&E) methods and approaches (including quantitative, qualitative and participatory);
  - (c) planning and implementation of a M&E systems;
  - (d) training in M&E development and implementation; and
  - (e) facilitating learning-orientated analysis sessions of M&E data with multiple stakeholders.
- Reporting to:** Project Manager
- Duration:** Three-year contract with possibility of renewal for a second three-year period, subject to performance.

**Main Responsibilities:**

The M&E Specialist will be responsible for guiding the overall M&E strategy and implementation of related activities within the Project and via partners, and providing timely and relevant information to Project stakeholders. This entails close communication with all involved in M&E design and coordination: core Project and partner M&E staff; representatives from the Project Coordinating Committee (PCC); and other Project staff and service providers.

The main tasks for the M&E Specialist are setting up the M&E system and ensuring it is implemented effectively by the key stakeholders, namely the primary stakeholders and implementing partners.

**Setting up the system**

- (a) Revision of the programme's log frame matrix, particularly in the areas of the objective hierarchy, indicators and monitoring mechanisms.
- (b) Assist in developing the annual work plan and budget (AWPB).
- (c) Establish a gender sensitive M&E system and effective Management Information System for the project.

- (d) Develop the overall framework for project M&E, including: annual project review, participatory impact assessments, process monitoring, operations monitoring and lessons-learned workshops.
- (e) Guide the process of identifying and designing the key indicators for each component, to record and report physical progress against the AWPB.
- (f) Guide the process for identifying the key performance questions and parameters for monitoring programme performance and comparing it to targets. Design the format for such performance reports.
- (g) Clarify the core information needs of Project Coordinating Unit (PCU), the PCC and funding agencies.
- (h) With stakeholders, set out the framework and procedures for the evaluation of programme activities.
- (i) Develop Terms of Reference (TOR) for baseline survey(s).
- (j) With the implementing partners, review their existing approaches and management information systems and agree on any required changes, support and resources.
- (k) Recruit, guide and supervise organisations that are contracted to implement special surveys and studies required for evaluating project effects and impacts.
- (l) Ensure that all service provider contracts include specifications for the internal monitoring required of them, the reporting systems and the penalties for failure to report as specified.
- (m) Develop a plan for programme-related capacity-building on M&E and for any computer-based support that may be required.
- (n) Organise and undertake training with stakeholders, including primary stakeholders, in M&E skills including participatory aspects.

**Implementation of M&E**

- (a) Based on the AWPB and in particular the programme budgets, design the framework for the physical and process monitoring of project activities.
- (b) Guide staff and implementing partners in preparing their progress reports. Together, analyse these reports in terms of problems and actions needed. Prepare consolidated progress reports for project management to submit to the relevant bodies, in accordance with approved reporting formats and timing.
- (c) Review monitoring reports, analyse them for impact evaluation and to identify the causes of potential bottlenecks in project implementation.
- (d) Collaborate with staff and implementing partners on qualitative monitoring to provide relevant information for ongoing evaluation of project activities, effects and impacts.
- (e) Foster participatory planning and monitoring by training and involving primary stakeholder groups in the M&E activities.
- (f) Identify the need and draw up the TORs for specific project studies.

- (g) Ensure that, in general, project monitoring arrangements comply with the project loan agreement and, in particular, the provisions of this agreement are fully observed in the design of project M&E.
- (h) Inform and join supervision and evaluation missions by screening and analysing monitoring reports as well as by furnishing direct personal knowledge of the field situation.
- (i) Organise (and provide) refresher training in M&E for project and implementing partner staff. Local organisations and primary stakeholders.
- (j) Plan for regular opportunities to identify lessons learned and implications for the project's next steps. Participate in these events when possible.

**Communication**

- (a) Prepare reports on M&E findings, as required working closely with the PCU, technical staff and implementing partners.
- (b) Undertake regular visits to the field to support implementation of M&E and to identify where adaptations might be needed.
- (c) Guide the regular sharing of the outputs of M&E findings with project staff, implementing partners and primary stakeholders.
- (d) Provide the Project Manager with management information as required.
- (e) Highlighting areas of concern and preparing the documentation for review at meetings.
- (f) Check that monitoring data are discussed in the appropriate forum and in a timely fashion in terms of implications for future action. If necessary, create such discussion forums to fill any gaps.
- (g) Participate in external missions and facilitation mission team members' access to M&E data and to stakeholders.

**SCHEDULE 3**

[Section 4.03(b)]

**PROCUREMENT PLAN**

**I. General**

**1. Project Information:**

**Country:** Grenada  
**Borrower:** Government of Grenada  
**Project Name:** Market Access and Rural Enterprise Project  
**Project Executing Agency:** Project Coordinating Unit (MOF)

**2. Bank's Approval Date of the Procurement Plan:** N/A

**3. Period Covered By This Procurement Plan:** December 2011 to December 2012

**II. Goods and Works and Non-Consulting Services**

1. **Prior Review Threshold:** Procurement decision subject to prior review by the Bank as stated in Appendix 2 to the Guidelines for Procurement:

	Procurement Method	Prior Review Threshold (USD)	Comments
a.	National Competitive Bidding and Force Account: - Works - Goods.	100,000 25,000	See note below.
b.	Shopping: - Works - Goods and Equipment.	25,000 10,000	See note below
c.	Direct Contracting (Off-the-Shelf) - Goods and Works	10,000	Direct Contracting/ Off-the-Shelf purchasing is limited to \$25,000 per sub-project for works, no individual item costing more than \$7,500

Note: Specifications and Tender Documents for works under the thresholds noted above will be subject to post review.

2. **Prequalification:** N/A
3. **Reference to Project Operational/Procurement Manual:** For NCB, CDB's Guidelines for Procurement and appropriate bidding documents acceptable to CDB will be used.
4. **Any Other Special Procurement Arrangements:** Arrangements for Community Participation sub-projects to be agreed with CDB prior to the start of any procurement using this method.
5. **Procurement Packages with Methods and Time Schedule:** To be agreed as sub-projects are approved.

**III. (a) Goods and Works**

Procurement Packages with Methods and Time Schedule:

Indicative Contract Types <sup>1</sup>	Contract Size	Procurement Method	Pre-Qualification	Comments
Minor construction or repair works to roads, footpaths, community centres, or other community infrastructure	25,000 < Goods ≤ 50,000 100,000 ≤ Works ≤ 175,000	NCB	No	Number of packages will be determined after consideration of proposals
Supply of materials or equipment required to support the project objectives including installation and ancillary works	Goods ≤ 25,000 25,000 ≤ Works < 100,000	Shopping / OTS purchases, Direct Contracting,	No	Ditto
Other minor works	Works < 25,000	Direct Contracting, Shopping	No	Ditto

Note: <sup>1</sup> The types of sub-projects noted here are indicative only, and not exhaustive. Community participation is expected to be an element in those sub-projects involving repairs to roads or similar works and will be coordinated through the PCU or through the relevant Ministry.

**IV. Consulting Services**

Procurement Packages with Methods and Time Schedule:

1	2	3	4	5	6
Assignment (Description)	Estimated Cost Per Contract (USD)	Selection Method	Review by Bank	Expected Proposal Submission Date	Comments
TC (primarily design services and construction supervision)	≥ 20,000	CQS	Prior	n/a	
TC - Facilitators and other Resource Persons	< 20,000	CQS	Post	n/a	
Business Specialist	200,000	QCBS	Prior	To be determined	
Training (job placements, workshops, etc)	To be advised	NBF	n/a	To be determined	IFAD funding
TC - consultancies	To be advised	NBF	n/a	To be determined	IFAD funding

DC - Direct Contracting; NCB - National Competitive Bidding; OTS - Off-the-Shelf; QCBS - Quality and Cost Based Selection; TC - Technical Consultancy; CQS – Selection based on consultant’s qualifications; NBF – Non-Bank Financed.

**SCHEDULE 4**

[Section 5.02]

**APPROVED FINANCIAL INSTITUTIONS  
SUB-LOAN GUIDELINES**

1. Sub-loans will be available to individuals or institutions operating or about to be engaged in sub-projects which are characterised by the following:
  - (a) land area - no more than 4 ha; and
  - (b) investment in infrastructure - no more than USD40,000; or
  - (c) total annual sales - no more than USD45,000.
2. Sub-loans may be made for the financing of foreign and local costs of eligible sub-projects.
3. Sub-loans may be used to finance the following, both for start-up activities and the expansion of existing operations:
  - (a) the purchase of inputs, machinery and equipment;
  - (b) services related to the agriculture sector and rural enterprises;
  - (c) marketing of agricultural products; and
  - (d) Initial working capital in the agricultural sector and rural enterprises.

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4. A sub-loan shall not exceed forty thousand United States dollars (USD40,000).
  5. Sub-loans shall be repayable over a period not exceeding four years, including a grace period not exceeding one year.
  6. The Approved Financial Intermediaries may provide up to:
    - (a) 90% of the financing required for new sub-projects; and
    - (b) 100% of the estimated costs of expansion of sub-projects, provided that the sub-borrower's contribution to the total sub-project (existing plus expansion) represents not less than 10% of total sub-project cost.
  7. Disbursement of sub-loans shall normally be made in accordance with the approved policies and procedures of the Approved Financial Intermediary with appropriate documentation evidencing expenditures incurred by eligible sub-projects.
  8. Approved Financial Intermediaries will provide quarterly reports on the implementation of the line of credit to the PCU in keeping with the reporting requirements at Schedule 6. The reports will include, *inter alia*: the number and value of loans approved and disbursed by sub-sector; whether the projects were start-ups or expansions of existing businesses; the number of jobs created; the gender of those employed; whether the projects were export-oriented etc.

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#### **SCHEDULE 5**

[Section 6.04]

#### **TERMS AND CONDITIONS FOR THE OPERATION OF THE SPECIAL ACCOUNT**

1. After CDB has received evidence satisfactory to it that the Special Account (SA) has been duly opened by GOCR, GOCR shall make a request to CDB for an amount not exceeding three months' eligible expenditure to be withdrawn from the Loan Account and deposited in the SA ("the Authorised Allocation"). On the basis of such request or requests, CDB shall, on behalf of GOCR, withdraw from the Loan Account and deposit in the SA such amount or amounts as GOCR shall have requested.
2. GOCR shall furnish to CDB at regular intervals requests for subsequent withdrawals from the Loan Account to be deposited into the SA to replenish that account. Prior to, or at the time of each such request, GOCR shall furnish to CDB the documents and other evidence required by CDB for the payment or payments in respect of which replenishment is requested. On the basis of each such request, CDB shall, on behalf of GOCR, withdraw from the Loan Account and deposit into the SA such amount as GOCR shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the SA for Eligible Expenditures.
3. Payments out of the SA shall be made exclusively for expenditures in respect of the reasonable cost of goods, works and services required for the components of the Project allocated for financing by CDB as shown in the financing plan for the Project up to the respective limits specified therein ("Eligible Expenditures").
4. For each payment made by GOCR out of the SA, GOCR shall, at such time as CDB shall reasonably request, furnish to CDB such documents and other evidence showing that such payment was made to meet expenditures in connection with the Project as they were actually incurred.

5. Notwithstanding the provisions of paragraph 2 hereof, CDB shall not be required to make further deposits into the SA:

- (a) if, at any time, CDB shall have determined that all further withdrawals should be made by GOCR directly from the Loan Account in accordance with the provisions of the Loan Agreement;
- (b) if GOCR shall have failed to furnish to CDB, within the period of time to be specified in the Loan Agreement any of the audit or other reports required to be furnished to CDB pursuant to the said Loan Agreement in respect of the monitoring and audit of the records and accounts for the SA; or
- (c) if, at any time, CDB shall have notified GOCR of its intention to suspend in whole or in part the right of GOCR to make withdrawals from the Loan Account pursuant to the provisions of the Loan Agreement; and
- (d) once the total unwithdrawn amount of the Loan allocated to the Eligible Expenditures, less the amount of any outstanding special commitment entered into by CDB pursuant to the Loan Agreement with respect to the Project, shall equal ten percent (10%) of the Loan amount.

6. Within the period of six (6) months prior to the terminal disbursement date of the Loan, withdrawals from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the Eligible Expenditures shall follow such procedures as CDB shall specify by notice to GOCR. Such further withdrawals shall be made only after and to the extent that CDB shall have been satisfied that all such amounts remaining on deposit in the SA as of the date of such notice will be utilised in making payments for Eligible Expenditures.

7. (a) If CDB shall have determined at any time that any payment out of the SA:
- (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 3 hereof; or
  - (ii) was not justified by the evidence furnished to CDB, GOCR shall, promptly upon notice from CDB:
    - (aa) provide such additional evidence as CDB may request; or
    - (bb) deposit into the SA (or, if CDB shall so request, refund to CDB) an amount equal to the amount of such payment or the portion thereof not so eligible or justified.

Unless CDB shall otherwise agree, no further deposit by CDB into the SA shall be made until GOCR has provided such evidence or made such deposit or refund as the case may be.

- (b) If CDB shall have determined at any time that any amount outstanding in the SA will not be required to cover further payments for Eligible Expenditures, GOCR shall, promptly upon notice from CDB, refund to CDB such outstanding amount.
- (c) If the SA is inactive for a period of six (6) months, CDB shall notify GOCR that it will request a refund of the outstanding balance unless, within ninety (90) days GOCR submits evidence satisfactory to CDB of Eligible Expenditure financed through the SA.

- (d) GOGR may, upon notice to CDB, refund to CDB all or any portion of the funds on deposit in the SA.
- (e) Refunds to CDB made pursuant to sub-paragraphs 6 (b), (c) or (d) hereof shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of the Loan Agreement.

8. Once CDB has received satisfactory documentation from GOGR for all amounts advanced to the SA, GOGR shall furnish a bank statement to CDB showing that the account balance has been reduced to zero and the SA shall be closed.

**SCHEDULE 6**

[Section 6.06]

**REPORTING REQUIREMENTS**

<b>Reports</b>	<b>To</b>	<b>Time of Submissions</b>
1. Monthly Progress Reports on Project Implementation prepared by PM/PCU.	CDB/IFAD/PCC/MOF	Within 30 days after the end of each calendar month until project implementation is completed, commencing one month after the start date.
2. Evaluation of proposals – Report by PM/PCU.	CDB/IFAD/PCC	Within three weeks of the closing date for the proposals.
3. Quarterly Reports on Investment Costs of the project prepared by PM.	CDB/IFAD/PCC/MOF	Six weeks after the end of each quarter until project implementation is completed, commencing with the quarter following the appointment of PM.
4. Consultants' Reports.	CDB/IFAD/MOF	As per TOR.
5. GCBL - Quarterly Reports on implementation of the LOC.	PCU	Two weeks after the end of each quarter until project implementation is completed, commencing with the quarter following receipt of funds from CDB.
6. Mid-term Evaluation.	CDB/IFAD/MOF/PCC	Three years after Project start-up.
7. Annual Progress Reports by the PM (Review of the AWPB)	CDB/IFAD/MOF/PCC/CBOs	Within one month after the end of each Financial Year.
8. PCR prepared by PM.	CDB/IFAD/MOF/PCC	Within six months after implementation completion of the project.
9. Impact studies on selected themes and locations.	CDB/IFAD/MOF/PCC	As agreed on an on-going basis.

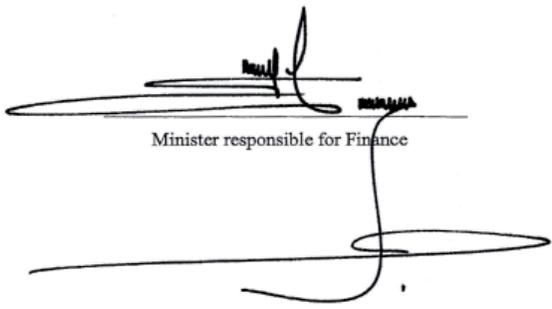
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IN WITNESS WHEREOF this Loan Agreement has been signed in two (2) equally valid copies at Wildey, St. Michael, Barbados, on behalf of the Bank and St. George's, Grenada, on behalf of the Borrower, by their respective duly authorised representatives and shall be deemed to be in force as of the day and year first hereinabove written.

CARIBBEAN DEVELOPMENT BANK

GOVERNMENT OF GRENADA

  
Neville L. Grainger  
Vice-President (Finance)

  
Minister responsible for Finance

Passed in the House of Representatives this 4th day of March, 2011.

ADRIAN C. A. HAYES  
*Clerk to the House of Representatives.*

Passed in the Senate this 22nd day of March, 2011.

ADRIAN C. A. HAYES  
*Clerk to the Senate.*

GRENADA