Development Credit Agreement

(Second Caribbean Development Bank Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

CARIBBEAN DEVELOPMENT BANK

Dated January 9, 1980
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated January 9, 1980, between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and CARIBBEAN DEVELOPMENT BANK (hereinafter called the Borrower), a regional development bank established by and operating under an Agreement entered into at Kingston, Jamaica, on October 18, 1969 by the governments of the several States and Territories which were signatories thereto.

ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated March 15, 1974, with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions):

(a) The words "Investment Projects" are substituted for the word "Project" at the end of Section 5.03.

(b) Paragraph (e) of Section 6.02 is deleted and replaced by the following paragraph (e):

"(e) (i) Any Eligible Country listed in the Schedule to the Development Credit Agreement shall have ceased to be such Eligible Country; or (ii) any borrower under a Sub-loan (as such term is defined in the Development Credit Agreement) shall have been suspended from membership in, or ceased to be a member of, the Association or shall have ceased to be included in the membership of a member of the Association."

(c) Section 6.03 is deleted and replaced by the following new Section:

"Section 6.03. Cancellation by the Association. If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days, or (b) by the date specified in paragraph (b) of Section 2.04 of the
Development Credit Agreement no requests permitted under paragraph (a) of such Section shall have been received by the Association in respect of any portion of the Credit or having been so received, shall have been denied, or (c) after the Closing Date an amount of the Credit shall remain unwithdrawn from the Credit Account, the Association may by notice to the Borrower terminate the right of the Borrower to submit such requests or to make withdrawals from the Credit Account, as the case may be, with respect to such amount or portion of the Credit. Upon the giving of such notice such amount or portion of the Credit shall be cancelled."

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "Approved Sector" means agriculture, agro-industry, manufacturing industry, tourism, transportation, public utilities, sites and services, technical and vocational education and training, and any other economic sector approved by the Association and the Borrower for the purposes of the Project.

(b) "Eligible Country" means any state or territory listed in the Schedule to this Agreement, as such schedule may be amended from time to time by the Association.

(c) "Government" means the government of an Eligible Country.

(d) "Investment Enterprise" means the ultimate recipient of the proceeds of a Sub-loan or Investment.

(e) "Investment Project" means a specific development project, within an Approved Sector and located in an Eligible Country, to be carried out by an Investment Enterprise or by a Government utilizing the proceeds of a Sub-loan or Investment, and "Regional Investment Project" means an Investment Project located in, or of benefit to, two or more Eligible Countries.

(f) "Sub-loan" means a loan or credit granted or proposed to be granted out of the proceeds of the Credit by the Borrower to a Government for the financing of an Investment Project to be carried out by such Government or by an Investment Enterprise, such financing being provided either directly through such Government or through one or more financial intermediaries.
(g) "Investment" means a financial participation other than a Sub-loan made or proposed to be made in an Investment Enterprise under the same criteria and for the same purposes as are required for Sub-loans to such Enterprises.

(h) "Charter" means the Agreement of October 18, 1969 establishing the Borrower, referred to in the Preamble to this Agreement, as amended to the date of this Agreement.

(i) "Statement of Policy" means the statement of lending and investments policy approved by the Directors of the Borrower on December 18, 1970, as amended to the date of this Agreement.

(j) "Policies and Procedures Manual" means the Borrower's manual of policies and procedures dated September 1977, as amended to the date of this Agreement.

(k) "Foreign currency", for the purposes of any Investment Project, means any currency other than the currency or currencies of the Eligible Country or Countries in which such Investment Project is located.

(l) "Subsidiary" means any company of which a majority of the outstanding voting stock or other proprietary interest is owned or effectively controlled by the Borrower or by any one or more subsidiaries of the Borrower or by the Borrower and one or more of its subsidiaries.

ARTICLE II

The Credit

Section 2.01. (a) The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to seven million dollars ($7,000,000).

(b) The Credit shall be part of the special funds resources of the Borrower, as defined in Article 9 (3) of the Charter, and shall, except insofar as this Agreement requires otherwise, be governed by the provisions of such Charter prescribing how such resources shall be utilized.

Section 2.02 For the purpose of carrying out the Project described in Section 3.01 (a) of this Agreement, the Borrower
shall relend the proceeds of the Credit to Governments for periods of fifty years including ten years grace. Repayments by the Governments shall be in installments payable semiannually and equivalent to one half of one per cent (1/2 of 1%) of the principal amount so relented during the first ten years of the repayment period and equivalent to one and one-half per cent (1-1/2%) of such principal amount thereafter. Borrowing Governments shall pay to the Borrower a service charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Sub-loans withdrawn and outstanding from time to time.

Section 2.03. (a) Subject to the provisions of paragraphs (b) and (c) of this Section, the Borrower shall be entitled to withdraw from the Credit Account, to finance Sub-loans and Investments:

(i) the equivalent of either (A) the amount of the Sub-loan or Investment, but not more than eighty per cent (80%) of the total cost of goods and services required to carry out the Investment Project being financed thereunder or (B) the amount paid (or if the Association shall so agree, required to meet payments to be made) in foreign currency for such goods and services originating outside the country in which the Investment Project being financed thereunder is located, as the Borrower shall elect by notice given to the Association prior to the first application for withdrawal from the Credit Account in respect of such Investment; and

(ii) for a Regional Investment Project such amounts as shall be determined by agreement between the Borrower and the Association.

(b) Except as the Association and the Borrower shall otherwise agree, no withdrawal shall be made from the Credit Account in respect of a Sub-loan, unless:

(i) the state or territory in which the Investment Project to be financed out of the proceeds of the Sub-loan is located, or where the Investment Project is located in two or more states or territories, was or were at the time the Borrower agreed to make
the Sub-loan an Eligible Country or Eligible Countries;

(ii) the Association shall have approved the Sub-loan and authorized withdrawals from the Credit Account in respect of the Sub-loan on the basis of the information to be provided pursuant to Section 2.04 (a) of this Agreement; and

(iii) the Association shall have received an instrument in form and substance satisfactory to the Association, whereby the Borrower assigns its rights under the Sub-loan agreement to the Association subject to and in accordance with the provisions of the Assignment Agreement of even date herewith between the Association and the Borrower.

(c) Except as the Association and the Borrower shall otherwise agree, no withdrawals shall be made on account of expenditures made by a Government or by an Investment Enterprise in respect of a Sub-loan or Investment if such expenditures shall have been made before the date of this Agreement or more than one hundred and eighty days prior to the date on which the Association shall have received in respect of such Sub-loan or Investment the request and information required by Section 2.04 (a) of this Agreement.

Section 2.04. (a) Subject to the provisions of paragraph (b) of this Section, each request by the Borrower for authorization to make withdrawals from the Credit Account in respect of a Sub-loan or Investment shall contain a summary description of the Investment Project and the Investment Enterprise or agency of Government responsible therefor (including a description of the expenditures proposed to be financed out of the proceeds of the Credit) and the terms and conditions of such Sub-loan or Investment (including, in the case of a Sub-loan, the repayment terms therefor).

(b) Except as the Association and the Borrower shall otherwise agree, requests and applications made pursuant to the provisions of paragraph (a) of this Section shall be presented to the Association on or before December 31, 1981.

Section 2.05. The Closing Date shall be December 31, 1984 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.
Section 2.06. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.07. Service charges shall be payable semiannually on February 1 and August 1 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 1 and August 1 commencing February 1, 1990 and ending August 1, 2029, each installment to and including the installment payable on August 1, 1999, to be one-half of one per cent (1/2 of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent (1-1/2%) of such principal amount.

Section 2.09. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.10. Except as the Association shall otherwise agree, the Borrower shall not utilize the proceeds of the Credit to co-finance projects financed by the proceeds of any other loan or credit made by the Bank or the Association.

Section 2.11. As compensation for the costs to the Borrower of carrying out the Project, the Association shall pay to the Borrower in dollars in respect of each of the five years beginning with 1980 the following respective amounts, the first such payment to be made not later than November 30, 1980 and subsequent payments to be made at twelve months' intervals thereafter: $91,560, $99,800, $108,782, $118,572 and $129,243.

Section 2.12. Except as the Association shall otherwise agree, the aggregate amount of Sub-loans and Investments made for Investment Projects located in any one Eligible Country shall not exceed the equivalent of thirty-five per cent (35%) of the Credit.

ARTICLE III

The Project; Management and Operations of the Borrower

Section 3.01. (a) The Project is the financing by the Borrower through Governments, of Investment Projects in Approved
Sectors in or of benefit to Eligible Countries and to be carried out by such Governments or by Investment Enterprises with the assistance of Sub-loans and Investments, all in furtherance of the corporate purposes of the Borrower and in conformity with the Charter and Statement of Policy.

(b) The Borrower shall carry out the Project and conduct its operations and affairs in accordance with sound financial standards and practices, with qualified management and personnel and in accordance with the procedures described in the Policies and Procedures Manual.

Section 3.02. (a) The Borrower shall ensure through appropriate legal means that, unless the Association shall otherwise agree, any Sub-loan or Investment will be made on terms whereby the Borrower shall obtain, pursuant to written contract with the Investment Enterprise or Government or by other appropriate legal means, rights adequate to protect the interests of the Association and the Borrower, including, in the case of any Sub-loan and to the extent that it shall be appropriate in the case of any Investment, the right of the Borrower and the Government to: (i) require the Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and to maintain adequate records; (ii) require that: (1) the goods and services to be financed out of the proceeds of the Credit shall be purchased at a reasonable price, account being taken also of other relevant factors such as time of delivery and efficiency and 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 and (2) such goods and services shall be used exclusively in the carrying out of the Investment Project; (iii) inspect, by itself or jointly with representatives of the Association if the Association shall so request, such goods and the sites, works, plants and construction included in the Investment Project, the operation thereof, and any relevant records and documents; (iv) require that: (1) the Investment Enterprise take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice; and (2) without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Credit to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the Investment
Enterprise to replace or repair such goods; (v) obtain all such information as the Association, the Borrower or the Government shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Investment Enterprise and to the benefits to be derived from the Investment Project carried out by the Investment Enterprise; and (vi) suspend or terminate the right of the Investment Enterprise to perform its obligations under the contract or agreement providing for such Sub-loan or Investment.

(b) The Borrower shall exercise its rights in relation to each Investment Project in such manner as to: (i) protect the interests of the Association and the Borrower; (ii) comply with its obligations under this Agreement; and (iii) achieve the purposes of the Project. To that end, the Borrower shall not amend, abrogate or waive any term or condition applying to the payment of principal of, and interest or other charges on, the Sub-loan without the Association's concurrence.

Section 3.03. It shall be a condition in all contracts or agreements between the Borrower and Governments to whom Sub-loans shall be made out of the proceeds of the Credit that the Government agree that the rights of the Borrower under such contracts or agreements shall be assigned by the Borrower to the Association.

Section 3.04. (a) The Borrower shall furnish to the Association at regular intervals all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the Investment Enterprises, the Investment Projects, the Sub-loans and Investments and, where appropriate, the benefits to be derived from the foregoing.

(b) Within six months following the last withdrawal from the Credit Account, the Borrower shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the Project, its cost and the benefits derived and to be derived from it, the performance by the Borrower and the Association of their respective obligations under this Agreement and the accomplishment of the purposes of the Credit.

Section 3.05. The Borrower shall duly perform all its obligations under agreements under which funds have been lent or
otherwise put at the disposal of the Borrower for relending, investment or management. The Borrower shall promptly inform the Association of any action which would have the effect of assigning, or of amending, abrogating or waiving any material provision of, any such agreement.

ARTICLE IV

Financial Covenants

Section 4.01. The Borrower shall maintain procedures and records adequate to monitor and record the progress of the Project and of each Investment Project (including its cost and the benefits to be derived from it) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower.

Section 4.02. The Borrower shall: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Association; (ii) furnish to the Association, as soon as available but in any case not later than three months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and (iii) furnish to the Association such other information concerning the accounts and financial statements of the Borrower and the audit thereof as the Association shall from time to time reasonably request.

Section 4.03. The Borrower shall not make any repayment in advance of maturity in respect of any outstanding debt of the Borrower which, in the judgment of the Association, would materially affect the Borrower's ability to meet its financial obligations.

Section 4.04. The Borrower shall take such steps satisfactory to the Association as shall be necessary to protect itself against risk of loss resulting from changes in the rates of exchange between the currencies used in its lending and borrowing operations.

Section 4.05. The Association and the Borrower shall from time to time, at the request of either party, exchange views
through their representatives with regard to the administration, operations and financial condition of the Borrower and any subsidiary, and the Borrower shall furnish to the Association all such information as the Association shall reasonably request concerning such administration, operations and financial condition.

Section 4.06. The Borrower shall enable the Association's representatives to inspect the records referred to in Section 4.01 of this Agreement and any relevant documents.

ARTICLE V

Remedies of the Association

Section 5.01. For the purposes of Section 6.02 of the General Conditions the following additional events are specified:

(a) any part of the principal amount of any loan to the Borrower having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity as provided in the relative contractual instruments, or any security for any such loan shall have become enforceable;

(b) a change shall have been made in the Charter, Statement of Policy or Policies and Procedures Manual which would materially and adversely affect the operations or the financial condition of the Borrower;

(c) a resolution shall have been passed for the dissolution or liquidation of the Borrower;

(d) a default shall occur in the performance of any obligation on the part of the Borrower under any loan agreement between the Bank and the Borrower or on the part of any guarantor under any agreement guaranteeing any part of any loan granted under such a loan agreement; and

(e) a subsidiary or any other entity shall have been created or acquired or taken over by the Borrower, if such creation, acquisition or taking over would adversely affect the conduct of the Borrower's business or the Borrower's financial situation or the efficiency of the Borrower's management and personnel or the carrying out of the Project.
Section 5.02. For the purposes of Section 7.01 of the General Conditions the following additional events are specified:

(a) the event specified in paragraph (a), (b), (c) or (d) of Section 5.01 shall occur; and

(b) the event specified in paragraph (e) of Section 5.01 shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.

ARTICLE VI

Miscellaneous

Section 6.01. The date April 9, 1970 is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Bank:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INDEVAS
Telex: 440098 (ITT), 248423 (RCA) or 64145 (WUI)

For the Borrower:

Caribbean Development Bank
P.O. Box 408
Wildey
St. Michael
Barbados, W.I.

Cable address: CARIBANK
Telex: WB 2287

Barbados
Section 6.03. The obligations of the Borrower under Sections 4.02 through 4.06 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date twenty-five years after the date of this Agreement, whichever shall be the earlier.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

/\Nicola's Andito Barlett\ /
By
Regional Vice President
Latin America and the Caribbean

CARIBBEAN DEVELOPMENT BANK

/\Neville Nicholas\ /
By
Authorized Representative
SCHEDULE

Eligible Countries

Antigua
Grenada
Montserrat
St. Kitts-Nevis-Anguilla
INTERNATIONAL DEVELOPMENT ASSOCIATION

CERTIFICATE

I hereby certify that the foregoing is a true copy of the original in the archives of the International Development Association.

In witness whereof I have signed this Certificate and affixed the Seal of the Association thereunto the 9th day of January, 1980.

S. W. C.
FOR SECRETARY