

**LOAN AGREEMENT**

**BETWEEN**

**CORPORACIÓN ANDINA DE FOMENTO**

**AND**

**THE GOVERNMENT OF BARBADOS**

**JULY 20, 2015**

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## SPECIAL CONDITIONS

This loan agreement (the "Loan Agreement") is entered into on July 20, 2015, between the following parties and subject to mutually agreed terms and conditions set forth below:

- CORPORACIÓN ANDINA DE FOMENTO ("CAF"), a multilateral financial institution established pursuant to the Agreement Establishing CAF executed in the city of Bogota, Republic of Colombia, on February 7, 1968, among its member countries, with its headquarters in Caracas, Venezuela, and duly represented herein by its Executive President, Mr. L. Enrique García; and
- The GOVERNMENT OF BARBADOS (the "Borrower"), duly represented herein by the Rt. Hon. Freundel Jerome Stuart, Q.C., M.P., Prime Minister of Barbados;

### ARTICLE 1. The Loan

Upon request and subject to the terms and conditions of this Loan Agreement, CAF undertakes to make available to the Borrower, and the Borrower accepts, a non-revolving loan (the "Loan") of up to the amount of fifty million Dollars of the United States of America (US\$ 50,000,000.00), to be used by the Borrower for the implementation of the public policies aimed at promoting the growth and development strategy of Barbados for the period 2013-2020 (the "Program").

The major aspects of the Program are described in detail in the Annex B ("Annex B").

### ARTICLE 2. Use of Loan Resources

The Borrower agrees to use the resources of the Loan exclusively to finance the following activities: a) the granting of untied budget support to facilitate the implementation of the public policies aimed at promoting the growth and development strategy of Barbados for the period 2013-2020; and b) the payment of the finance fee and evaluation costs pertaining to this Loan Agreement; in each case in accordance with the provisions set forth in this Loan Agreement.

### ARTICLE 3. Disbursement of the Loan

The Borrower may request disbursements under the Loan for up to eighteen (18) months from the date of entry into effect of this Loan Agreement (the "Availability Period"). All disbursements shall be denominated and made in Dollars of the United States of America.

#### **ARTICLE 4. Executing Agency**

The parties agree that the execution of the Program, the utilization of the resources of the financing and all other responsibilities granted to the Executing Agency in accordance with the terms set forth in the Annexes "A" and "B", shall be carried out by the Borrower, through the Ministry of Finance and Economic Affairs (the "Executing Agency"), as this is a direct loan to the Government of Barbados. The Borrower undertakes to guarantee that the Executing Agency will carry out the activities of, and any other responsibilities under, the Program in accordance with the provisions set forth in this Loan Agreement.

#### **ARTICLE 5. Conditions Precedents and Special Covenants**

In addition to any other conditions and covenants set forth in this Loan Agreement, the Borrower, acting directly or through the Executing Agency, as the case may be., agrees to fulfill, to the satisfaction of CAF, the following conditions precedents and special covenants:

- (i) Conditions Precedent to the first disbursement:

To provide evidence of progress in the implementation of the actions relating to the public policies established in tranche 1 of the activities matrix set forth in Annex B (the "Agreed Actions Matrix").

- (ii) Conditions Precedent to the second and final disbursement:

To provide evidence of progress in the implementation of the actions relating to the public policies established in tranche 2 of the Agreed Actions Matrix.

- (iii) Reporting covenants during the term of the Loan:

To submit each and all specific reports that CAF reasonably request during the execution of the Loan.

#### **ARTICLE 6. Term and Grace Period**

The Loan will have a term of up to twelve (12) years, including a grace period of up to eighteen (18) months from the date of entry into effect of this Loan Agreement during which no repayment of the principal of the Loan is due (the "Grace Period").

#### **ARTICLE 7. Repayment**

The Borrower shall repay to CAF the principal amount of the Loan in twenty-one (21) semi-annual, consecutive and, if possible, equal installments, to which the relevant interest will be added. The first installment shall be due and payable upon twenty-four (24) months from the date of entry into effect of this Loan Agreement and the last installment shall be due and payable on the hundred forty-four (144) month from the date of entry into effect of this Loan Agreement.

Any partial or total delay incurred by the Borrower in the repayment of the principal amount of the Loan will allow CAF to accrue default interest, as well as to accelerate the term of the Loan and exercise any other rights and remedies set forth in Annex A.

#### **ARTICLE 8. Interest**

The Borrower shall pay to CAF: (i) interest on the daily outstanding principal amount of the Loan at an annual floating rate resulting from the aggregate of the 6-month LIBOR interest rate plus a margin of one point ninety-five percent (1.95%); and (ii) upon an event of default or late payment, in addition to the interest payments set forth in sub-paragraph (i) above, default interest at an annual rate of two percent (2.0%); in each case, in accordance with the provisions set forth in the General Conditions to this Loan Agreement.

#### **ARTICLE 9. Compensatory Financing**

During the first eight (8) years from the date of entry into effect of this Loan Agreement, CAF will finance twenty (20) basis points of the interest rate set forth in Article 8(i) above. Such financing will be assumed with resources from the Compensatory Financing Fund ("CFF") and applied directly from the CFF to the payment of interest under the Loan in accordance with the respective amounts and terms.

#### **ARTICLE 10. Commitment Fee**

At the expiration of the first and each subsequent six (6) month period starting from the date of entry into effect of this Loan Agreement and until the end of the Availability Period, the Borrower shall pay to CAF a non-refundable commitment fee (the "Commitment Fee") of zero point thirty-five percent (0.35%) per annum, over the amount of the Loan reduced by the aggregate amount of the disbursements made from time to time under the Loan and, if applicable, by the portions of the Loan that have been cancelled or which disbursement have been suspended pursuant to the provisions set forth in Annex A.

The commitment fee shall be calculated based on the actual number of calendar days elapsed, compared to year of three hundred and sixty (360) days.

#### **ARTICLE 11. Finance Fee**

The Borrower shall pay to CAF a non-refundable one-time lump-sum finance fee (the "Finance Fee") of zero point sixty-five percent (0.65%) of the total amount of the Loan referred to in Article 1 of this Loan Agreement.

The Finance Fee will be fully accrued at the date of execution of this Loan Agreement, regardless whether the Loan is later disbursed in full or not, and shall be payable prior to or on the date of the first disbursement of the Loan. In the event that the Loan is not disbursed, the Finance Fee will be due and payable on the date of suspension or cancellation of the Loan.

**ARTICLE 12. Evaluation Costs**

The Borrower shall pay to CAF a non-refundable one-time lump-sum evaluation costs (the "Evaluation Costs") of Twenty-five thousand Dollars of the United States of America (US\$ 25,000.00).

The Evaluation Costs will be fully accrued at the date of execution of this Loan Agreement, regardless whether the Loan is later disbursed in full or not, and shall be payable prior to or on the date of the first disbursement of the Loan. In the event that the Loan is not disbursed, the Evaluation Costs will be due and payable on the date of suspension or cancellation of the Loan.

**ARTICLE 13. Currency**

The payment of any sum due by the Borrower under this Loan Agreement shall be made exclusively in Dollars of the United States of America.

In the event that any sum due by the Borrower under this Loan Agreement, or under any order, judgment or arbitral award given relating to this sum, has to be converted from the currency in which that sum is denominated into another currency, the Borrower shall indemnify CAF against all its expenses and losses (duly evidenced by CAF), and shall indemnify it against all cost, loss or liability (duly evidenced by CAF) arising out of or as a result of the said conversion including any discrepancy between (i) the exchange rate between the two currencies used to convert that sum and (ii) the exchange rate(s) available to CAF at the time of receipt of that sum. Such indemnification obligation is independent from any other obligations of the Borrower under this Loan Agreement.

**ARTICLE 14. Notices**

Any notice, request, or communication from one party to another by virtue of this Loan Agreement shall be made in writing and shall be considered to have been made when the relevant document is delivered to the addressee at the respective address given below, unless the parties agree otherwise in writing:

For the Borrower:

Mailing address:  
Permanent Secretary, Finance  
Ministry of Finance and Economic Affairs  
Government Headquarters  
Bay Street  
St. Michael, Barbados  
Email: Seibert.frederick@barbados.gov.bb  
Facsimile: +(246) 228-1641

For CAF

Mailing address:

**CORPORACIÓN ANDINA DE FOMENTO**  
Apartado Postal N° 5086  
Altamira 69011 - 69012  
Caracas, Venezuela  
Email: agomez@caf.com  
Facsimile: +(58) 212 209 2483

**ARTICLE 15. Amendments**

No provision of this Loan Agreement shall be amended, unless such amendment shall be expressly agreed in writing between the Parties.

**ARTICLE 16. Commitment to Arbitration**

For the solution of any controversy which may arise out of this Loan Agreement and which is not resolved by agreement between the parties, CAF and the Borrower unconditionally and irrevocably submit themselves to the procedure and ruling of the Arbitration Tribunal referred to in Section 26 of the General Conditions to this Loan Agreement.

**ARTICLE 17. Validity**

The rights and obligations established in this Loan Agreement are valid and enforceable in accordance with its terms, regardless of the laws of any given country.

**ARTICLE 18. Entry into Effect**

The parties agree that this Loan Agreement shall enter into effect on the date of its signature and will replace any and all prior agreement entered into between the parties in connection with the Program.

**ARTICLE 19. Termination**

This Loan Agreement and all the obligations that derive hereof shall only be deemed terminated upon full payment of the Loan and all interest and fees, together with other expenses, premiums, and costs arising out of this Loan Agreement.

**ARTICLE 20. Annexes**

This Loan Agreement consists of these Special Conditions and the following annexes, which are attached hereto:

- Annex A : General Conditions
- Annex B : Description of the Program

If any provision of the Special Conditions or the Annex B should present any inconsistency or contradiction with the Annex A, the provisions of the Special Conditions or the Annex B shall prevail. In the case of inconsistencies or contradictions between the Special Conditions and the Annex B, specific provisions shall prevail over general provisions.

IN WITNESS WHEREOF, CAF and the Borrower, acting through its authorized representatives, have signed this Loan Agreement, in two (2) equally authentic copies in Bridgetown, Barbados, on the date above written.

THE GOVERNMENT OF BARBADOS

CORPORACIÓN ANDINA DE FOMENTO



Rt. Hon. Freundel Stuart, QC, MP,  
Prime Minister of Barbados



L. Enrique García  
Executive President

ANNEX "A"

GENERAL CONDITIONS

**SECTION I. Definitions and Interpretation**

- 1.1 Unless otherwise required by the context, in this Loan Agreement the following terms shall have the following meanings:

**Business Day**

A day on which commercial banks settle payments and are open for general business in New York, United States of America, and Caracas, Bolivarian Republic of Venezuela. Notwithstanding the above, for the exclusive purpose of determining a Disbursement date or the date for payment of principal, interests, fees and expenses by the Borrower under the Loan, the term "Business Day" shall mean a day on which commercial banks settle payments and are open for general business in New York, United States of America. Likewise, for the exclusive purpose of determining LIBOR, the term "Business Day" shall have the meaning ascribed to it under the definition of the term LIBOR.

**Country**

Barbados.

**Disbursement**

According to the context: (i) the disbursement made by CAF to or for the benefit of the Borrower, or (ii) the amount of resources made available by CAF to the Borrower, at the request of the Borrower, and chargeable to the resources of the Loan.

**Dollar**

The lawful currency of the United States of America.

**General Conditions**

The General Conditions set forth in this Annex A which forms an integral part of this Loan Agreement.

**Interest Payment Date**

Upon the first Disbursement, the last Business Day of each six (6) month period starting from the date of entry into effect of this Loan Agreement.

**Interest Period**

Each six (6) month period beginning on (and including) an Interest Payment Date and ending on (and including) the date immediately before the next following



Interest Payment Date, except in the case of the first Interest Period applicable to each Disbursement, when it shall mean the period beginning on (and including) the applicable Disbursement Date and ending on the date immediately before the next following Interest Payment Date.

**LIBOR**

For any Interest Period, the London interbank offered interest rate (expressed as an annual percentage) for loans with a maturity of six (6) months, denominated in Dollars, calculated by the ICE Benchmark Administration ("IBA") (or by any other person which takes over administration of such rates) as set forth on the relevant pages of Reuters Service (or appropriate successor) currently display page LIBOR01, Bloomberg Financial Market Service (or appropriate successor) currently display page BBAM, or on any other similar information system of international repute which publishes the corresponding rates, (each a "Screen Rate") at 11:00 a.m. (London time) two (2) Business Days prior to the commencement of such Interest Period; for the sole purpose of determining LIBOR in accordance with this definition, "Business Day" means a day on which commercial banks are generally open to settle payments in New York City, United States of America, and on which banks are open for foreign exchange transactions in the interbank market in London, United Kingdom. If for any reason whatsoever, a Screen Rate for LIBOR is not available on the interest rate determination date, (whether permanently or temporarily), CAF shall notify the Borrower and, in its stead, shall determine LIBOR for said date by calculating the arithmetic mean of the offered rates which it has received on or about 11:00 am (New York time) two (2) Business Days prior to the commencement of such Interest Period, for loans in Dollars by one or more New York prime banks selected by CAF at its discretion; for the sole purpose of determining LIBOR in accordance with this definition in the exclusive event that quotes are obtained on or about 11:00 am (New York time), "Business Day" means a day on which commercial banks are generally open to settle payments in New York City, United States of America. In all events in which a Screen Rate is not available on an Interest Rate Determination Date, CAF's arithmetic calculations shall be rounded upwards, if necessary, to the nearest four (4) decimal places. All LIBOR determinations shall be made by CAF, and shall be conclusive absent manifest error.

**Parties**

CAF and the Borrower.

**Special Conditions**

The Special Conditions of this Loan Agreement.

1.2 All capitalized terms used in this Loan Agreement and defined in the Special Conditions shall have the meaning ascribed thereto.

- 1.3 Terms importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders.
- 1.4 The headings and short descriptions used for the individual Articles and Sections of this Loan Agreement have no legal significance and do not affect its interpretation.
- 1.5 A reference to an Article, Section, paragraph, party or Annex is a reference to that Article, Section, paragraph, party or Annex to this Agreement, unless otherwise specified.
- 1.6 Phrases such as "satisfactory to", "approved by", "acceptable to", "as determined by", "in the discretion of", and phrases of similar import authorize and permit CAF to approve, disapprove, determine, act or decline to act in its sole discretion.
- 1.7 Unless otherwise expressly stated in this Loan Agreement: (i) all references to days shall mean calendar days; (ii) all terms shall be counted in calendar days; (iii) all terms ending in a non Business Day or an inexistent day shall be considered ended on the first Business Day immediately thereafter, provided that if such following Business Day corresponds to a different fiscal year, the term shall be considered ended in the last Business Day of the previous fiscal year.
- 1.8 No course of dealing and no failure or delay by CAF in exercising, in whole or in part, any power, remedy, discretion, authority or other right under this Loan Agreement shall waive or impair, or be construed to be a waiver of or an acquiescence in, such or any other power, remedy, discretion, authority or right under this Loan Agreement, or in any manner preclude its additional or future exercise.

## **SECTION 2. Loan Agreement**

CAF agrees to lend, and the Borrower agrees to borrow, use the resources of, and repay, the Loan, in accordance with the terms and conditions set forth in this Loan Agreement. The Parties further agree that CAF may, at any time, request the Borrower to provide all documents and information as determined by CAF to validate if the resources disbursed under the Loan have been used in accordance with the provisions of this Loan Agreement.

## **SECTION 3. Disbursement Modalities**

CAF may make the Disbursements requested by the Borrower, directly or through the Executing Agency, by means of one or more of the following modalities:

- (a) **Direct Transfers**  
Transferring to the Borrower the resources to which it is entitled under this Loan Agreement to the account and place duly agreed in writing by the Parties in accordance with CAF's internal policies for Disbursements, provided that such

direct transfers shall be made only in amounts of not less than US\$ 500,000.00 each.

(b) **Letters of Credit**

Issuing letters of credit for suppliers of goods and related services, works and consultancy services, as previously authorized by CAF in writing, provided that such direct transfers shall be made only in amounts of not less than US\$ 500,000.00 each.

All requests for the issuance of letters of credit shall be made by the Borrower in accordance with the instructions and templates provided by CAF. All fees and expenses chargeable by CAF and/or any confirming and intermediary banks (if applicable) shall be borne by the Borrower.

(c) **Revolving Fund**

Providing the Borrower with a revolving fund up to an amount equal to twenty percent (20%) of the Loan resources, which only may be used to finance: (i) local costs, (ii) technical services related to engineering, consulting and construction, (iii) goods import, and (iv) fixed assets, spare parts and technical services; in each case, as previously authorized by CAF in writing and for a value of up to the amount of US\$ 500,000.00 per supplier. Such amount may be amended by CAF in accordance with its internal policies.

At the request of the Borrower, CAF may restore all or part of the fund to the extent that the use of the disbursed resources have been duly justified by the Borrower (timely and sufficiently to CAF's satisfaction) in accordance with the terms of this Loan Agreement.

Resources from the Loan shall be used within ninety (90) days following the date of Disbursement and its use shall be justified within one hundred twenty (120) days after receipt, to CAF's satisfaction. A Disbursement shall be deemed as executed on the date that the resources are made available to the Borrower.

(d) **Transfers to Third-parties**

Making payments, on behalf of and in agreement with the Borrower, to third-parties, as previously authorized by CAF in writing, provided that such payments shall be made only in amounts of not less than US\$ 500,000.00 each.

(e) **Other Modalities**

Utilizing such other modality as the Parties may agree upon in writing.

The Parties further agree that: (i) all amounts referred to in this Section 3 may be unilaterally amended by CAF in accordance with its internal policies, and (ii) any banking expenses that may be charged by a third party in connection with the Disbursement modalities set forth above shall be borne by the Borrower.

#### SECTION 4. Period for Requesting Disbursements

Disbursements of the Loan may only be requested by the Borrower and made by CAF within the Availability Period set forth in Article 3 of the Special Conditions. Upon expiration of the Availability Period: (i) the Borrower may not request any further Disbursement nor fulfill any pending conditions precedent for Disbursement, and (ii) CAF will be entitled to cancel any outstanding and not disbursed resources under the Loan by sending to the Borrower a written communication to that effect. Notwithstanding the above, the Borrower may deliver to CAF a duly justified request for an extension of the Availability Period no later than thirty (30) days prior to the expiration of such Availability Period, which CAF may accept or reject at its own discretion.

#### SECTION 5. Conditions Precedent to Disbursements

In addition to any specific terms agreed in the Special Conditions, the Disbursements of the resources of the Loan shall be subject to the fulfillment of the following requirements to CAF's satisfaction:

- (a) Conditions precedent to the first Disbursement:
  - (i) CAF shall have received a well-founded legal opinion which establish, with citations of the pertinent constitutional, legal, and regulatory provisions, that the obligations undertaken by the Borrower and/or the Executing Agency, as the case may be, under this Loan Agreement, are legal, valid and enforceable, and that the Borrower's representative executing this Loan Agreement is duly authorized to validly oblige the Borrower under the terms hereof. Such opinions shall also refer to any other legal question that CAF may deem relevant; and
  - (ii) The Borrower, directly or through the Executing Agency, shall have designated one or more officials to represent it in all acts relating to the implementation of this Loan Agreement and shall have furnished CAF with authentic copies of the signatures of said representatives. Should two or more officials be designated, the designation shall indicate whether such officials may act separately or must act jointly.
- (b) Conditions precedent to all Disbursements:
  - (i) the Borrower, directly or through the Executing Agency, shall have submitted in writing or by electronic means, in such form and conditions as may be specified by CAF from time to time, a disbursement request in accordance with the applicable Disbursement modality, and, in support thereof, shall have delivered to CAF such pertinent documents and other background materials as CAF may have required;

- (ii) the Borrower, directly or through the Executing Agency, shall have opened and maintain one or more bank accounts in a financial institution to which CAF may make the Disbursements;
- (ii) None of the circumstances described in Section 13 of these General Conditions shall have occurred.

#### SECTION 6. Interest

- (a) Interest Rate: Interest on the Loan shall be determined in accordance with the following terms:
  - (i) Interest shall accrue on the principal amount of the Loan from time to time outstanding at the rate per annum set forth in the Special Conditions, from the date of the first Disbursement until the date in which the Loan have been fully repaid. For the avoidance of doubt, interest shall also accrue and be payable during the Grace Period.
  - (ii) Interest shall be calculated in relation to the number of calendar days elapsed on the basis of three hundred sixty (360) days per year.
  - (iii) Interest shall be determined by CAF for each relevant Interest Period and paid by the Borrower on each Interest Payment Date.
  - (iv) The applicable Interest Rate for each relevant Interest Period will be notified by CAF to the Borrower in accordance with CAF's internal policies and, in absence of manifest error, shall be conclusive and binding on the Borrower.
- (b) Default Interest: If the Borrower fails to make: (i) any payment of principal or interest with respect to the Loan, or (ii) any other payment with respect to the Loan provided for in this Loan Agreement, on or before its due date as specified in this Loan Agreement (whether at stated maturity or otherwise) or, if not so specified, as notified by CAF to the Borrower; the Borrower shall pay the default interest rate set forth in the Special Conditions, in accordance with the following terms:
  - (i) Default interest shall accrue, in respect of the amount of the payment due and unpaid, from its due date and up to the date of actual payment (both before and after an arbitral award, if any).
  - (ii) Default interest shall be calculated in relation to the number of calendar days elapsed on the basis of three hundred sixty (360) days per year.
  - (iii) No formal prior notice or demand of the default interest shall be necessary to be due and payable. If not demanded, it shall be payable on each Interest Payment Date after the default or failure.
  - (v) Upon the occurrence of a default or failure in payment, CAF will be entitled to recalculate the interest rate applicable to the principal amount of the Loan due and unpaid, by using the highest 6-month LIBOR interest rate published within the period beginning on the maturity date of the unpaid obligation

and the date of its actual payment plus the margin set forth in Article 8(i) of the Special Conditions.

### **SECTION 7. Expenses**

No later than 30 days upon receiving a written request from CAF, the Borrower shall pay or reimburse to CAF, or pay to any third persons as instructed by CAF, the amount of all fees and expenses incurred by CAF (and duly evidenced) in connection with the negotiation, preparation, signing and execution of this Loan Agreement and any other documents relating to the Loan Agreement which may be later executed. Such fees and expenses may include but are not limited to: (i) legal counsels, (ii) external consultants, (iii) travel, (iii) surveys, (iv) appraisals, (v) notaries, (vi) public registries, (vii) tariffs, (viii) taxes, (ix) stamps, (x) transfers of funds to, or for the account of, the Borrower. The Borrower shall also reimburse to CAF any fees and expenses which CAF will have incurred in reserving or in enforcing its rights pursuant to this Loan Agreement.

### **SECTION 8. Place of Payments**

All payments due under this Loan Agreement shall be made at the principal office of CAF in the city of Caracas, Bolivarian Republic of Venezuela, or in the accounts and/or places which CAF designates for this purpose by written notification to the Borrower.

### **SECTION 9. Application of Payments**

All payments made by the Borrower to CAF shall be allocated in the following order: (i) expenses, (ii) fees, (iii) default interest, if applicable (iv) interest due on payment date, and (v) to the amortization of installments of principal due under the Loan.

### **SECTION 9. Prepayments**

The Borrower may only prepay one or more of the outstanding installments of principal under the Loan, if: (i) the prepayment is made on an Interest Payment Date following the first (1) year from the date of entry into force of the Loan Agreement and the end of the Grace Period; (ii) CAF has received and accepted a written irrevocable prepayment request delivered by the Borrower no later than forty five (45) days in advance; (iii) the prepayment amount is equal to one or a multiple of the installments of principal of the Loan; (iv) no amounts (including principal, interest, fees and expenses) remain due and unpaid under the Loan; and (v) the Borrower concurrently pays to CAF (a) any losses or expenses incurred by CAF in connection with the early termination of the Loan Agreement, supervision of the Program and any others arising from the prepayment, as determined by CAF, and (b) the applicable prepayment fee in accordance with the following chart:

<b>Year of Prepayment</b> <i>(to be calculated from the date of entry into effect of the Loan Agreement)</i>	<b>Prepayment Fee</b> <i>(to be determined as a percentage of the prepayment amount)</i>
2 - 3	2.50%
3 - 4	1.75%
4 - 5	1.00%
+ 5	0.50%

In the event that the prepayment does not cover the entire outstanding principal amount of the Loan, the prepayment shall be applied to the outstanding amortization installments in reverse order of maturity. CAF will determine the prepayment fee and any additional payable amounts under the Loan Agreement and inform the Borrower with fifteen (15) days prior notice.

**SECTION 10. Taxes**

The Borrower undertakes to ensure that all payments of principal, interest, fees, and any other payment for expenses or costs required under this Loan Agreement shall be made without any deduction or restriction whatsoever, exempt from any tax, fee, duty, tariff, or charge established or that may be later established by the laws of the Country or under any other applicable jurisdiction. In the event that the Borrower is required by law or for any other reason to make deductions or withholdings from any payments, then it shall pay any such necessary additional amounts to CAF so that the net amount remaining after any withholding or deduction corresponds to the amount which would have been payable had no such deduction or withholding been made.

The Borrower further agrees that all taxes, charges, public duties, costs and expenses incurred and due in connection with the execution, amendment or enforcement of this Loan Agreement and any other documents relating thereto as well as the rights arising therefrom shall be borne by the Borrower.

**SECTION 11. Renunciation of Part or the total amount of the Loan**

The Borrower may renounce, by delivering a fifteen (15) days prior written request notice to CAF, its right to utilize any part of the Loan resources which has not been disbursed before the receipt of the notice, provided that no amounts may be subject to renunciation if already committed by CAF for the issuance of a letter of credit, transfer to third parties or under any other Disbursement modality agreed pursuant to Section 3 of these General Conditions. The Borrower shall bear all financial losses and expenses incurred by CAF in connection with such renunciation.

The renunciation of part or the total amount of the Loan will not entitle the Borrower to the reimbursement of any portion of the Finance Fee.

### **SECTION 12. Adjustment of Amortization Schedule**

Based on the actual amount effectively disbursed to the Borrower during the Availability Period and subject to any potential renunciation, suspension or cancellation of the Loan, CAF will proportionally adjust the amounts of the outstanding installments and deliver to the Borrower an updated amortization schedule.

### **SECTION 13. Suspension of Disbursements**

CAF, by written notice to the Borrower may suspend Disbursements if any of the following circumstances occurs and so long as it continues:

- (a) Delay in the payment of any sums owed by the Borrower to CAF for principal, interest, fees, expenses, or for any other reason, under this Loan Agreement or any other agreement entered into between CAF and the Borrower.
- (b) Default by the Borrower or the Executing Agency to use the resources of the Loan in accordance with Article 2 of the Special Conditions.
- (c) Default by the Borrower or the Executing Agency of any other obligation set forth in this Loan Agreement or in any other agreement entered into with CAF.
- (d) Withdrawal of the Borrower as shareholder of CAF.
- (e) If CAF determines, in accordance with its internal policies, that the Borrower and/or the Executing Agency, prior to or after the execution of this Loan Agreement, have provided to CAF any untrue or false information, or omitted to provide relevant information in connection with the Program.
- (f) If the use of any goods, products and materials to be financed hereunder, as well as any activities to be executed by the Borrower or the Executing Agency will contravene the Country applicable laws, including environmental and social regulations, or any other terms and conditions set forth in this Loan Agreement.
- (g) Upon the occurrence of any force majeure or act of god events (howsoever defined) which prevent the Parties from fulfilling the obligations assumed hereunder.

### **SECTION 14. Termination and Acceleration**

CAF may terminate this Loan Agreement with respect to the part of the Loan not yet disbursed or may declare the entire outstanding principal balance of the Loan or a portion thereof immediately due and payable, together with interest, fees and expenses accrued up to the date of actual payment if: (i) any of the circumstances set forth in paragraphs (a), (b) or (d) of the preceding Section 13 occur; (ii) any of the circumstances set forth in paragraphs (c), (f) or (g) of the preceding Section 13 occur and continues for more than thirty (30) days; or (iii) the information referred to in paragraph (e) of the preceding Section 13, or the clarifications or additional information presented by the Borrower or the Executing Agency, if any, are not satisfactory to CAF. To that effect, CAF will deliver a



written notice to the Borrower, without need of any formal notice or commencing any court or arbitration proceedings.

Notwithstanding the above, upon the occurrence of the default circumstance set forth in paragraph (b) of Section 13, CAF may, instead of accelerating the Loan, request the Borrower to return the amount of the resources disbursed and used in contravention to Article 2 of the Special Conditions, together with all accrued interest thereunder, which shall be repaid by the Borrower to CAF within the following three (3) Business Days.

**SECTION 15. Disbursements not affected by suspension or acceleration.**

The provisions of Sections 13 and 14 shall not affect any amounts of resources already committed by CAF for the issuance of a letter of credit, transfer to third parties or under any other Disbursement modality agreed pursuant to Section 3 of these General Conditions.

**SECTION 16. General provisions for the execution of the Program**

The Borrower, directly or through the Executing Agency, undertakes to execute the Program and use the resources of the Loan with due diligence and in accordance with sound financial and technical practices and in accordance with the plans, specifications, estimated costs, budgets, regulations, and other documents approved by CAF. The Borrower further agrees that its obligations shall be fulfilled to the satisfaction of CAF.

The Borrower will be jointly and severally liable for the obligations assumed by the Executing Agency under this Loan Agreement (including its respective Annexes), the terms of each disbursement request and any other documents agreed in connection thereof.

**SECTION 17. Other conditions applicable to the Loan resources**

The resources of the Loan shall be used exclusively for the purposes set forth in this Loan Agreement, unless CAF have otherwise agreed in writing with the Borrower or the Executing Agency upon receiving all corresponding approvals and permits issued by competent authorities.

Notwithstanding the above, the Borrower and/or the Executing Agency shall not use the resources of the Loan to finance (i) the acquisition of land or capital stock; (ii) the payment of taxes and tariffs; (iii) customs expenses; (iv) companies incorporation expenses; (v) the payment of interest during construction; (vi) military equipment and expenses; and (vii) others established or which may be later established by CAF.

The goods and services to be financed with the resources of the Loan shall only be destined for achieving the Program, and neither the Borrower nor the Executing Agency may sell, transfer, or create any liens or encumbrances on them without CAF's prior written consent.

### **SECTION 18. Modifications and increases of the estimated cost of the Program**

Any significant modification in the plans, specifications, estimated costs, budgets, regulations or other documents that CAF has approved, as well as any substantial change in the procurement proceedings and the agreements for the acquisition of goods or services which may be funded with the resources devoted to the execution of the Program, shall require the written consent of CAF.

If during the execution of the Program an increase in the estimated cost of the Program (as specified in Annex B) takes place, the Borrower shall contribute, directly or through the Executing Agency, in a timely and efficient manner, all of the resources in addition to those of the Loan which may be necessary for the complete and uninterrupted execution of the Program. Upon the occurrence of such event, the Borrower undertakes to inform and provide to CAF all the information and documents which may be required by CAF.

### **SECTION 19. Special Instructions**

The Borrower undertakes to comply with all the instructions and requirements received from CAF and arising from the agreements entered into by CAF with the financial institutions providing total or partial funding for the Loan. The Borrower also authorizes CAF to share with such financial institutions any available information (whether of confidential nature or not) in connection with this Loan Agreement and the Program.

### **SECTION 20. Procurement of goods, works, consulting and related services**

For the acquisition of goods estimated to cost five hundred thousand Dollars (US\$ 500,000.00) or more, and for the procurement of works and related services in amounts estimated to cost two million Dollars (US\$ 2,000,000.00) or more, the Executing Agency shall carry out an international public bidding procedure. For the acquisition of goods estimated to cost less than five hundred thousand Dollars (US\$ 500,000.00) and the procurement of works and related services in amounts estimated to cost less than two million Dollars (US\$ 2,000,000.00), the Executing Agency shall apply procedures previously authorized by CAF in writing.

For the procurement of consulting services estimated to cost two hundred fifty thousand Dollars (US\$ 250,000.00) or more, the Executing Agency shall carry out an international public bidding procedure. For the procurement of consulting services estimated to cost less than two hundred fifty thousand Dollars (US\$ 250,000.00), the Executing Agency shall apply procedures previously authorized by CAF.

When carrying out international public bidding procedures the Executing Agency shall widely broadcast tender notices, avoiding restrictions in connection with the origin of the goods or services, or any others which may prevent or affect the competitiveness and transparency of the bidding procedure.

The Executing Agency shall timely inform CAF of: (i) the dates in which the bid or tender for the procurement of goods, works and related services or for retaining consultants will be opened; (ii) the awards to be granted as a result of the bid or tender; (iii) the agreements to be executed with the person or persons awarded with a contract; and (iv) the origin of the goods to be supplied by the persons awarded with the contract.

In special cases arising from technical reasons, duly evidenced and justified by the Borrower or the Executing Agency, CAF may waive the requirement for an international public bidding procedure.

#### **SECTION 21. Records, inspections and reports**

The Borrower agrees to, directly or through the Executing Agency, maintain records, permit inspections, and submit reports and financial statements in accordance with accounting principles acceptable to CAF. The Borrower's books and records shall evidence: (i) all payments made with the Loan resources, and (ii) the financial and operational aspects of the Program and of each project or activity executed under the Program.

The Borrower shall authorize CAF to review all books and records related to the Program until all amounts due under this Loan Agreement have been repaid in full.

#### **SECTION 22. Supervision**

CAF may establish all the supervision procedures which it may deem necessary to assure the normal execution of the Program and all projects and activities thereunder.

The Borrower and the Executing Agency shall grant access to all experts and representatives sent by CAF to supervise the projects and activities to be executed under the Program; and to review the books, records and any additional documents related thereto.

#### **SECTION 23. Reports**

In addition to the reports set forth in Article 5 of the Special Conditions, the Borrower and/or the Executing Agency, as appropriate, shall furnish all other reports requested by CAF, within the periods that the Parties may agree for each case, in connection with: (i) the use of the Loan resources; (ii) the procurement of goods, works and related services, and the retaining of consultants; and (iii) the execution of the Program.

#### **SECTION 24. Notice of adverse circumstances**

The Borrower, directly or through the Executing Agency, shall inform CAF immediately upon having knowledge of: (i) any circumstance or situation which in the opinion of the Borrower or the Executing Agency shall prevent or affect the achievement of the objectives of the Program or the execution of the provisions set forth in this Loan

Agreement; and (ii) any amendment to the applicable laws and regulations affecting the Borrower and/or the Executing Agency, in relation to the achievement of the objectives of the Program and the execution of the provisions set forth in this Loan Agreement.

CAF may adopt all the remedies which it may deem appropriate in accordance with the terms of this Loan Agreement if, at its discretion, the circumstances or amendments to the applicable laws and regulations described above may cause a material adverse effect on the Borrower, the Executing Agency, the Program, or all of the above.

## **SECTION 25. Assignments**

This Loan Agreement binds and benefits the respective successors and assigns of the parties, except that the Borrower may not assign, transfer, or otherwise dispose, in any manner whatsoever, any of its rights or obligations under this Loan Agreement without the prior written consent of CAF. CAF may assign, transfer, participate or otherwise dispose of all or a portion of its rights and obligations under this Loan Agreement. In case of assignment of the entire Loan Agreement, CAF shall notify the Borrower in writing within thirty (30) days from the date of such assignment, and the assignee shall assume all the rights and obligations of CAF under the Loan Agreement in the same terms agreed by CAF with the Borrower. Participations may be granted by CAF in respect of either outstanding Loan balances or amounts of the Loan that are still undisbursed at the time of entering into the participation agreement. Any assignment or delegation in violation of this Section 25 shall be void.

## **SECTION 26. Arbitration**

Any arbitration to be entered into between the Parties shall be subject to the following provisions:

General provisions: All disputes arising out of or in connection with this Loan Agreement (including without limitation any dispute concerning the existence, validity, interpretation, performance or termination of this Agreement), which cannot be settled amicably by negotiation between the Parties, shall be finally resolved and settled by arbitration conducted in accordance with this Section 26 and the Arbitration Rules of UNCITRAL (*United Nations Commission on International Trade Law*)

Composition of the Arbitration Tribunal: The arbitration Tribunal shall be composed of three members to be appointed in the following manner: one by CAF, another by the Borrower, and a third, hereinafter called the "Chairman", by direct agreement between the parties or through their respective arbitrators.

Initiation of the Procedure: In order to submit the controversy to arbitration, the claimant party shall address to the other party a written communication setting forth the nature of the claim, the satisfaction or compensation that it seeks, and the name of the arbitrator it appoints. The party receiving such communication shall, within forty-five (45) days, notify the adverse party of the name of the person it appoints as arbitrator.

**Convening of the Tribunal:** The arbitration Tribunal shall be convened in the city of Lima, Republic of Peru, on the date designated by the Chairman, and, once convened, shall meet on the dates which the Tribunal itself shall establish.

**Procedure:** (a) The Tribunal shall be competent to hear only the matters in controversy. It shall adopt its own procedures and may on its own initiative designate whatever experts it considers necessary. In any case, it shall give the parties the opportunity to make oral presentations.

(b) The Tribunal shall proceed *ex aequo et bono*, basing itself on the terms of this Contract, and shall issue an award even if either party should fail to appear or present its case.

(c) The award shall be in writing and shall be adopted with the concurrent vote of at least two members of the Tribunal. It shall be handed down within approximately sixty (60) days from the date on which the Chairman is appointed, unless the Tribunal determines that, due to special and unforeseen circumstances, such period should be extended. The award shall be notified to the parties by means of a communication signed by at least two members of the Tribunal, and shall be complied with within thirty (30) days from the date of notification. The award shall be final and will not be subject to any appeal.

**Costs:** The fees of each arbitrator shall be paid by the party that appointed him and the fees of the Chairman shall be paid by both parties in equal proportion. Prior to the convening of the Tribunal, the parties shall agree on the remuneration of the other persons who, by mutual agreement, they deem should take part in the arbitration proceedings. If such agreement is not reached in a timely manner, the Tribunal itself shall determine the compensation that may be reasonable for such persons under the circumstances. Each party shall defray its own expenses in the arbitration proceedings, but the expenses of the Tribunal shall be borne equally by the parties. Any doubt regarding the division of costs or the manner in which they are to be paid shall be determined, without appeal, by the Tribunal.

**Notification:** All notifications relative to the arbitration or to the award shall be made in the manner provided in this Loan Agreement. The parties waive any other form of notification.

## **SECTION 27. Authorized Representatives**

The Borrower, directly or through the Executing Agency, shall deliver to CAF the names and signatures of the persons that will represent it as authorized representatives in connection with all actions related to this Loan Agreement, duly certified by a person authorized for such purpose and communicated in accordance with the provisions of Article 14 of the Special Conditions.

The Borrower and/or the Executing Agency shall also notify to CAF any changes in the names of its authorized representatives. Until CAF receive's notification of the appointment of authorized representatives of the Borrower and the Executive Agency, the

persons signing this Loan Agreement will be considered as the only authorized representatives.

**SECTION 28. English or Spanish Language**

All documents to be furnished or communications to be given or made under this Loan Agreement or any of the other related documents shall be in English or Spanish language. To the extent that the original of any such document or communication is in a language other than English or Spanish, it shall be accompanied by a translation into English or Spanish certified by an authorized representative of the party delivering such document or communication.

## DESCRIPTION OF THE PROGRAM

### **1. Background**

The Government of Barbados and CAF have identified opportunities to improve the efficiency of the public sector fiscal management and public debt management processes. These opportunities for improvement should be addressed to strengthen the financial management of the national public sector.

### **2. Objective of the Program**

The main objective of the loan is to contribute to the implementation of the growth and development strategy of Barbados.

The public policies actions to be implemented as part of objectives of Program are aimed to support the Ministry of Finance and Economic Affairs (MFEA) in the fulfillment of the following specific objectives:

- Implement improvements in the fiscal management of public sector.
- Implement improvements in the management of public debt.

### **3. Description of the Program**

The program "Support the Growth and Development Strategy, 2013-2020" consists of a set of public policy actions reflected in the Agreed Actions Matrix. These actions were approved between CAF and the Government of Barbados and are specifically aimed to eliminate inefficiencies in the public sector fiscal management and public debt management processes.

### **4. Cost, Financing and Disbursements**

The total estimated cost of the Program is fifty million dollars (USD 50,000,000.00) of the United States, to be financed entirely by CAF.

The loan has scheduled two disbursements, each for twenty-five million dollars (USD 25,000,000.00) of the United States, subject to the fulfillment of the actions established in the Agreed Actions Matrix.

### **5. Agreed Actions Matrix**

The following chart set forth the Agreed Actions Matrix between CAF and the Executing Agency.

## AGREED ACTIONS MATRIX

Objective	Specific Objective	Agreed Action	Validation Instrument	Priority
Improve in the Public Sector Fiscal Management.	Public Expenditure optimization.	Submit to the Cabinet a plan for promoting the efficiency of the State Agencies and the Ministries.	1 The plan: "Proposal for the Reorganization of Public Sector Entities", submitted to the Cabinet.	1
		Undertake institutional strengthening and capacity building in relation to the contracts management in the Finance and Economic Affairs Ministry.	2 Official note containing the Cabinet decision about the "Proposal for the Reorganization of Public Sector Entities".	2
		Improve the efficiency and effectiveness of the Excise Tax Department.	3 Training report containing: name of the course, objective, content, profile and number of participants and dates of execution.	1
			4 Training report containing: name of the course, objective, content, profile and number of participants and dates of execution.	1
			5 Excise Tax Act and Regulations drafts submitted to the Cabinet.	1
Enhance the efficiency of Revenue collection.		Customs integration to Barbados Revenue Authority (BRA).	6 Amendment of BRA's Act submitted to Cabinet.	2
		Prepare the Action Plan and Key Performance Indicators as part of the Strategic Plan for the BRA for the period 2014-2017.	7 Barbados Revenue Authority Strategic Plan 2014 - 2017 submitted to the BRA Board by the management.	1
		Complete the Post Clearance Audit of the last fiscal year.	8 Official Note (Board Paper) of the BRA Board containing the decision adopted.	2
		Undertake institutional strengthening and capacity building in the Debt Unit.	9 Brief of the Post Clearance Audit submitted to the Minister.	2
		Organize a workshop for the creation of a new debt bulletin containing statistical analysis of the country's debt profile.	10 Final report containing findings and recommendations sent to Cabinet.	1
Improve in the Public Sector Debt Management.	Establish the Barbados Medium Term Debt Strategy.	Undertake institutional strengthening and capacity building for finalizing the drafting of the Medium Term Debt Strategy.	11 Report containing the main results of the workshop for the creation of a new debt bulletin.	2
		Submit to the Cabinet the Barbados Medium Term Debt Strategy for its approval.	12 Training report containing: name of the course, objective, content, profile and number of participants and dates of execution.	1
			13 Official note containing the Cabinet decision about the "Barbados Medium Term Debt Strategy".	2



**NON-REIMBURSABLE  
TECHNICAL COOPERATION AGREEMENT**

**BETWEEN**

**CORPORACIÓN ANDINA DE FOMENTO**

**AND**

**MINISTRY OF FINANCE AND ECONOMIC AFFAIRS  
GOVERNMENT OF BARBADOS**

**2015**

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NON-REIMBURSABLE TECHNICAL COOPERATION AGREEMENT  
BETWEEN  
CORPORACIÓN ANDINA DE FOMENTO  
AND  
MINISTRY OF FINANCE AND ECONOMIC AFFAIRS  
GOVERNMENT OF BARBADOS

This Non-Reimbursable Technical Cooperation Agreement is between **CORPORACIÓN ANDINA DE FOMENTO**, a legal entity created under public international law pursuant to its Constitutive Agreement approved in Bogota, Republic of Colombia on February 7, 1968 (hereinafter referred to as "**CAF**"), represented herein by its Executive President Mr. L. Enrique García, on the one hand, and on the other hand, by the **MINISTRY OF FINANCE AND ECONOMIC AFFAIRS** (hereinafter referred to as the "**Beneficiary**"), duly represented by its Minister Mr. Christopher Sinckler, Squire, M.P.

CAF and the Beneficiary, hereinafter jointly referred to as the "**Parties**", and each individually as a "**Party**", have agreed to enter into this Non-Reimbursable Technical Cooperation Agreement (the "**Agreement**"), which will be governed by the following clauses:

### I Object and Purpose

Pursuant to Delegation number No. 00312/15, dated July 15<sup>th</sup>, 2015, CAF approved a Non-Reimbursable Technical Cooperation in favor of the **MINISTRY OF FINANCE AND ECONOMIC AFFAIRS** in order to provide technical support to, and promote capacity building of, the Public Investment Unit of the **MINISTRY OF FINANCE AND ECONOMIC AFFAIRS**, (hereinafter referred to as the "**PIU**"), pursuant to the terms set forth in Appendix A, (hereinafter referred to as the "**Project**").

### II Contribution of CAF, Use of Funds and Currency

CAF will grant as Technical Cooperation for the Project up to one hundred fifty thousand dollars of the United States of America (US\$ 150,000.00). The funds granted by CAF may be used solely for the purposes set forth in Appendix A, which constitutes an integral part of this Agreement. The funds granted by CAF may not be used for any other purpose.

CAF is in no way obligated to, and does not undertake to, grant any other funds that may be required for the execution of the Technical Cooperation or the Project.

### III Term

The funds granted by CAF will be available to be used by the Beneficiary for a twelve-month period, upon the execution of this Agreement. CAF's obligations under this Agreement will terminate upon expiration of such term, unless the Parties agree in writing to extend the term of this Agreement.

If the Beneficiary does not confirm the commencement of the activities related to the Project upon the expiration of a three (3) month period from the execution date of this Agreement, this

Technical Cooperation shall be void, unless sufficient justification is provided in writing by the Beneficiary and approved by CAF.

#### IV Appointment of Designated Official

The Beneficiary shall designate a person authorized to represent it before CAF in all acts relating to this Agreement, the Technical Cooperation and its execution. This appointment does not imply a waiver of the Beneficiary's liability in connection with the obligations assumed by it pursuant to this Agreement.

#### V Disbursements

If the Beneficiary so requests, and subject to Clause XI (*Independence*), CAF may disburse the funds of this Technical Cooperation through one or more payments to the suppliers or consultants hired to carry out the object of this Technical Cooperation. To this end, the Beneficiary must submit the documentation and reports required by CAF, with the approval of the designated official.

#### VI Reports

The Beneficiary shall deliver to CAF a Final Report, in accordance with the format set forth in Appendix "B", which is an integral part of this Agreement. All the reports must be approved by CAF and the designated official.

The Beneficiary shall submit the Consultancy Report(s) and a Final Report to CAF in accordance with the requirements set forth in the relevant consulting contract. The contents of the relevant reports must strictly conform to the provisions of Appendix B, which forms an integral part of this Agreement. All reports shall be to the satisfaction of CAF.

#### VII Selection and Recruitment of Consultants

The selection, terms of reference and recruitment of consultants (each a "**Consultant**") shall be the Beneficiary's responsibility, with the prior "*no objection*" of CAF, in accordance with Appendix C.

The Beneficiary shall make the selection of Consultant based on a minimum of three (3) candidates. Once the selection is made, the Beneficiary shall submit a report to CAF on the selection process and, depending on whether an individual or an entity was selected, a curriculum vitae or summary of the experience of each of the candidates. Drafts of contracts and the consulting terms of reference must be approved by CAF before signing.

The Beneficiary shall explicitly state in each consulting contract it signs that it is the beneficiary of the goods and services contracted and is solely responsible. CAF shall make payments for Consultant, which shall be made upon reception of reports. Additionally, the Beneficiary shall establish in each consulting contract that the Consultant shall be solely responsible for payment of any wages, social and tax contributions, compensation to employees, and other payments required by law, and any payment due to contractors or advisors. As a result, the Consultant shall indemnify CAF against any complaint by all employees, subcontractors or advisors of the Consultant.

CAF may retain ten percent (10%) of each of the partial payments as a guarantee fund. Said amount shall be reimbursed to the Consultants once the Final Report referred to in Clause VI (Reports) is approved by CAF.

### VIII Approved expenses

The Beneficiary shall deliver to CAF three (3) budgets and/or standard invoices issued by three different service providers or supply companies for the selection of the suppliers that will perform the services required in this Technical Cooperation along with confirmation of the supplier chosen to perform the services. CAF may waive this requirement, with a prior written and properly reasoned request from the Beneficiary.

The Beneficiary shall not use the funds granted by CAF to finance its current and/or capital expenditures. This includes, among others, the Beneficiary's land, buildings, lease of offices, vehicles, furniture, office supplies, salary of its personnel, penalties, tickets and travel allowances of its personnel, service expenses, communications expenses, administrative support expenses, mail expenses, representation and/or social expenses, among others.

### IX Supervision

The Beneficiary agrees to regularly provide CAF with all information required for the appropriate administrative and technical supervision of this Technical Cooperation, and to mention CAF's participation in any public document related to the Project and its results.

### X No Commitment

The Beneficiary accepts and acknowledges that the granting of the contribution by CAF does not constitute any obligation whatsoever to carry out any additional contributions or payments, to finance any further actions derived from this Technical Cooperation, or to fully or partially finance any program or project that may directly or indirectly result from the Project or this Technical Cooperation.

Likewise, the Beneficiary accepts and acknowledges that CAF is not liable for the products, studies or results of any procurement process performed during the execution of this Agreement.

Additionally, the Parties acknowledge and agree:

- (i) the views and recommendations of the Consultants are not binding upon CAF;
- (ii) CAF does not have any liability for products, study results or contracts made in the implementation of this Agreement and that such responsibility is solely of the relevant Consultant's;
- (iii) CAF shall not be liable for the commitments made by the Consultant to the Beneficiary or vice versa;
- (iv) that CAF does not guarantee or assume any responsibility for the success or failure of the claims or interests of the Beneficiary, its officers, employees, managers, agents or representatives, relating to the subject of this Agreement. Consequently, CAF shall not be liable: (a) if any consultant decides for any reason not to participate in the Project, or having agreed to participate, does not comply; and/or (b) if the product of the Contract

- not useful for the purposes of the projects of the Beneficiary;
- (v) CAF shall not be liable to the Beneficiary, any officers, employees, managers, agents or representatives, or to any governmental entity for any claims, charges, litigation proceedings, losses, damages, costs, penalties or expenses arising from: (a) any act or omission of CAF in the application of this Agreement or in the performance of any activities under the same, except due to a direct causal link to CAF's own willful misconduct, as determined by a final decision of a competent judicial authority, or (b) any act or omission of the Consultant; and
  - (vi) The Beneficiary shall indemnify CAF against actions or claims of any Consultant or third party against CAF regarding the implementation of the Technical Cooperation Agreement and any related Contract.

### XI Independence

The Beneficiary is responsible for the Project and shall be liable to CAF for the correct use of the funds granted in this Technical Cooperation. The Beneficiary shall carry out the activities related to the Project, including the engagement of personnel or consultants which shall be contracted in the Beneficiary's name and on its own behalf. Therefore, the Beneficiary shall be solely responsible for the compliance of the legal obligations towards its personnel as employer or contractor.

### XII Suspension or Termination

It is understood that CAF may suspend or terminate this Agreement at any time, if CAF, in its sole discretion, determines that any condition has arisen or any circumstance has been created that can be considered a failure of the Beneficiary to comply with the terms and conditions of the Agreement. CAF shall notify the Beneficiary of the suspension or termination thirty (30) calendar days in advance.

Similarly, the Parties may suspend the implementation of the Agreement in case of non-compliance attributable to the occurrence of a force majeure event (the "Event") which is ongoing for a continuous calendar period equal to or greater than eight (8) days. Force majeure shall mean those events whose effects cannot be resisted or that are not possible to avoid or anticipate, such as acts of God, war, revolution, strike, fire, governmental actions or any other unforeseen cause which is beyond the control of the Parties and which is impossible to resist by the non-complying Party. In this sense, within eight (8) calendar days after the occurrence of an Event, the Party which alleges the case of force majeure shall submit a notice in writing to the other Party which shall include: (i) detailed proof of the existence of such Event, and (ii) detailed information on the causes and the measures taken. Within fifteen (15) calendar days after receipt of the notice and for a period not to exceed thirty (30) calendar days, the Parties shall enter into negotiations to determine the impact of the Event on the Project's Execution, and if necessary, to reach a common agreement on the extension of the term of this Agreement, the suspension of this Agreement, or, if necessary, termination of the Project and this Agreement along with the resolution of any resulting financial affairs. If the Parties fail to come to an agreement during the thirty (30) day period, either Party may terminate this Agreement unilaterally and permanently.

### **XIII Advertising**

The Beneficiary shall make it known that the Project is being partially funded with CAF's resources and therefore it must affix CAF's logo on all public notices, signs, banners, advertisements, invitations, offers, reports and/or publications to call for a public tender process to engage works or services related to the Project, in accordance with CAF standards and instructions.

### **XIV Intellectual Property**

The Beneficiary, through this Agreement agrees to share with CAF all rights which arise from inventions, intellectual creations, research, studies, industrial privileges and/or professional services created and performed in relation to this Agreement, including, but not limited to, all inventions developed in the framework of the implementation of this Agreement. The rights to any intangible creation, including anything specifically classified as confidential information, which is susceptible to protection as intellectual property shall be owned jointly by the Beneficiary and CAF as contractors or principals. The Beneficiary therefore agrees to comply with all the formalities that are required by the applicable intellectual property law to comply with this clause.

### **XV Taxes**

Any tax, fee, levy or financial commission caused in relation with this Agreement shall be assumed by the Beneficiary.

### **XVI Recommendations of the Beneficiary**

The opinions and recommendations of the Beneficiary are not in any way binding upon CAF. CAF retains the right to make observations or comments to such opinions which CAF considers reasonable, which shall be explained by and complied with by the Beneficiary.

### **XVII Communications**

Any notice, request or communication from one Party to another by virtue of this Agreement shall be made in writing and shall be considered completed at the time the respective communication is delivered to the recipient at its respective address, each of which is listed below:

To CAF:

At: Mr. Abelardo Daza  
Address: Avenida Luis Roche,  
Torre CAF, Urb. Altamira - 1060  
Caracas, República Bolivariana de  
Venezuela  
Email: adaza@caf.com

**To the Beneficiary:**

Att: Mr. Frederick Seibert Kenmore  
Permanent Secretary Economic Affairs  
Address: Permanent Secretary, Finance  
Ministry of Finance and Economic Affairs  
Government Headquarters  
Bay Street  
St. Michael, Barbados  
Fax: +(246) 228-1641  
Email: [Seibert.frederick@barbados.gov.bb](mailto:Seibert.frederick@barbados.gov.bb)

Any change in the domiciles or information set forth above must be notified to the other Party, by any of the aforementioned media, and will not be effective until the recipient Party acknowledges receipt of such change or modification.

No oral or written instructions or communication shall be considered as the creation of new obligations or the modification of the terms and conditions set forth in this Agreement and its Appendixes, unless it is set forth in agreements executed by duly authorized representatives of the Parties.

**XVIII Representations of the Beneficiary**

- (i) **Representation on Transfers:** the Beneficiary represents and warrants that the resources granted by CAF in this Technical Cooperation shall not be used, directly or indirectly for money laundering activities, to finance terrorism, or by persons and/or legal entities related to those activities. The Beneficiary represents and warrants that any transfer of the funds granted by CAF to third parties upon the Beneficiary's request, shall not be used for money laundering activities, to finance terrorism, or by persons and/or legal entities related to those activities.
- (ii) **Representation on existence and legal representation:** the Beneficiary represents and warrants that: (a) it is a duly existing entity under its applicable law; (b) all representatives signing this Agreement on behalf of the Beneficiary are duly authorized to act on behalf of the Beneficiary, (c) all applicable prerequisites and formalities have been met and all representatives are therefore authorized to sign and bind the Beneficiary under the terms of this Agreement. The Beneficiary shall notify CAF of any change in its legal representation if such change may directly or indirectly affect the execution of this Agreement.

**XIX Immunities and Privileges**

Nothing in this document may or shall be interpreted as a waiver of the privileges, exemptions and immunities granted to CAF, its directors, representatives, agents, employees and/or officers by its Constitutive Agreement, or by the agreements or treaties entered into among CAF and its member countries or granted by the laws of each of such country.

## XX Domicile

For all legal purposes, the domicile of this Agreement is the city of Bridgetown, Barbados. However, the Beneficiary may, if so required, travel to other cities to execute its obligations under this Agreement.

## XXI Validity

The rights and obligations set forth in this Agreement are valid and enforceable, in accordance with their terms and conditions, without relation to the applicable law of a specific country.

The Beneficiary represents and warrants that has complied with all the requirements under local law for the reception and execution of the funds granted in this Technical Cooperation.

## XXII Entry into force

This Agreement will enter into force upon execution by the Parties, on the last signature date indicated below. If, after a three (3) month period from the execution of the Agreement by CAF, CAF has not received the Agreement which has been duly executed by the Beneficiary, it is understood that the Beneficiary has desisted from the transaction, unless there is prior written consent by CAF to continue with the Technical Cooperation.

**IN WITNESS THEREOF**, this Non-Reimbursable Technical Cooperation Agreement shall be signed in two (2) equally authentic originals by the Beneficiary and CAF.

In the city of Bridgetown, Barbados, on the twentieth (20<sup>th</sup>) day of July, 2015.

MINISTRY OF FINANCE AND  
ECONOMIC AFFAIRS



Mr. Christopher Sinckler, Squire, M.P.  
Minister

CORPORACIÓN ANDINA DE FOMENTO



Mr. L. Enrique García  
Executive President



APPENDIX A

DESCRIPTION OF THE PROJECT

- I. **General Objective:** To support the Barbadian government in facilitating capacity building, providing technical support and strengthening the PIU of The Ministry of Finance and Economic Affairs by implementing improvements.
- II. **Specific Objectives:**
  - A. **Improvement in the structural development of the PIU**
    1. To review and develop the strategic plan and structure for the PIU for the next five (5) years, which is in line with the current economic and social trends in Barbados and to address the growing size and complexity of the economy.
    2. To create and establish a result oriented approach to assure transparency and accountability through assessments, monitoring and audits.
  - B. **Improvement in the analytical capacity of the PIU**
    1. To implement effective and current methodologies whether tools or technology for the PIU to improve efficiency and effectiveness.
    2. To develop and implement effective monitoring and evaluation tools to assess performance anticipate future developments and plan future market demands.
  - C. **Improvement in the management, knowledge, skills and human resource of the PIU**
    1. To provide training and access to the necessary tools and technologies to increase knowledge capacity and ensure the requisite skills are acquired within the PIU.
    2. To provide expertise in key areas central to the function of the PIU.
    3. To improve management capacity of the PIU.
    4. To foster a collaborative and inclusive environment, which will empower staff to participate in the changes made and work toward the improvement of the PIU.

**D. Efficient use of the resources of the PIU**

1. To monitor resources of the PIU to improve the efficiency and cost effectiveness of project planning and implementation

**III. Expected Results:**

The Technical Cooperation is aimed at obtaining the following results:

1. The creation of a revised strategic plan for the PIU in The Ministry of Finance and Economic Affairs.
2. Improvement in the analysis of investment project planning and evaluation mechanisms by incorporating assessment tools and technology.
3. Create a template and implement a strategy for monitoring and evaluation with specific focus on the function of the PIU.
4. Train officials of the PIU and improved skills.
5. Provision of expertise in priority areas.
6. Ensure there is a results based management system.
7. The creation of an inclusive environment that will foster participation and team work.
8. Ensure the appropriate use of resources to achieve greater efficiency and foster participatory management.

**IV. Distribution of Expenses:**

The expenses regarding the funds granted by CAF shall be distributed as follows:

**DISTRIBUTION OF EXPENSES REGARDING THE FUNDS GRANTED BY CAF**

	CAF	OTHERS	TOTAL
<b>Activities to be financed</b>	USD	USD	USD
Consultants' fees	120,000.00	100,000.00	220,000.00
Education and training expenses	30,000.00	0,00	30,000.00
<b>TOTAL</b>	<b>150,000.00</b>	<b>100,000.00</b>	<b>250,000.00</b>

**APPENDIX B**

**CONTENTS OF THE FINAL REPORT OF THE BENEFICIARY**

The Final Report that must be presented by the Beneficiary to CAF shall contain, at least, the following:

1. Description of the objectives achieved through the execution of the Technical Cooperation compared with those initially specified in the request.
2. The reasons for any difference between the initial execution schedule and the one effectively carried out.
3. Final cost of the Project against the initial estimated cost, indicating each item financed with contributions from both the Beneficiary and CAF.
4. Comments on different matters of the Technical Cooperation, including alternatives that in the view of the Beneficiary could have improved both the execution and the achievement of the proposed objectives.
5. Actions to be taken by the Beneficiary to follow up and document the results of the Technical Cooperation.
6. Evaluation of the work carried out by the consultants.

## APPENDIX C

## SELECTION AND RECRUITMENT OF CONSULTANTS

1. The selection and contracting of consultants, whether legal or natural persons, shall meet the minimum requirements of CAF in relation to the selection and contracting of consultants and suppliers.
2. The identification, selection process (tender), terms of reference and consulting contract or service contract shall be the responsibility of the Beneficiary, who shall submit these documents for consideration by CAF for its "no objection". In all cases the approval of the designated official is also necessary.
3. The selection of consultants for a cost of less than two hundred fifty thousand dollars of the United State of America (US\$250,000) shall be carried out on the basis of the selection from among a minimum of three (3) candidates. Additionally, the Beneficiary shall demonstrate that such a selection process does not contravene the law of the relevant country as well as CAF's minimum requirements.
4. In the case of legal person, the consulting firms involved in the selection process must be legally incorporated and registered in their respective countries.
5. The consultants hired with funds from CAF, whether legal or natural persons, may not, directly or indirectly, be a party to two (2) service contracts financed by CAF at the same time, without the express written consent CAF.
6. The Beneficiary may not use CAF resources to hire consultants or members of consulting firms, if they are owned, directly or indirectly, by the permanent or temporary staff of the Beneficiary, or if they belonged to any permanent or temporary staff of the beneficiary within twelve (12) months prior to the date of the application. The same impediment applies for staff that has belonged to CAF.
7. No consultant may be hired who has kinship, within the fourth degree of consanguinity and second of affinity, with the legal representative of the Beneficiary, the coordinator or designated officer of the operation.
8. The contracts will be signed in two (2) originals: Beneficiary, Consultant (s).