

LOAN NO. 34 OR-BAR



**LOAN AGREEMENT
(Student Revolving Loan Fund)**

BETWEEN

CARIBBEAN DEVELOPMENT BANK

AND

BARBADOS

AND

STUDENT REVOLVING LOAN FUND MANAGEMENT COMMITTEE

Dated: January 16, 2017

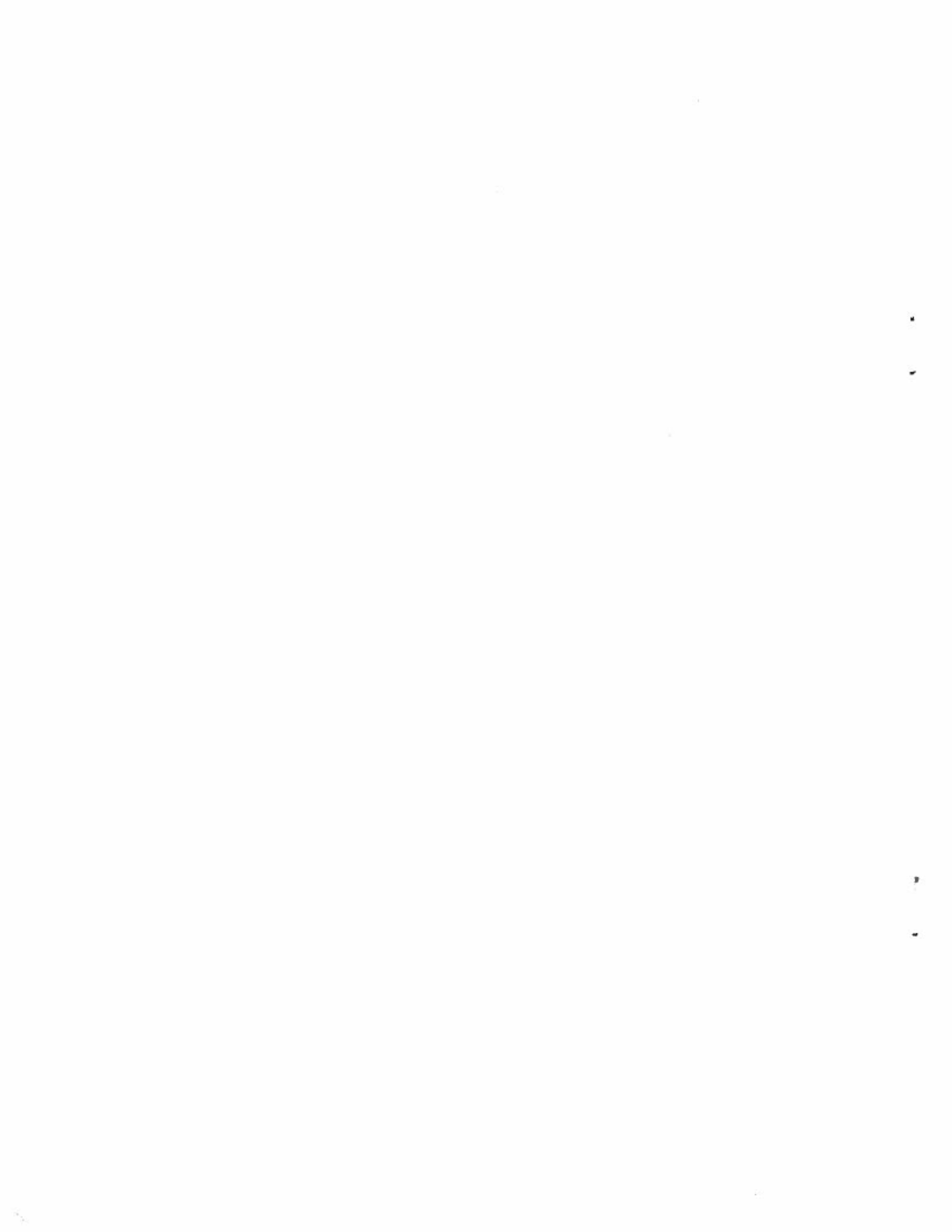


TABLE OF CONTENTS

NOTE: This table of contents relates only to the special provisions of the Loan Agreement. The table of contents of the General Provisions is to be found at pages i-vii of Schedule 1 hereto.

<u>Articles/Sections</u>	<u>Title</u>	<u>Page</u>
<u>Article I</u>	<u>General Provisions, Interpretation, Definitions</u>	1
Section 1.01	General Provisions.....	1
Section 1.02	Interpretation.....	1
Section 1.03	Definitions	1-3
<u>Article II</u>	<u>The Loan and its Purpose</u>	3
Section 2.01	Amount of Loan.....	3
Section 2.02	Purpose	3
<u>Article III</u>	<u>Repayment, Interest, Commission, Commitment Charge</u>	4
Section 3.01	Repayment	4
Section 3.02	Interest	4
Section 3.03	Commission	4
Section 3.04	Commitment Charge.....	4
Section 3.05	Payments by the Executing Agency on behalf of the Borrower	4
<u>Article IV</u>	<u>Withdrawal of Loan</u>	4
Section 4.01	Withdrawal and Application of Loan	4
Section 4.02	Period of Disbursement	5
Section 4.03	Procurement	5

<u>Article V</u>	<u>Conditions Precedent to Disbursement</u>	5
Section 5.01	Conditions Precedent to Disbursement of Specified Amounts in respect of the SLS Component.....	5-6
Section 5.02	Conditions Precedent to Disbursement of Specified Amount in respect of the TA Component	6
<u>Article VI</u>	<u>Particular Conditions</u>	6
Section 6.01	Execution of the SLS Component	6-7
Section 6.02	Financial Performance	7
Section 6.03	Management of the Executing Agency	7
Section 6.04	Reports, Records, Accounts and Information	7-9
Section 6.05	Review Meetings	8
Section 6.06	Additional Funds.....	8
Section 6.07	Inspection of Accounts.....	8
Section 6.08	Insurance	8
Section 6.09	Conditions of SLS Subloans	9
<u>Article VII</u>	<u>Conditions Applicable to TA Component</u>	9
Section 7.01	Execution of the TA Component	9
Section 7.02	Engagement of Consultants	9
Section 7.03	Reporting Requirements	9
Section 7.04	Acceptance of Recommendations.....	10
Section 7.05	Implementation of Recommendations	10
<u>Article VIII</u>	<u>Cancellation and Suspension</u>	10
Section 8.01	Cancellation by the Bank.....	10
<u>Article IX</u>	<u>Miscellaneous</u>	11
Section 9.01	Addresses for Service	11

SCHEDULES

- Schedule 1 General Provisions Applicable to Public Sector Loan Agreements with an Executing Agency**

- Schedule 2 Procurement Plan**

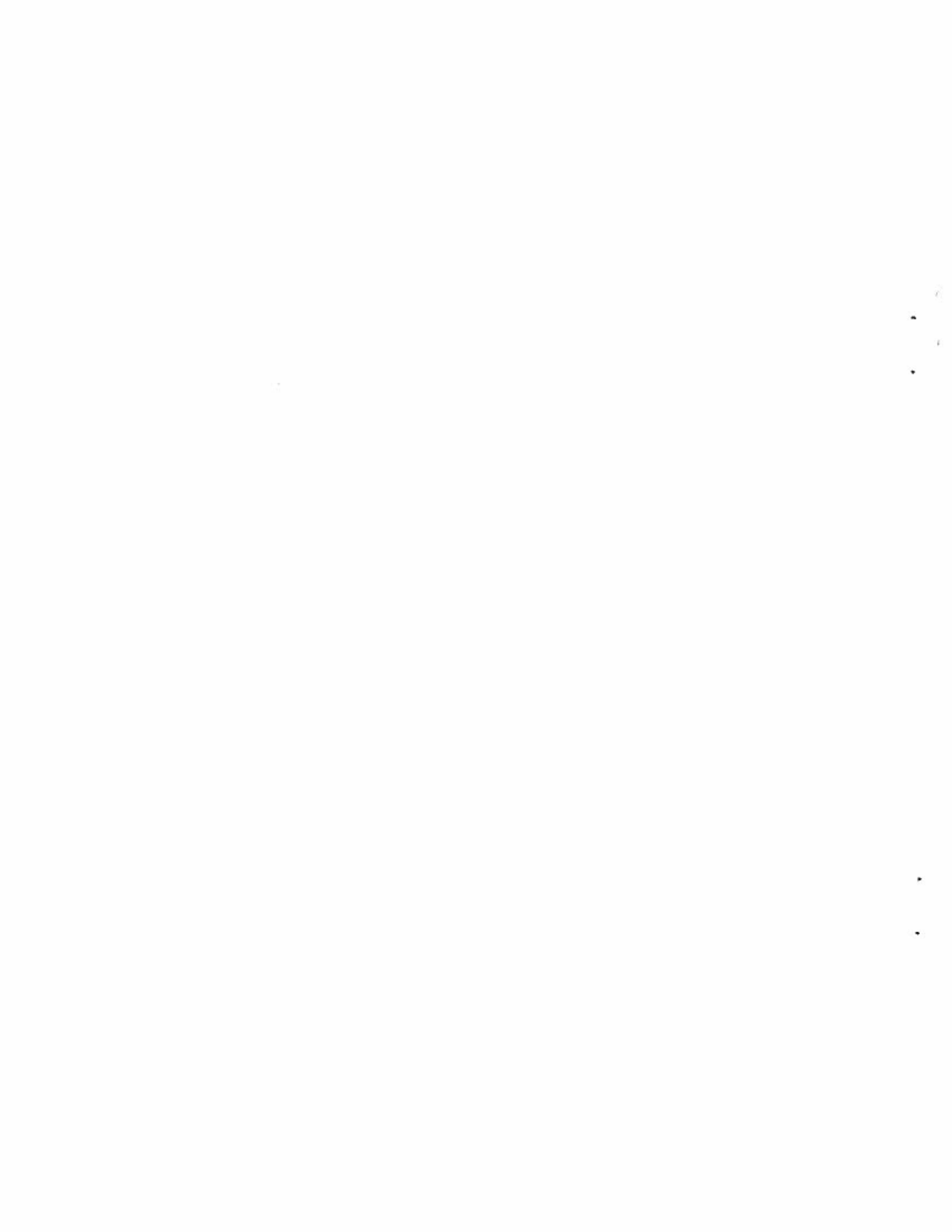
- Schedule 3 CDB's Eligibility Criteria for DFIs**

- Schedule 4 SLS Policy and Guidelines (1997)**

- Schedule 5 List of Reports for Submission to CDB**

- Schedule 6 Terms of Reference – Study to Advise on Improving the Long-Term Sustainability of the Student Revolving Loan Fund**

- Schedule 7 Priority List – Areas of Study**



LOAN AGREEMENT

AGREEMENT dated the 16th day of January, 2017 between the Caribbean Development Bank (the Bank) of the first part, the Government of Barbados (the Borrower) of the second part and the Student Revolving Loan Fund Management Committee, a statutory corporation established and existing under the laws of the Project Country (the Executing Agency) of the third part.

ARTICLE I

General Provisions, Interpretation, Definitions

Section 1.01 **General Provisions.** The “General Provisions Applicable to Public Sector Loan Agreements with an Executing Agency” of the Bank dated June 30, 1995 set forth in Schedule 1 (hereinafter called the General Provisions) shall apply to this Loan Agreement subject, however, to any modifications thereof set out herein.

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

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

- (i) “Due Dates” shall mean January 1, April 1, July 1 and October 1 in each year, except in the case of interest payable under Section 3.09 of the General Provisions and other charges which are payable on demand;
- (ii) “Project” shall mean (a) providing resources to the Borrower for on-lending by the Executing Agency to eligible students attending local, regional and international tertiary institutions and (b) assisting the Borrower in financing a consultancy to undertake an independent diagnostic review of SRLF in accordance with the TOR at Schedule 6; and

(iii) "Project Country" shall mean Barbados.

(b) Wherever used in this Loan Agreement, unless the context otherwise requires, the following additional terms shall have the following meanings:

- (i) "Act" means the Student Revolving Loan Fund Act, Cap. 54A of the laws of the Project Country, as the same may be amended from time to time;
- (ii) "CDB" means the Bank;
- (iii) "DFI" shall mean development finance institution;
- (iv) "FY" means the financial year of the Executing Agency;
- (v) "MESTI" means the Ministry of Education, Science, Technology and Innovation of the Borrower;
- (vi) "Non-eligible Educational Institutions" has the meaning assigned under Section 1 of the SLS Policy and Guidelines;
- (vii) "Priority List" means the list of priority areas of training identified by the Borrower set out in Schedule 7 and referred to in the SLS Policy and Guidelines;
- (viii) "Procurement Plan" means the procurement plan set out in Schedule 2;
- (ix) "SLS" means Student Loan Scheme;
- (x) "SLS Component" means the provision of an amount not exceeding the equivalent of seven million five hundred thousand United States dollars (USD7,500,000) to the Borrower for the purpose of onlending by the Executing Agency to eligible students attending local, regional and international tertiary institutions;
- (xi) "SLS Policy and Guidelines" means the policy and guidelines of the Student Loan Scheme of the Bank set out in Schedule 4 as such policy and guidelines may be amended by the Bank from time to time;

- (xii) "SLS Programme" means the lending programme of the Executing Agency carried out in accordance with the provisions of the Act;
- (xiii) "SLS subloan" or "subloan" means a loan made or proposed to be made by the Executing Agency out of the SLS Component to enable a student to pursue a programme of study;
- (xiv) "SRLF" means the Student Revolving Loan Fund;
- (xv) "SRLFMC" means the Executing Agency;
- (xvi) "Student Loans Advisory Committee" means the Student Loans Advisory Committee referred to in Section 11 of the 'SLS Guidelines' of the SLS Policy and Guidelines set out in Schedule 4;
- (xvii) "TA Component" means the provision of an amount not exceeding the equivalent of two hundred and fifty thousand United States dollars (USD250,000) to assist the Borrower in financing a consultancy to undertake an independent diagnostic review of all aspects of the operations of SRLF in accordance with the TOR; and
- (xviii) "TOR" or "Terms of Reference" means terms of reference referred to at Schedule 6;
- (xix) "USD" or "United States dollars" means dollars in the currency of the United States of America.

ARTICLE II

The Loan and its Purpose

Section 2.01 **Amount of Loan.** The Bank agrees to lend to the Borrower, on the terms and conditions set forth in this Loan Agreement, an amount not exceeding the equivalent of seven million seven hundred and fifty thousand United States dollars (USD7,750,000) from the Bank's Ordinary Capital Resources (the Loan).

Section 2.02 **Purpose.** The purpose for which the Loan is being made is to assist the Borrower in financing the Project.

ARTICLE III

Repayment, Interest, Commission, Commitment Charge

Section 3.01 **Repayment.** Except as provided in paragraph (b) of Section 3.02 of the General Provisions, the Borrower shall repay the amount withdrawn from the Loan Account in forty-eight (48) equal or approximately equal and consecutive quarterly instalments on each Due Date commencing on the first Due Date after the expiry of five (5) years following the date of this Loan Agreement or on such later Due Date as the Bank may specify in writing.

Section 3.02 **Interest.** Subject to the provisions in paragraph (b) of Section 3.03 of the General Provisions, the Borrower shall pay interest at the rate of three decimal four three percent (3.43%) per annum on the amount withdrawn and outstanding from time to time. Such interest shall be payable quarterly in accordance with paragraph (a) of Section 3.03 of the General Provisions.

Section 3.03 **Commission.** Sections 3.04 of the General Provisions shall not apply to this Loan.

Section 3.04 **Commitment Charge.** The Borrower shall pay to the Bank a commitment charge at the rate of one quarter of one percent (0.25%) per annum on any portion of the amount of the Loan unwithdrawn from time to time. Such charge shall accrue from the sixtieth (60th) day after the date of this Loan Agreement and shall be payable quarterly in accordance with Section 3.05 of the General Provisions.

Section 3.05 **Payments by the Executing Agency on behalf of the Borrower.** Section 3.11 of the General Provisions shall not apply to this Loan.

ARTICLE IV

Withdrawal of Loan

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

- (i) no portion of the Loan may be withdrawn by the Borrower or the Executing Agency to finance programmes of study at Non-eligible Educational Institutions; and

(ii) an amount of the Loan not exceeding the equivalent of one million five hundred thousand United States dollars (USD1,500,000) may be withdrawn by the Executing Agency to finance expenditures in respect of the SLS subloans approved by the Executing Agency between May 28, 2015 and October 15, 2015.

(b) The Loan shall not be used to finance directly or indirectly any part of the cost of the Project which consists of identifiable Taxes imposed under the laws of the Project Country.

Section 4.02 **Period of Disbursement.** The date to be specified pursuant to Section 4.03 of the General Provisions is March 31, 2019.

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

(b) The Procurement Plan approved by CDB is set out at Schedule 2. Any revisions to the Procurement Plan shall require the Bank's prior approval in writing.

(c) The Borrower and Executing Agency hereby acknowledge that they have been furnished with a copy of the Bank's "Guidelines for the Selection and Engagement of Consultants by Recipients of CDB Financing" published in October 2011, which publication is in effect at the date of this Loan Agreement.

ARTICLE V

Conditions Precedent to Disbursement

Section 5.01 **Conditions Precedent to Disbursement of Specified Amounts in respect of the SLS Component.** The Bank shall not be obliged to disburse:

(i) an amount exceeding the equivalent of three million United States dollars (USD3,000,000) in respect of the SLS Component until the Borrower has furnished or caused to be furnished to the Bank, evidence acceptable to the Bank, that the requirements of Section 7.02 have been satisfied; and

- (ii) an amount exceeding the equivalent of five million five hundred thousand United States dollars (USD5,500,000) in respect of the SLS Component until the Borrower has furnished or caused to be furnished to the Bank, evidence, acceptable to the Bank, that the requirements of Section 7.05 have been satisfied.

Section 5.02 Condition Precedent to Disbursement of Specified Amount in respect of the TA Component. The Bank shall not be obliged to disburse an amount exceeding the equivalent of two hundred thousand United States dollars (USD200,000) in respect of the TA Component until the Borrower has furnished or caused to be furnished to the Bank, evidence acceptable to the Bank, that the requirements of Section 7.03 have been satisfied.

ARTICLE VI

Particular Conditions

Section 6.01 Execution of the SLS Component. Except as the Bank may otherwise agree, the SLS Component shall be executed by the Executing Agency which, for the duration of the Project, shall:

- (i) carry out the SLS Programme or cause the same to be carried out at all times with due diligence and efficiency, with management personnel whose qualifications and experience are acceptable to the Bank, and in accordance with sound technical, environmental, financial and managerial standards and practices;
- (ii) maintain its financial and organisational performance at levels which are in conformity with the Bank's Eligibility Criteria for DFIs set out in Schedule 3 and the targets set out in Section 6.02;
- (iii) effectively manage the resources of the Loan and ensure that sound administrative and financial standards and practices are in place to monitor the elements of the subloans to provide the Bank with relevant data and information in order to assess the developmental impact and outcomes of the Project;
- (iv) for the purposes of the SLS Guidelines at Schedule 4, function as a Student Loans Advisory Committee;

- (v) exercise its rights in relation to each SLS subloan in such manner as to protect its interest and the interest of the Bank and the Borrower; and
- (vi) observe the spirit of Article 35(2) of the Agreement establishing the Bank, such that only economic considerations shall be brought to bear upon decisions of the Executing Agency with respect to the making of SLS subloans and such considerations shall be weighed impartially in doing so.

Section 6.02 Financial Performance. The Executing Agency shall ensure that the SRLF maintains:

- (i) a debt service coverage ratio of not less than 1.25 times;
- (ii) a debt to equity ratio of not more than 4:1; and
- (iii) a return on assets (ROA) of not less than zero point five percent (0.5%) in the FY 2016, and thereafter, an ROA of not less than one percent (1%).

Section 6.03 Management of the Executing Agency. The Executing Agency shall ensure that the posts of Administrative Manager, Loans Manager and Finance Manager of the Executing Agency (including persons acting in such posts or positions of comparable rank) shall be held by persons whose qualifications and experience are acceptable to the Bank. To this end, the Executing Agency shall promptly inform the Bank of any appointment which it proposes to make to such posts.

Section 6.04 Reports, Records, Accounts and Information. (a) Sub-paragraph (b)(ii) of Section 7.01 of the General Provisions shall not apply to this Loan Agreement.

(b) Without prejudice to paragraph (c) of Section 7.01 of the General Provisions, the Executing Agency shall furnish or cause to be furnished to the Bank:

- (i) the information and reports specified in Schedule 5 in such form or forms as the Bank may require, and not later than the times specified therein for so doing; and
- (ii) as soon as available, but in any case not later than one hundred and twenty (120) days after the end of each FY of the Executing Agency:

- (aa) a certified copy of its audited financial statements for such year and an audit report by independent auditors, acceptable to the Bank, of such scope and in such detail as the Bank may reasonably request; and
 - (bb) a copy of the most recent management letter received from the Executing Agency's auditors, and shall make such arrangements as are satisfactory to the Bank for addressing any deficiencies identified in the management letter.
- (c) The references in Section 7.01 of the General Provisions to sites, works, plant and construction shall not apply to this Loan Agreement.

Section 6.05 **Review Meetings**. At the request of the Bank, the Executing Agency shall ensure that its management meets with the Bank's representatives at a mutually acceptable time and place as often as determined by the Bank to be necessary, but at least annually, and exchange views with regard to the progress of the Project, the performance by the Executing Agency of its obligations under this Loan Agreement and any other matters relating to the Project.

Section 6.06 **Additional Funds**. Section 7.05 of the General Provisions is amended by deleting all words appearing after "the Project" in the third line of the said Section.

Section 6.07 **Inspection of Accounts**. Without prejudice to the right of the Bank to suspend, cancel or call in the Loan in the event that the Executing Agency fails to maintain its records and accounts, have its accounts and financial statements audited, or furnish information in accordance with the provisions of the Loan Agreement, and the Bank authorises a representative or representatives, including an accountant or accountants and/or auditor or auditors, to carry out an inspection in pursuance of those provisions, the Borrower shall pay to the Bank, on demand, the cost and expenses, including travel expenses, incurred by the Bank in carrying out such inspection.

Section 6.08 **Insurance**. Section 7.06 of the General Provisions shall not apply to this Loan Agreement.

Section 6.09 **Conditions of SLS Subloans.** The Executing Agency shall:

- (i) in making SLS subloans, comply with the SLS Policy and Guidelines;
- (ii) limit the amount of each SLS subloan to a maximum amount of the equivalent of fifty thousand United States dollars (USD50,000);
- (iii) make SLS subloans to eligible sub-borrowers at rates of interest which are in keeping with the Executing Agency's interest rate policy;
- (iv) ensure that contracts for SLS subloans include conditions which permit the Executing Agency to vary the rate of interest on giving three (3) months' notice to the sub-borrower of its intention so to do; and
- (v) ensure that each SLS subloan is adequately secured.

ARTICLE VII

Conditions Applicable to TA Component

Section 7.01 **Execution of the TA Component.** Except as the Bank may otherwise agree, the TA Component shall be executed by the Borrower, through MESTI.

Section 7.02 **Engagement of Consultants.** The Borrower, shall by June 30, 2016, or such later date as the Bank may otherwise agree, in accordance with the procurement procedures applicable to the Loan, select and engage competent and experienced consultants to carry out the services set out in the TOR at Schedule 6.

Section 7.03 **Reporting Requirements.** The Borrower, shall by December 31, 2016, or such later date as the Bank may otherwise agree, submit to the Bank the Final Report as set out in the TOR at Schedule 6.

Section 7.04 **Acceptance of Recommendations.** The Borrower shall by June 30, 2017, or such later date as the Bank may otherwise agree, confirm to the Bank its acceptance of the recommendations arising out of the consultancy referred to in Schedule 6.

Section 7.05 **Implementation of Recommendations.** Except as the Bank may otherwise agree, the Borrower shall, within a timeframe acceptable to the Bank, submit to the Bank an implementation plan, in form and substance acceptable to the Bank, for the implementation of the recommendations arising out of the consultancy referred to in Schedule 6.

ARTICLE VIII

Cancellation and Suspension

Section 8.01 **Cancellation by the Bank.** The date referred to in sub-paragraph (iii) of Section 8.03 of the General Provisions is March 31, 2018, or such later date as may be specified in writing by the Bank.

ARTICLE IX

Miscellaneous

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

For the Bank:

Caribbean Development Bank
Willey
St. Michael
BARBADOS, W.I.

Telefax: (246) 426-7269

For the Borrower:

Director of Finance and Economic Affairs
Ministry of Finance and Economic Affairs
Government Headquarters
Bay Street
St. Michael
BARBADOS, W. I.

Telefax: (246) 228-1641

For the Executing Agency:

Student Revolving Loan Fund Management Committee
The Elsie Payne Complex
Constitution Road
St. Michael
BARBADOS, W. I.

Telefax: (246) 435 2164



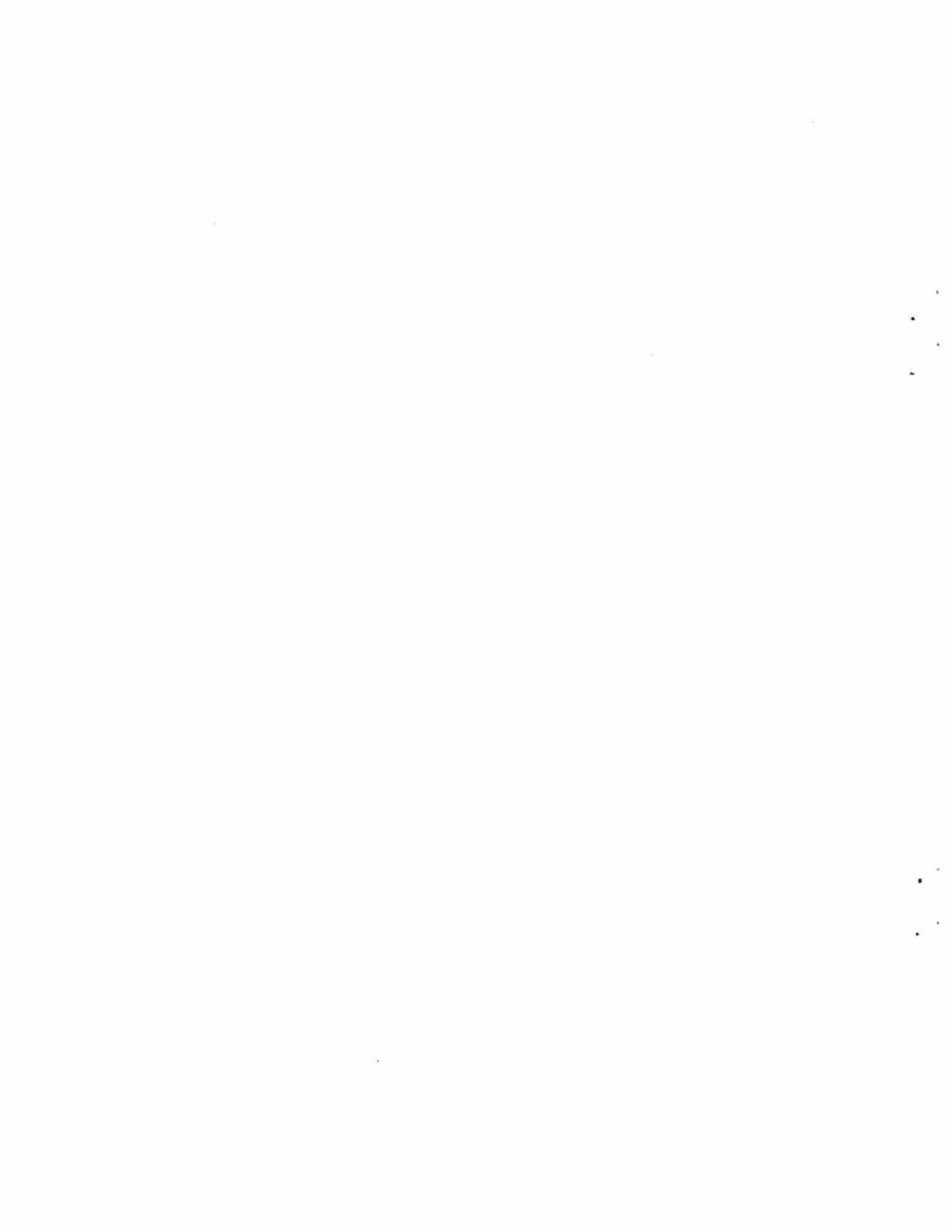
SCHEDULE 1

(Section 1.01)

CARIBBEAN DEVELOPMENT BANK

**GENERAL PROVISIONS APPLICABLE TO PUBLIC SECTOR
LOAN AGREEMENTS WITH AN EXECUTING AGENCY**

DATED: June 30, 1995



CARIBBEAN DEVELOPMENT BANK
GENERAL PROVISIONS APPLICABLE TO PUBLIC SECTOR
LOAN AGREEMENTS WITH AN EXECUTING AGENCY

Dated: June 30, 1995

TABLE OF CONTENTS

<u>Article Number</u>	<u>Title</u>	<u>Page</u>
Article I	<u>Application of General Provisions, Inconsistency with Loan Agreement</u>	
Section 1.01	Application of General Provisions	1
Section 1.02	Inconsistency with Loan Agreement	1
Article II	<u>Definitions, References, Headings</u>	
Section 2.01	Definitions.....	1
Section 2.02	References.....	3
Section 2.03	Table of Contents and Headings	3
Article III	<u>Loan Account, Repayment, Interest, Commission, Commitment Charge, Other Charges and Payments</u>	
Section 3.01	Loan Account.....	4

TABLE OF CONTENTS
(Cont'd)

<u>Article Number</u>	<u>Title</u>	<u>Page</u>
Section 3.02	Repayment	4
Section 3.03	Interest.....	4
Section 3.04	Commission.....	5
Section 3.05	Commitment Charge	5
Section 3.06	Other Charges and Interest on Overdue Payments	5
Section 3.07	Computation of Interest, Commission and Commitment Charge	5
Section 3.08	Advance Payments	5
Section 3.09	Overdue Payments	5
Section 3.10	Place and Application of Payments	6
Section 3.11	Payments by the Executing Agency on behalf of the Borrower	6

TABLE OF CONTENTS

(Cont'd)

<u>Article Number</u>	<u>Title</u>	<u>Page</u>
Article IV	<u>Withdrawal of Loan</u>	
Section 4.01	Withdrawal and Application of Loan.....	7
Section 4.02	Special Commitments	7
Section 4.03	Period of Disbursement.....	7
Section 4.04	Procurement	7
Section 4.05	Goods and Services to be used exclusively in carrying out the Project	8
Section 4.06	Request for Withdrawal or Special Commitment.....	8
Section 4.07	Authorisation of Requests for Withdrawals	9
Section 4.08	Documentation of Requests for Withdrawals.....	9
Section 4.09	Application and Documents to satisfy Bank	9
Section 4.10	Payments to Executing Agency.....	9
Section 4.11	Withdrawal and Deduction of Interest, Commission, Commitment Charge and Other Charges	9

TABLE OF CONTENTS
(Cont'd)

<u>Article Number</u>	<u>Title</u>	<u>Page</u>
Article V	<u>Currency Provisions</u>	
Section 5.01	Currencies in which Withdrawals may be made	9
Section 5.02	Currency in which Principal is Repayable	10
Section 5.03	Currencies in which Commitment Charge, Interest, Commission and Other Charges are Payable	10
Section 5.04	Exchange Control Permission	10
Section 5.05	Purchase of Currencies.....	10
Section 5.06	Valuation of Currencies	11
Article VI	<u>Conditions Precedent to First Disbursement</u>	
	Section 6.01	11
Article VII	<u>Particular Covenants</u>	
Section 7.01	Records, Accounts and Information	12
Section 7.02	Cooperation between the Bank, the Borrower and the Executing Agency	13

TABLE OF CONTENTS

(Cont'd)

<u>Article Number</u>	<u>Title</u>	<u>Page</u>
Section 7.03	Taxes.....	14
Section 7.04	Priority of Loan.....	14
Section 7.05	Additional Funds.....	15
Section 7.06	Maintenance of Insurance	15
Section 7.07	Transfer or Assignment of Loan Agreement or Loan.....	16
Article VIII	<u>Cancellation and Suspension</u>	
Section 8.01	Cancellation by Borrower	16
Section 8.02	Suspension by Bank.....	16
Section 8.03	Cancellation by the Bank	18
Section 8.04	Amounts subject to Special Commitment not affected by Cancellation or Suspension by the Bank.....	19
Section 8.05	Effectiveness of Provisions after Cancellation or Suspension	20

TABLE OF CONTENTS
(Cont'd)

<u>Article Number</u>	<u>Title</u>	<u>Page</u>
Article IX	<u>Events of Default</u>	
	Section 9.01	20
Article X	<u>Termination</u>	
	Section 10.01	22
Article XI	<u>Enforceability</u>	
	Section 11.01	22
Article XII	<u>Miscellaneous</u>	
	Section 12.01	23
	Section 12.02	23
	Section 12.03	23
	Section 12.04	23
	Section 12.05	23
Article XIII	<u>Arbitration</u>	
	Section 13.01	24

CARIBBEAN DEVELOPMENT BANK

GENERAL PROVISIONS APPLICABLE TO PUBLIC SECTOR
LOAN AGREEMENTS WITH AN EXECUTING AGENCY

DATED: June 30, 1995

ARTICLE I

**Application of General Provisions,
Inconsistency with Loan Agreement**

Section 1.01 Application of General Provisions. These General Provisions set forth certain terms and conditions generally applicable to loans made by the Bank and shall apply to Loan Agreements with an Executing Agency to such extent, and subject to such modifications, as may be provided in such Loan Agreements, provided however that, where there is no Guarantor, references in these General Provisions to Guarantor and Guarantee Agreement shall be disregarded.

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

ARTICLE II

Definitions, References, Headings

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

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

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

Provisions as thus made applicable thereto, all agreements amending such agreement or supplemental thereto and all schedules to such agreement;

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

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

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

ARTICLE III

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

Section 3.01 Loan Account. The Bank shall open a Loan Account in its books in the name of the Borrower. The amount of the Loan shall be credited to the Loan Account and may be withdrawn therefrom as provided, and subject to the rights of cancellation and suspension set out, in the Loan Agreement and in these General Provisions.

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

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

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

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

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

Section 3.05 Commitment Charge. The Borrower shall pay to the Bank a commitment charge on the amount unwithdrawn from the Loan Account from time to time at the rate specified in the Loan Agreement. Except as the Bank may otherwise specify in writing, such commitment charge shall accrue from the date specified in the Loan Agreement to the respective dates on which amounts shall be withdrawn from the Loan Account or shall be cancelled and shall be payable on the Due Dates, the first payment being due and payable on the first Due Date after the date on which such charge shall accrue.

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

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

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

Section 3.09 Overdue Payments. (a) In case the Borrower fails to pay any portion of the Principal, interest (excluding interest payable under this Section), commission, commitment charge and/or other charges due and payable under the Loan Agreement, but without prejudice to the provisions of Articles VIII and IX, the Borrower shall pay to the Bank interest on such overdue Principal, interest, commission, commitment charge

and/or other charges at such rate or rates of interest per annum as shall be applicable thereto as provided in paragraph (b) of this Section, for a period from the day immediately succeeding the Due Date for such overdue payment or payments to the day of actual payment thereof (both dates inclusive) if the Borrower fails to pay any portion of such overdue payment or payments within the period of twenty-one (21) days after the Due Date for such overdue payment or payments.

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

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

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

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

Section 3.11 Payments by the Executing Agency on behalf of the Borrower. (a) Without in any way derogating from the obligations of the Borrower under Sections 3.02, 3.03, 3.04, 3.05, 3.07 and 3.09, all payments of Principal, interest, commission, commitment charge and other charges required to be made to the Bank by the Borrower under the Loan Agreement shall be made to the Bank by the Executing Agency on behalf of the Borrower out of the resources of the Executing Agency.

(b) If the Executing Agency fails to make any payment of Principal, interest, commission, commitment charge or other charges required to be made by the Executing Agency by paragraph (a) of this Section or fails to make any such payment in full, the Borrower shall promptly make the required payment or provide the Executing Agency with additional funds as are needed to make such payment.

ARTICLE IV Withdrawal of Loan

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

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

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

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

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

- (i) be procured in accordance with the procedures outlined in the Bank's "Procedures for Selection and Engagement of Consultants by Recipients of CDB Financing" and "Guidelines for Procurement" as are in effect on the date of the Loan Agreement and as the same may be

amended from time to time by the Bank or in accordance with such other procedures as may be specified in writing by the Bank;

- (ii) except as provided in the procedures referred to in sub-paragraph (i) of this paragraph, have their source and origin in and be procured from only the member countries of the Bank, all of which are specified in the Annex to these General Provisions, and such other countries as may be specified in, or pursuant to, the Loan Agreement.

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

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

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

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

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

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

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

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

ARTICLE V

Currency Provisions

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

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

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

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

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

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

Section 5.05 Purchase of Currencies. The Bank will, at the request of the Borrower or the Executing Agency and on such terms and conditions as the Bank shall determine, use its best efforts to purchase any currency needed by the Borrower or the Executing Agency for payment of Principal, interest, commission, commitment charge and other charges required under the Loan Agreement upon payment by the Borrower or the Executing Agency of sufficient funds therefor in such currency or currencies to be specified by the Bank

from time to time. In purchasing the currencies required, the Bank shall be acting as agent of the Borrower or the Executing Agency, as the case may be, and the Borrower or the Executing Agency, as the case may be, shall be deemed to have made any payment required under the Loan Agreement only when and to the extent that the Bank has received such payment in the currency or currencies required.

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

ARTICLE VI

Conditions Precedent to First Disbursement

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

- (i) the Guarantee Agreement in form and substance acceptable to the Bank;
- (ii) evidence, acceptable to the Bank, that the Borrower, if it is not a member of the Bank, and the Executing Agency are legally established;
- (iii) one or more opinions, satisfactory to the Bank, of a legal practitioner, acceptable to the Bank, showing that:
 - (aa) the Borrower, if it is not a member of the Bank, and the Executing Agency are legally established and have the legal capacity to contract the obligations assumed in the Loan Agreement and to fully execute the Project;
 - (bb) the Borrower and the Executing Agency have complied with all the necessary requirements under the Constitution of the Project Country and under the Laws and Regulations in force therein in order to enter into the Loan Agreement; and

- (cc) the Loan Agreement has been duly authorised by and executed and delivered on behalf of the Borrower and the Executing Agency and constitutes a valid and legally binding obligation in accordance with all of its terms;
 - (iv) proof, satisfactory to the Bank, that the person or persons who signed the Loan Agreement on behalf of the Borrower and the Executing Agency were legally empowered to do so;
 - (v) evidence, acceptable to the Bank, that the Borrower and the Executing Agency have designated one or more representatives to represent them in all acts regarding the implementation of the Loan Agreement and the authenticated specimen signature of the said representative or representatives; and
 - (vi) evidence, acceptable to the Bank, that the Executing Agency has authorised one or more persons to sign applications for withdrawals in accordance with Section 4.07 and the authenticated specimen signature of the person or persons so authorised.
- (b) Except as the Bank may otherwise agree, the Bank shall not be obliged to make the first disbursement of the Loan until the requirements of paragraph (a) of this Section, as amplified by the Loan Agreement, have been complied with to the entire satisfaction of the Bank and the Aid Donor(s) shall have authorised withdrawals for the Project, if necessary.

ARTICLE VII

Particular Covenants

Section 7.01 Records, Accounts and Information. (a) The Executing Agency shall maintain records and accounts adequate to reflect in accordance with consistently maintained sound accounting practice the operations and financial condition of the Executing Agency and in particular, but without prejudice to the generality of the foregoing provision, adequate to identify the goods and services financed out of the amount withdrawn from the Loan Account, to disclose the use thereof in the Project, to show the expenditures of the amount withdrawn from the Loan Account and to record the progress of the Project (including the cost thereof). The Executing Agency shall maintain such accounts and records relating to the Project to the

satisfaction of the Bank and such records and accounts shall be kept separately and distinct from the records and accounts of the other operations of the Executing Agency.

(b) The Executing Agency shall:

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

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

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

Section 7.02 Cooperation between the Bank, the Borrower and the Executing Agency. (a) The Bank, the Borrower and the Executing Agency shall cooperate fully to ensure that the purpose of the Loan will be accomplished. To that end, the Bank, the Borrower and the Executing Agency shall from time to time, at the

request of any such party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower and the Executing Agency of their respective obligations under the Loan Agreement and any other matters relating to the Project.

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

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

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

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

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

(i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or

- (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one (1) year after its date.
- (d) As used in this Section the term:
- (i) "external debt" means any debt payable by the Borrower in any medium other than the currency which at the time in question is legal tender in the Project Country whether such debt is payable absolutely or at the option of the creditor in such other medium; and
 - (ii) "governmental assets" means assets of the Project Country, if the Borrower is a member of the Bank, of any of its political sub-divisions, or of any agency of the Project Country, if the Borrower is a member of the Bank, or of any such political sub-division including an institution performing the functions of a central bank.
- (e) The Borrower, if it is not a member of the Bank or a political sub-division or agency of a member of the Bank or an enterprise in which equity participation by one or more members of the Bank or one or more agencies of such member or members of the Bank is a controlling one, undertakes that, except as the Bank may otherwise agree or as contemplated for the Project, no security which will rank prior to, or *pari passu* with, any security given as a requirement of the Loan Agreement shall, after the date of the Loan Agreement, be created or maintained on any of its property as security for any debts.

Section 7.05 Additional Funds. The Borrower and the Executing Agency shall provide promptly as necessary all funds in addition to the amount withdrawn from the Loan Account and all other resources required for the punctual and effective carrying out of the Project and, in particular, shall be responsible for meeting any amount by which the cost of the Project exceeds the estimated cost thereof as specified in the Loan Agreement.

Section 7.06 Maintenance of Insurance. (a) Except as otherwise specified in the Loan Agreement, the Executing Agency shall take out and maintain with responsible insurers, or make adequate arrangements acceptable to the Bank for, insurance against such risks and in such amounts as shall be consistent with sound business practice, and, without limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to the acquisition, transportation and delivery of goods financed out of an amount

withdrawn from the Loan Account to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the Executing Agency to replace or repair such goods.

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

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

ARTICLE VIII

Cancellation and Suspension

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

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

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

commission, commitment charge or other payment required under any other agreement between the Bank and the Borrower;

- (ii) The Guarantor shall have failed to make payment of Principal, interest, commission, commitment charge or other charges under the Guarantee Agreement or any principal, interest, commission, commitment charge or other payment required under any other agreement between the Bank and the Guarantor;
- (iii) The Executing Agency shall have failed to make any payment of Principal, interest, commission, commitment charge or other payment under the Loan Agreement or any principal, interest, commission, commitment charge or other payment required under any other agreement between the Bank and the Executing Agency;
- (iv) The Borrower, the Guarantor or the Executing Agency shall have failed to perform or observe any of its other obligations under the Loan Agreement or the Guarantee Agreement;
- (v) A situation shall have arisen which shall make it improbable in the Bank's opinion that the Project can be carried out or that the Borrower, the Guarantor or the Executing Agency will be able to perform or observe any of its obligations under the Loan Agreement or the Guarantee Agreement;
- (vi) Prior to the Closing Date, any material adverse change in the condition of the Borrower or the Executing Agency, as represented by the Borrower or the Executing Agency, shall have occurred;
- (vii) A representation made by the Borrower, the Guarantor or the Executing Agency in or pursuant to the Loan Agreement or the Guarantee Agreement or any statement furnished in connection therewith and intended to be relied upon by the Bank in making the Loan shall have been incorrect in any material respect;
- (viii) The Borrower, if it is a member of the Bank, or the Guarantor shall have withdrawn or been suspended from membership in, or ceased to be a member of, the Bank;

- (ix) The right of the Borrower, the Guarantor or the Executing Agency to make withdrawals under any other agreement with the Bank shall have been suspended in whole or in part by the Bank;
- (x) The right of the Bank to receive funds for the Project from the Aid Donor(s) shall have been suspended in whole or in part or shall have terminated;
- (xi) A situation shall have arisen whereby, in the Bank's opinion, any withdrawal or further withdrawal from the Loan Account will cause the Bank to exceed any of the lending limits of the Bank, established by the Board of Directors of the Bank from time to time;
- (xii) Any event specified in subparagraph (vii) of Section 8.03 and sub-paragraphs (iv), (vi), (vii), (viii), (ix), (x), (xi) and (xii) of Section 9.01 shall have occurred; or
- (xiii) Any other event specified in the Loan Agreement for the purpose of this Section shall have occurred.

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

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

- (i) The Borrower shall have failed to comply with the conditions set out in Section 6.01 (a), as amplified by the Loan Agreement, by the sixtieth (60th) day after the date of the Loan Agreement, or such later date as may be specified in writing by the Bank;
- (ii) In the opinion of the Bank, it is improbable that any requirement specified in or pursuant to Section 6.01 (b) or any condition to be fulfilled in meeting any such requirement will be satisfied;
- (iii) By the date referred to in the Loan Agreement, the Bank has not received any application for withdrawal from the Loan Account or for Special Commitment in accordance with Article IV, or all applications received by that date shall not have been acceptable to the Bank;
- (iv) The right of the Executing Agency to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty (30) days;
- (v) At any time the Bank determines, after consultation with the Borrower and the Executing Agency, that an amount of the Loan will not be required to finance the Project's cost to be financed out of the Loan;
- (vi) After the Closing Date an amount of the Loan remains unwithdrawn from the Loan Account;
or
- (vii) The Bank shall have received notice from the Guarantor pursuant to Section 3.05 of the General Provisions applicable to Guarantee Agreements with respect to any amount of the Loan.

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

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

ARTICLE IX
Events of Default

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

- (i) A default shall occur in the payment of Principal, interest, commission, commitment charge or other charges under the Loan Agreement and such default shall continue for a period of thirty (30) days;
- (ii) A default shall occur in the payment of Principal, interest, commission, commitment charge or other charges under the Guarantee Agreement and such default shall continue for a period of thirty (30) days;
- (iii) A default shall occur in the payment of principal, interest, commission, commitment charge or any other payment required under any other loan or guarantee agreement between the Bank and the Borrower and such default shall continue for a period of thirty (30) days;
- (iv) A default shall occur in the payment of principal, interest, commission, commitment charge or other charges under any loan or guarantee agreement between the Guarantor and the Bank under circumstances which would make it unlikely that the Guarantor would meet its

obligations under the Loan Agreement or the Guarantee Agreement and such default shall continue for a period of thirty (30) days;

- (v) A default shall occur in the performance or observance of any other obligation on the part of the Borrower, the Guarantor or the Executing Agency under the Loan Agreement or Guarantee Agreement, and such default shall continue for a period of sixty (60) days after notice thereof shall have been given by the Bank to the Borrower, the Guarantor and the Executing Agency;
- (vi) The Borrower, if it is not a member of the Bank, or the Executing Agency, shall have become unable to pay its debts as they mature or any action or proceeding shall have been taken by the Borrower, if it is not a member of the Bank, or the Executing Agency or by others whereby any of the property of the Borrower, if it is not a member of the Bank, or the Executing Agency shall or may be distributed among its creditors;
- (vii) The Borrower, if it is not a member of the Bank, or the Executing Agency, shall have taken or suffered any action for its reorganisation, liquidation or dissolution or the suspension of its operations, or a receiver or liquidator shall have been appointed of all or any part of its property;
- (viii) Any modification shall have been made in the purpose, nature or objectives, capital or assets of the Borrower, if it is not a member of the Bank, or the Executing Agency and particularly any substantial revision of the legislation establishing the Borrower, if it is not a member of the Bank and is established by legislation, or the Executing Agency, which may have a deleterious effect on the Project or on the purpose for which the Loan Agreement was entered into;
- (ix) The Borrower, the Guarantor or the Executing Agency shall have failed to fulfil any of its other obligations to the Bank whether arising under the agreement establishing the Bank or otherwise;

- (x) There shall have been a cancellation, pursuant to Section 8.01 or Section 8.03, of such an amount of the Loan as will make it improbable in the Bank's opinion that the Project can be carried out or that the Borrower or the Executing Agency will be able to perform or observe any of its obligations under the Loan Agreement;
- (xi) The Project shall have been discontinued or suspended without the prior approval of the Bank or the Borrower or the Executing Agency shall have suspended, or ceases or threatens to cease to carry on, the business contemplated in carrying out the Project; or
- (xii) Any other event specified in the Loan Agreement for the purpose of this Section shall have occurred and shall continue for the period, if any, specified in the Loan Agreement.

ARTICLE X

Termination

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

ARTICLE XI

Enforceability

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

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

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

ARTICLE XII

Miscellaneous

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

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

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

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

Section 12.05 Subject to Article 46 of the agreement establishing the Bank, in the event of a distribution of the assets of the Bank, the Borrower, being a member of the Bank, or the Guarantor shall not be entitled to

receive its share in such distribution until it has settled its obligations to the Bank under the Loan Agreement or the Guarantee Agreement.

ARTICLE XIII

Arbitration

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

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

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

One arbitrator shall be appointed by the Bank, another by the Borrower and the Executing Agency or, if they shall not agree, by the Borrower and a third (hereinafter called the umpire) shall be appointed by agreement between the parties, either directly or through their respective arbitrators. If the parties fail to agree on who shall be the umpire, he shall be appointed at the request of either party by the Secretary-General of the Caribbean Community. If either side fails to appoint an arbitrator, he shall be appointed by the Secretary-General of the Caribbean Community at the request of the other party. If either of the appointed arbitrators or the umpire is unwilling or unable to act or to continue to act in such capacity, his successor shall be appointed in the same manner as for the original appointment. The successor shall perform the same functions and shall have the same powers as his predecessor.

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

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

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

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

(h) The Arbitration Committee shall afford to both sides a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitration Committee shall constitute the award of the Arbitration Committee. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Loan Agreement. Each party shall abide by and comply with any such award rendered by the Arbitration Committee in accordance with the provisions of this Section.

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

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

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

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

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

ANNEX

[Section 4.04 (a) (ii)]

MEMBERS OF THE BANK

Regional Members

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

Non-Regional Members

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



SCHEDULE 2

[Section 4.03(b)]

PROCUREMENT PLAN

I. General

(a) Project Information:

Country: Barbados

Borrower: Government of Barbados

Project Name: Student Loan - Barbados

Project Implementing Agency (PIA): Ministry of Education, Science, Technology and Innovation (MESTI)

(b) Bank's Approval Date of the Procurement Plan: October 14/15, 2015

(c) Period Covered By This Procurement Plan: October 2015 – December 2018

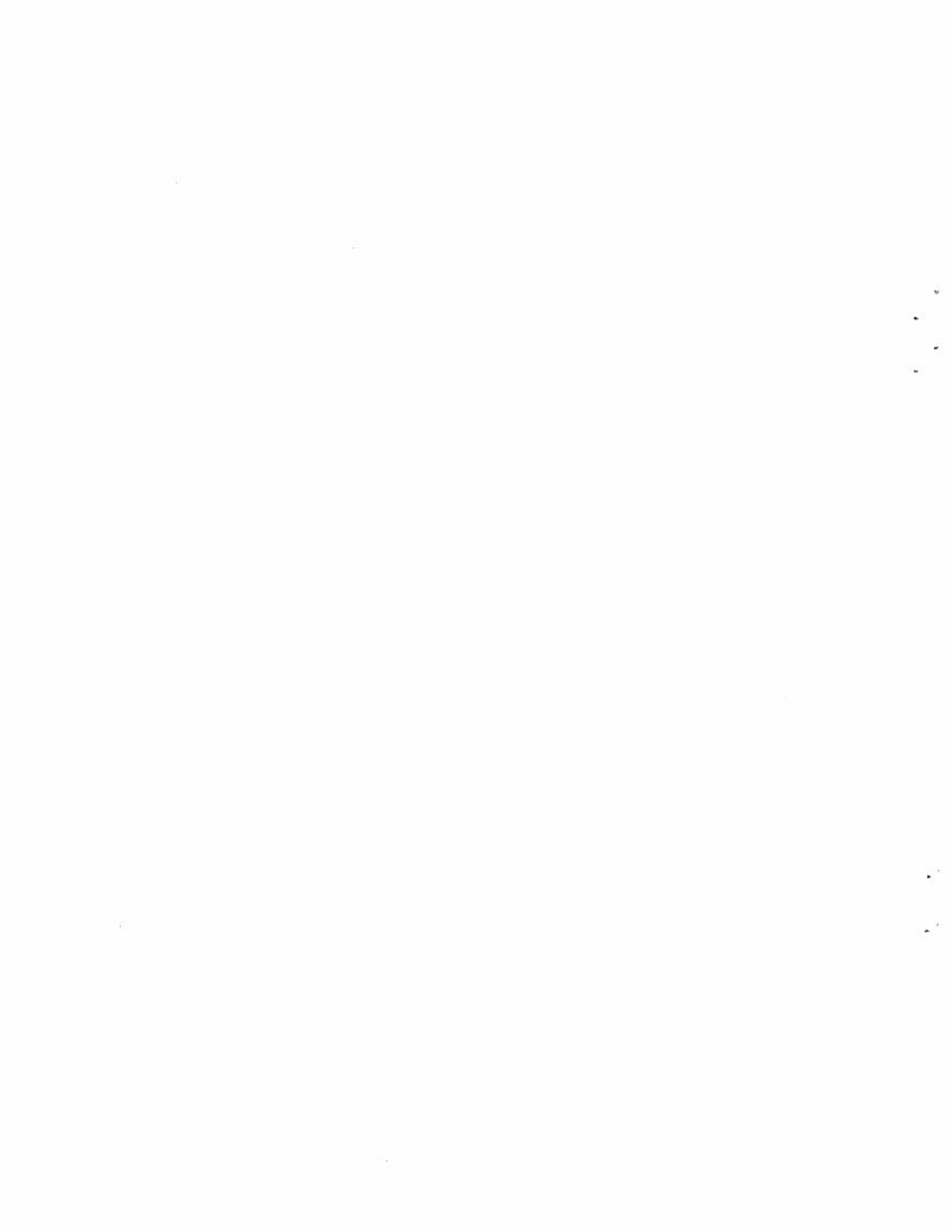
II. Consulting Services

(a) Reference to (if any) Project Operational/Procurement Manual: Guidelines for the Selection and Engagement of Consultants by Recipients of CDB Financing (October 2011)

(b) Any Other Special Procurement Arrangements: N/A

(c) Procurement Packages with Selection Methods and Time Schedule:

1	2	3	4	5	6	7
Ref No.	Assignment (Description)	Estimated Cost (USD)	Selection Method	Review by Bank (Prior/Post)	Expected Proposal Submission	Comments
1.	A consultancy to undertake a Diagnostic Review of SRLF and to make policy and operational recommendations to GOBD to strengthen the business operations of SRLF.	250,000	Quality-Based Selection (QBS).	Prior	May 2016	Loans Agreement expected to be signed by end of January 2016, and procurement process commences in February 2016.



SCHEDULE 3

[Section 6.01(ii)]

CDB'S ELIGIBILITY CRITERIA FOR DFIs

External Audit

1. Existence of a very recent audit report on the financial condition of the DFI carried out by qualified independent auditors.

Quality of Organisation, Management and Staffing

2. The following should be adhered to:
 - (a) assurance of managerial autonomy;
 - (b) satisfactory organisational and staffing arrangements to assess and manage credit risks associated with long-term lending; and
 - (c) adequate operating policies and procedures.

Accounting Policies

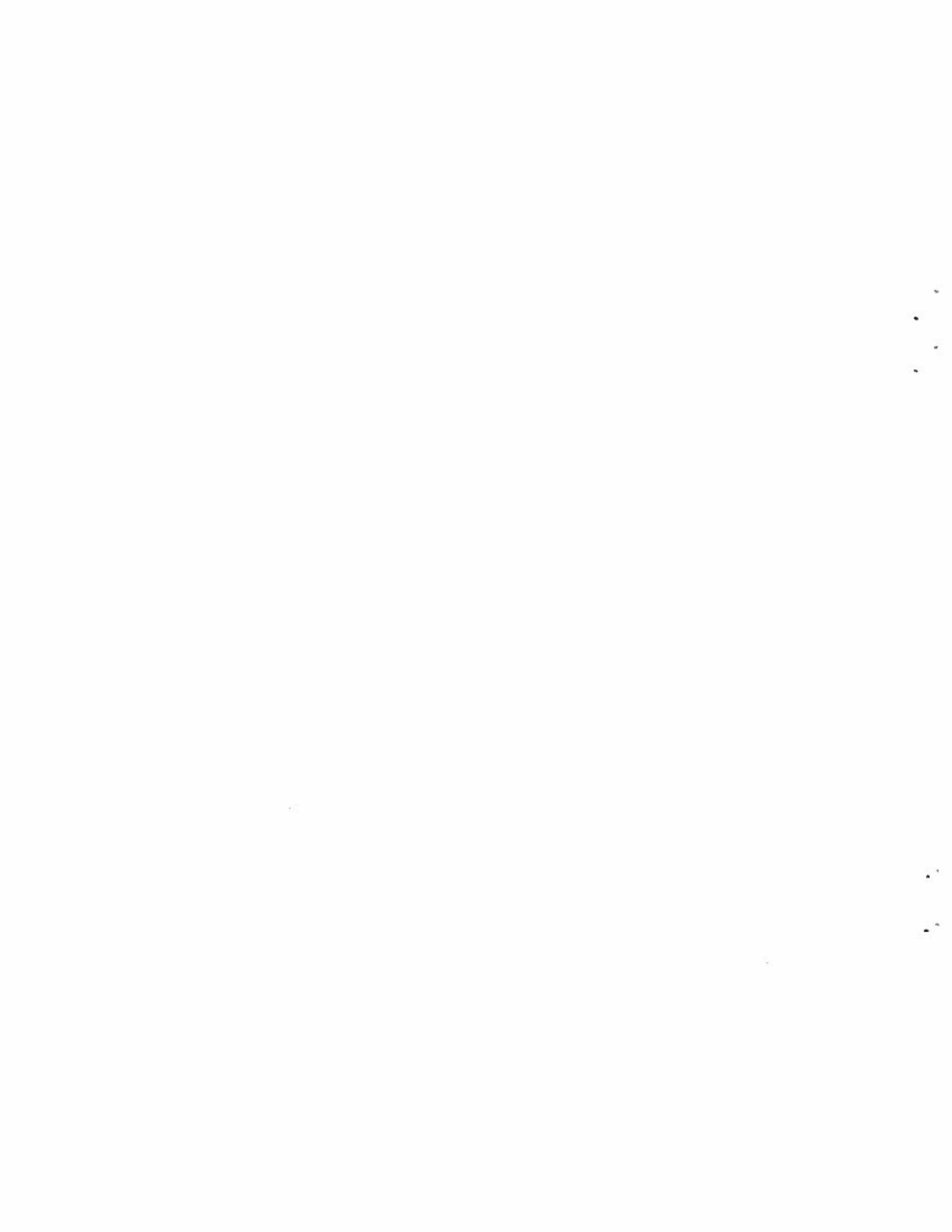
3. The DFI's accounting policies should be appropriate for an FI and have sound rules for the classification of performing and NPLs, loan provisioning, rescheduling, bad-debt write-off and the recognition of interest and other income.

Financial Conditions

4. The NPL portfolio should be adequately covered by loan loss provisions.
5. The cash collection ratio on loans should be sufficiently high that liquidity is not adversely affected. To this end, SRLF should normally collect a minimum of 85% [] current year debt service billings and achieve an overall annual collection rate of at least 6.5% of all debt service due.
6. Debt-service coverage should not normally be less than 1.25 times.
7. The ratio of total debt-to-equity should not normally exceed 4:1.
8. Normally a minimum ROA of 1%.

Other Criteria

9. Appropriate onlending interest rates to cover all of the DFIs expenses including allowances for risks on its various categories of lending.



SCHEDULE 4

[Section 6.01(iv)]

SLS POLICY AND GUIDELINES (1997)

SLS POLICY (1997)

(a) Operating Arrangements

SLS loans are to be made either directly or to a Government or to a financial institution under guarantee of the Government. The EA for an SLS loan may be either a financial institution or an agency of Government.

It is also necessary to have in place an advisory committee, the Student Loans Advisory Committee (SLAC) or other appropriate entity, to assist the EA in executing those educational functions which a particular borrower or EA is not fully equipped or experienced to carry out.

(b) Eligibility of the Programme of Study

The programme of study to be financed from SLS funds allocated to any country must have been identified by the Government as priority areas for training in line with its development objectives and be included in a Priority List.

(c) Eligibility of the Educational Institution

CDB favours the use of regional educational institutions. However, having regard to the many valid reasons why persons would seek to further their education outside the Region, provision is made so that a portion of loan funds may be used to finance programmes of study at extra-regional educational institutions under specific conditions.

In order to encourage the beneficiaries to provide their services to their country or the Region on completion of their studies, they are therefore required to sign a bond requiring them to seek employment in the country in which the subloan was made or in the Region, for at least one year, on completion of the programme of study.

(d) Eligibility of the Student

In recognition of CDB's role as a regional development bank and the intra-regional mobility of labour, nationals, permanent residents, belongers or immigrants of a BMC and their dependents with at least one year's residence in a BMC, can now be eligible for funding under the SLS. The student does not necessarily have to be resident in the country in which the lending programme is being carried out.

(e) Eligible Expenses

Expenses normally associated with pursuing and completing a course of study, including personal maintenance cost, legal costs, transportation and child care costs, as well as interest accrued during the grace period, will be eligible for funding under the SLS.

(f) Loan Amounts

A maximum subloan limit will be set at appraisal and may be varied by CDB's Management in appropriate cases.

(g) Financial Conditions of Subloans

Repayment must normally commence within three (3) months of employment and must be completed within twelve (12) years. EAs are encouraged to charge interest rates consistent with the interest rate policy of the institution, while taking account of the need to maintain interest rates that are as low as possible, given the human resource development objectives of the SLS.

(h) Security of Subloans

CDB requires that all subloans be adequately secured.

SLS GUIDELINES (1997)

Section 1: Interpretation

Whenever used in these Guidelines, unless the context otherwise requires, the following terms have the following meanings:

- (i) "Bank" means the Caribbean Development Bank.
- (ii) "Borrower" means the party to the Loan Agreement to which the Bank has agreed to make the Loan.
- (iii) "BMC" means a Borrowing Member Country of the Bank.^{1/}
- (iv) "Dependent" means a child whether born in wedlock or not, an adopted child or a person residing with and wholly maintained by any of the persons referred to in Section 4 (i) and (ii) of these Guidelines.
- (v) "Dollars" or "\$" means the currency which is for the time being legal tender in the country in which the Lending Programme is to be carried out.
- (vi) "Educational Institution" means a recognised educational institution.
- (vii) "Executing Agency" means, where the loan is being made to the Government but the Government is not carrying out the Lending Programme, the party to the Loan agreement entrusted with the carrying out of the Lending Programme.
- (viii) "Extra-regional Educational Institution" means an educational institution in a non-regional member country of the Bank, the United States of America or other country which the Bank may specify in writing.

^{1/} The BMCs are listed under Regional Members (except Colombia, Mexico and Venezuela) in the Annex to the General Provisions.

- (ix) "Government" means the Government of the BMC.
- (x) "Lending Programme" means the making, out of the proceeds of the Loan, of subloans in respect of students pursuing programmes of study in conformity with these Guidelines.
- (xi) "Loan" means the loan provided for in the Loan Agreement.
- (xii) "Loan Agreement" means the agreement between the Bank, the Borrower and the Executing Agency (where applicable) providing for the Loan.
- (xiii) "Non-eligible Educational Institution" means an educational institution other than a regional educational institution or an extra-regional educational institution.
- (xiv) "Programme of Study" includes formal courses of study at educational institutions, distance type educational courses, study tours and attachments.
- (xv) "Regional Institution" means the Bank, the Caribbean Community, the East Caribbean Common Market, the Organisation of Eastern Caribbean States, the University of the West Indies, or such other institution as may be approved by the Bank.
- (xvi) "Regional Educational Institution" means an educational institution in a regional member country of the Bank, Puerto Rico and the United States Virgin Islands.
- (xvii) "Student" means the person who is to pursue the programme of study for which the subloan is to be made.
- (xviii) "Sub-Borrower" means a person to whom a subloan is made.
- (xix) "Subloan" means a loan made or proposed to be made by the Borrower or the Executing Agency out of the proceeds of the Loan.
- (xx) "US dollars" or "US\$" means dollars in the currency of the United States of America.

Section 2: Eligible Programmes of Study

- (a) The Government shall establish in respect of the Loan, a comprehensive list of higher, and technical/vocational programmes of study based on the manpower training needs (hereinafter called the Priority List).
- (b) The Government shall annually update and publish the Priority List.
- (c) The Borrower or the Executing Agency, whichever is entrusted with carrying out of the Lending Programme, shall use the proceeds of the Loan for making subloans for programmes of study in the fields specified in the Priority List, except as the Government may otherwise agree.
- (d) Subloans may be granted for courses of up to five years duration.

Section 3: Eligibility of the Institution

- (a) In pursuing a programme of study the student should preferably attend a regional educational institution.
- (b) The student may, with the approval of the Borrower or the Executing Agency, whichever is entrusted with carrying out the Lending Programme, after consultation with the Student Loans Advisory Committee, attend an extra-regional educational institution in cases where the programme of study for which the subloan is to be made is available at a regional educational institution but:
 - (i) no places are available to the student at regional educational institutions;
 - (ii) the student does not satisfy the minimum entry requirements of regional educational institutions but can produce evidence of having obtained entry at an extra-regional educational institution;
 - (iii) the costs of pursuing the programme of study at an extra-regional educational institution are substantially less than the costs of pursuing the programme of study at a regional educational institution; or
 - (iv) the student has already pursued a substantial part of the programme of study at an extra-regional educational institution and needs only limited financial assistance to complete the programme.
- (c) The limits of the Loan that may be utilised to finance programmes of study at extra-regional and non-eligible educational institutions will be determined on a case by case basis at the time of appraisal.

Section 4: Eligibility of the Student

The student must be:

- (i) a national, permanent resident, believer or immigrant of the country in which the lending programme is being carried out and have resided in one or more of the BMCs for at least one year immediately preceding the date of application for the subloan; or
- (ii) a national, permanent resident, believer or immigrant of one of CDB's BMCs and be residing in the country where the lending programme is being carried out for at least one year immediately preceding the date of application of the subloan; or
- (iii) a dependent.

Section 5: Eligible Expenses

The proceeds of the Loan may be used to finance the basic academic costs of enrolment, tuition, books and related material, transportation costs, in-term personal maintenance costs (including room and board), child care, legal expenses in respect of the security for a subloan, insurance coverage in respect of the life of the sub-borrower, and, if the sub-borrower so requests, interest on the subloan during any grace period for repayment of the subloan.

Section 6: Subloan Amounts

- (a) In determining the amount of each subloan, the Borrower or the Executing Agency, whichever is entrusted with carrying out the Lending Programme, shall take into consideration:
- (i) the cost of the programme of study;
 - (ii) the location of the educational institution;
 - (iii) the student's or his/her family's financial position;
 - (iv) the adequacy of security available;
 - (v) repayment options offered;
 - (vi) the ability of the student to repay the subloan from expected income on completion of study; and
 - (vii) amounts required for interest payments during the grace period.

The amount of the loan shall in no case exceed the cost of the programme of study.

- (b) Maximum subloan limits will be determined by the Bank on a case by case basis at the time of appraisal.

Section 7: Financial Conditions of Subloans

- (a) Sub-borrowers shall be charged interest on subloans at a rate of interest consistent with the interest rate policy of the institution.
- (b) Interest chargeable during the grace period may be included in the amount of the subloan, and the Borrower or the Executing Agency, whichever is entrusted with carrying out of the Lending Programme, may deduct from the subloan, and pay to itself such interest on the dates such interest becomes due and payable. Interest accrued during the grace period and not paid shall be capitalised at the end of this period and subloan agreements shall be designed to reflect this policy.
- (c) Each sub-borrower shall be required to repay the subloan by monthly instalments over a period of not more than twelve years commencing not later than three months after the date of the student's employment after completion of the programme of study or six months after completion of the programme of study (whichever first occurs).

Section 8: Security for Subloans

The Borrower or the Executing Agency shall require each subloan to be adequately secured.

Section 9: Obligations of the Student

- (a) The student shall attend the educational institution and pursue the programme of study for which the subloan was made. Any transfer contemplated in respect of the educational

institution or programme of study must be approved by the Borrower or the Executing Agency, whichever is entrusted with the carrying out of the Lending Programme.

- (b) The student, after the termination of the programmes of study, must work in one of the BMCs of the Bank for at least one year.

Section 10: Obligations of the Borrower or the Executing Agency

- (a) The reporting requirements will be determined at time of appraisal.
- (b) The use of recycled funds will be established at time of appraisal.

Section 11: Student Loans Advisory Committee

- (a) The Borrower or the Executing Agency, whichever is entrusted with the carrying out of the Lending Programme, shall be assisted in the administration of the Lending Programme by a Committee responsible for:
 - (i) monitoring the establishment, publication and updating of the Priority List;
 - (ii) monitoring the non-credit performance of the SLS Programme; and
 - (iii) making recommendations to the Executing Agency and to the Government as necessary.
- (b) The Committee shall consist of such persons as the Government shall consider suitable for carrying out its functions and shall include representatives of the private and public sectors.

SCHEDULE 5

[Section 6.04(b)(i)]

LIST OF REPORTS FOR SUBMISSION TO CDB

Details of Reports	Frequency
1. Status of Loan Portfolio by mode of lending stating number and value of subloans outstanding including: (a) interest in arrears; and (b) principal instalments in arrears and aged analysis thereof in intervals of 3 months up to 12 months and over.	Quarterly within 30 days of the end of each quarter.
2. Schedule of Cumulative Approvals and Disbursements and Anticipated Approvals and Disbursements for the next 12 months.	Quarterly within 30 days of the end of each quarter.
3. Status of Loan Collections by mode of lending in respect of Principal and Interest, including: (a) arrears of principal at beginning of period; (b) principal collectible for period; (c) total principal due; (d) collection of principal due at beginning of period; (e) collection of principal collectible for period; (f) arrears of interest at beginning of period; (g) interest collectible for period; (h) collection of interest; (i) collection of interest collectible for period; and (j) amount of principal affected by arrears.	Annually within 30 days of the end of each FY.
4. Copy of Annual Corporate Budget.	Within 30 days of the beginning of each FY.
5. Schedule of Sub-borrowers in Arrears by mode of lending.	Annually and within 30 days of the end of the FY.
6. Independent audit report on SRLF's compliance with Terms and Conditions of CDB Loan.	Annually within 120 days of end of each FY.
7. Audited Financial Statements.	Annually within 120 days of end of each FY.
8. Auditor's Management Letter with responses by SRLF.	Annually within 120 days of end of each FY.

Details of Reports	Frequency
9. Applicants for student loan financing by: (a) age; (b) sex; (c) area of study; (d) parish of residence; (e) level of household income/consumption; (f) incidence of the lowest quintile; (g) incidence of disability; and (h) incidence of special conditions.	Annually within two months of each FY.
10. Approvals for student loan financing by: (a) age; (b) sex; (c) area of study; (d) level of household income/consumption; (e) incidence of the lowest quintile; (f) incidence of disability; and (g) incidence of special conditions.	Annually within two months of each FY.
11. Project Outcome Indicators: (a) Number of recipients graduated; and (b) Beneficiaries of student loan by gender.	Annually within two months of each FY.

**STUDY TO ADVISE ON IMPROVING THE LONG-TERM SUSTAINABILITY OF THE
STUDENT REVOLVING LOAN FUND**

TERMS OF REFERENCE

1. BACKGROUND

1.01 The Student Revolving Loan Fund (SRLF) was established in 1977 under the Student Revolving Loan Fund Act, 1976–20 when it replaced the Higher Education Loan Fund. The Student Revolving Loan Fund Management Committee (SRLFMC) is the statutory corporation established under the Act to administer and manage the SRLF. Its purpose is to provide funding to eligible Barbadians for priority areas of study and continues to be to increase the number of qualified persons. As a body corporate, the administration of the SRLF moved from the Tertiary Section of the Ministry of Education, Science, Technology and Innovation as was the case for the previous entity, and it now reports directly to the Minister of Education, Science, Technology and Innovation.

1.02 The SRLF was initially funded by three loans from the Inter-American Development Bank (IDB) and with each subsequent loan agreement SRLF expanded its focus. The first loan of USD800,000 was signed on May 25, 1977 and it was for on lending to eligible Barbadians to pursue studies at the undergraduate level in areas which were considered crucial for the economic and social development of the country. The loan ceiling was \$30,000 and the maximum repayment period ten years.

1.03 The agreement for the second loan of USD2 million (mn) was signed on February 1, 1984 and it was disbursed over the period February 1984 to 1990. It allowed the SRLF to expand and modify its programme to include studies at the post-secondary; technical and vocational levels at the Samuel Jackman Prescod Polytechnic; the Barbados Community College; the National Training Board; and at the graduate level. At this time SRLF changed its financial agent to the Barbados National Bank and increased its staff to five. The third stage of the SRLF's development coincided with a new loan agreement with IDB dated April 4, 1990 for USD6.8 mn and this loan was disbursed during the period April 1990 to 1996. SRLF became a self-contained unit with additional staff members being hired to manage its finances as the services of the financial agent were discontinued. The maximum loan amount increased to \$50,000 and the interest rate moved from 6% to 8%. In 1990, the SRLF also established a Guidance and Placement Unit to serve as a liaison between the job market and potential student borrowers.

1.04 From 1996 to March 2004, the SRLF depended on Government to provide financial assistance for new loans but became self-financing thereafter. The SRLF lowered its interest rate for new loans to 6% in 2005, and in 2009 a variable interest rate was implemented and is tied at 1.5% above the central bank's savings rate.

1.05 The SRLF's social responsibility features prominently in its lending in that it offers a preferred interest rate and an extended repayment period as well as deferred interest charges during the study period. It has a variable interest rate which is legislated to be a maximum of 1.5% above the savings rate. This rate is currently 4% for all borrowers except technical and vocational student borrowers whose interest rate, as stipulated by the Minister of Finance in the 2012 Budget, is 3.25%. No interest is charged on the loan during the period of study and the general payback period is 12 years but up to 25 years is allowed, based on specific conditions. In addition, at the conclusion of the agreed study period, students are afforded an additional year known as a grace period when interest starts to accrue

on the loan and before repayment becomes mandatory. This extra time is designed to allow students a reasonable time to find employment after the completion of their study programme and before commencement of the repayment of the Loan.

2. EDUCATION SECTOR REVIEW

2.01 Access to education in order to enhance skills and improve certification is a critical prerequisite for labour market participation. Demand for tertiary education opportunities has been steadily increasing for particular economic sectors, influenced by several factors such as changes in the labour market needs and ongoing public sector reforms. Nonetheless, participation disparities continue to affect vulnerable groups, particularly socioeconomically disadvantaged students and males. The measures adopted by Government of Barbados (GOBD) to address inequities in provisions have been largely affected. However, the most critical need is to assess affordable financing to meet tuition costs and living expenses which are increasingly the obligation of students in the tertiary education sub-sector.

2.02 Under an ongoing focus on quality transformation, Barbados' education system is undergoing fundamental changes designed to respond to key human resource development challenges. As a part of its *Growth and Development Strategy 2013-20*, GOBD has identified educational investments as a national development priority towards the preparation of 'productive and successful' lifelong learners. In 2014, GOBD as part of its fiscal policy adjustments issued a Policy Statement which read "*Effective academic year 2014-15 Barbadian citizens pursuing studies at campuses of the University of the West Indies (UWI) will be required to pay tuition fees. The Tuition fee is applicable to UGC-funded academic programmes. The Tuition fee constitutes 20 percent of the total cost of programmes. The remaining 80 percent is called the Economic Cost, and will be paid by the Government.*" This measure was a departure from the long-standing policy where GOBD paid all of the costs for Barbadian students who were attending UWI.

2.03 The requirement for students to pay tuition fees is expected to adversely affect the ability of many prospective students to register for programmes at UWI as well as returning students who are now faced with costs for which they do not have the resources. Research findings in Barbados conclude that poor households are likely to be challenged to access tertiary education opportunities relative to their peers in higher quintiles. Financial capability will feature prominently among factors that would limit access. In circumstances where access may be gained, students from disadvantaged households may lack the ongoing financial support necessary to fully maximise training opportunities.

3. OPERATIONS OF SRLF

3.01 As a result of GOBD no longer financing the full tuition costs of students attending UWI, it is expected that there will be a significant increase in the demand for loans from SRLF. The greater demand that is expected to be placed on SRLF to provide student loans to cover tuition costs, has to be mirrored by an appropriate level of financial and personnel resources if such demand is to be satisfied, otherwise there will be a diminution in service to students.

3.02 Since March 2004, SRLF has been self-financing without the need for financial support from GOBD. The portion of the loan portfolio which is under repayment generates sufficient income to meet the operating costs of SRLF and contributes to new loan commitments. However, the limited resources of SRLF are insufficient to finance the expected increase in demand for loans from students.

3.03 Given such conditions, SRLF's current business model needs to be evaluated to determine how the institution ought to be repositioned to achieve sustainability and to play a more effective role in tertiary education financing for national development. In order to satisfy the growing demand for student loans, SRLF needs to be periodically capitalised to ensure its continued viability and sustainability. SRLF proposes to engage a consultancy firm to access its operations and make recommendations as appropriate. This is being done within the wider context of ensuring the availability of affordable tertiary education financing to students consistent with GOBD's national development agenda.

4. OBJECTIVE

4.01 The objective of the consultancy is to conduct a Diagnostic Review of SRLF, with particular emphasis on its long-term viability and sustainability. The findings from this study will be used to inform governmental and institutional policy deemed appropriate to enhance the capacity of SRLF to fulfil its mandate.

5. SCOPE OF SERVICES

5.01 In carrying out this assignment, the consultancy firm will report to the Permanent Secretary, MESTI, and work closely with the senior management of SRLF. The consultancy firm will be required to conduct an institutional assessment of SRLF to identify current strengths, weaknesses, opportunities and threats to its current operations. The consulting firm is required to liaise with other stakeholders in education including tertiary institutions and to propose strategies for SRLF to improve its delivery of loan financing services according to its mandate. Such an assessment will include but will not be limited to the following:

- (a) reviewing GOBD's policy for tertiary education financing;
- (b) conducting a review of SRLF's enabling legislation, and its current organisational structure, staffing and Corporate Plan to determine relevance and adequacy in the context of significant growth in lending, ongoing automation of operating processes and enhancement to the MIS;
- (c) analysing of strengths and weaknesses of SRLF's current business model to determine the relevance, decision making autonomy, corporate governance, systems for providing technical leadership and its ability to ensure the development and implementation of better lending solutions;
- (d) conducting an assessment of projected student loan demand over the next five (5) years;
- (e) determining what level of funding is required and possible sources, including options that consider direct debt financing and that would give rise to an appropriate funding mix;
- (f) reviewing the current loan approval system with emphasis on security and loan repayment;
- (g) reviewing and making recommendations on the current financial management strategies that take into consideration future financial obligations consistent with the identified business model;

- (h) reviewing the existing system through which priority areas for human resource development are identified;
- (i) assessing the Monitoring and Evaluation System (M&E) and the MIS and recommending enhanced systems to capture information for institutional reporting;
- (j) conducting a review of SRLF's current lending policy, including the interest rate policy, efficacy of loan guarantees to determine the relevance and identifying possibilities as appropriate for the introduction of repayment programmes that are linked to post-graduation income (income-contingent loans);
- (k) making recommendations on whether SRLF needs to vary its portfolio mix to provide opportunities that would enable better risk management and portfolio yields;
- (l) identifying key performance indicators for the operations of SRLF to guide its performance monitoring;
- (m) conducting an asset quality review of the loan portfolio of SRLF, categorising the portfolio into appropriate segments of collectability, loan loss provisioning, income recognition, and write-offs. Arising from this exercise, the Consultants should make recommendations for improving the loan collection process;
- (n) examining the gender issues that hinder access to loan financing and make recommendations for a strategy to enable equitable access; and
- (o) examining and making recommendations for a system/programme to increase opportunities for students from poor and vulnerable households to access loan financing.

5.02 Based on these reviews and analyses, the Consultant(s) will:

- (a) Propose general recommendations for:
 - (i) amendments to the enabling legislation for SRLF;
 - (ii) enhanced good corporate governance regulations; and
 - (iii) an appropriate organisational structure.

- (b) Prepare draft operating policies and guidelines to include:
 - (i) income recognition;
 - (ii) loan loss provisioning and write-off;
 - (iii) interest rate setting;
 - (iv) investment and liquidity; and
 - (v) debt recovery.

6. TIMING AND QUALIFICATIONS

6.01 The assessment requires an estimated level of effort of one hundred and sixty (160) person-days over a period of six (6) calendar months. The Consultancy Firm must demonstrate familiarity with the operations of development financial institutions and knowledge of student loans schemes. Principal qualifications and experience required to conduct the assignment include:

- (a) at least the following three (3) key experts with the requisite qualifications and experience are required:
 - (i) In-depth knowledge of economics, finance, banking operations, procedures, relevant laws and policies governing credit programmes;
 - (ii) In-depth experience in market research, trend analysis, and development of strategic plans; and
 - (iii) In-depth knowledge of financial institutions, corporate governance, financial modelling, student loan programmes, and experience in research and organisation planning design and policy development.
- (b) experience in the management of similar projects would be an asset; and
- (c) excellent written and verbal communication skills.

7. METHODOLOGY

7.01 The Consultancy Firm will be required to review all relevant documentation related to the execution of and assessment of SRLF's business operations, including previous studies undertaken on the SRLF and student loan financing in Barbados. These include, but are not limited to, SRLF's existing credit, financial and operating policies. In addition, the consultants will be required to conduct interviews with key stakeholders, as well as draw on the operations of other student loan programmes both within CDB's BMCs and externally, as deemed necessary. A Stakeholders' Workshop to discuss the findings of the consultancy will be held following submission of the draft Progress Report. The feedback from this workshop will be incorporated in the Final Report.

8. DELIVERABLES

8.01 The Consultancy Firm shall provide SRLF, GOBD and CDB with an electronic version in Microsoft Office software packages of the following reports with two hard copies to MESTI and SRLF and shall conduct a Stakeholders' Workshop as set out below.

- (a) Deliver an Inception Report within five (5) working days of commencement of the assignment. In the report the Consulting Firm shall provide:
 - (i) its understanding of the services to be provided including an overview of SRLF's existing operations, and in particular the current policy with respect to the tertiary education financing;
 - (ii) details of methodology and approach to be used; and
 - (iii) a detailed work plan and schedule for the completion of the services.

8.02 SRLF, GOBD and CDB will provide comments within two (2) weeks of receipt of the Report;

- (a) Provide a Draft Progress Report within four (4) weeks from start of the consultancy. The Progress Report should identify key deliverables to date and a plan for the remaining deliverables. SRLF and CDB will provide comments within ten (10) working days upon receipt of the Draft Progress Report. The Consultant shall incorporate those comments in a Final Progress Report and submit same to SRLF and CDB within three days after receipt of comments.**
- (b) Conduct a Stakeholders' Workshop two (2) weeks after the submission of the Final Progress Report, to sensitise stakeholders on the objectives and findings of the Diagnostic Review exercise and to receive feedback from participants. Attendance at the workshop should include SRLF, GOBD, CDB, and other key stakeholders.**
- (c) Submit a Draft Final Report, two (2) weeks after the workshop at (c) above. The Consultants shall incorporate the feedback from participants of the workshop into the Draft Final Report. The Draft Final Report shall be prefaced with an executive summary which contains the main findings, description of the operations of SRLF, conclusions and recommendations of the report. In addition, it will consist of a narrative section comprising details of the major findings, options for a revised business model for the sustainable operation of SRLF with supporting evidence and analyses for the recommendations of the consultancy. The Annexes of the Report will include but not be limited to the Terms of Reference for this service; and historical and projected financial statements and their analyses under various options. SRLF and CDB will provide comments within ten (10) working days after the date of the receipt of the Draft Final Report.**
- (d) The Consultant shall submit a Final Report within one week after receipt of comments from SRLF and CDB as at (c) above.**

8.03 The consultant shall also develop and deliver a presentation to the management and staff of SRLF and GOBD upon completion of the Final Report.

SCHEDULE 7

[Section 1.03(b)(vii)]

PRIORITY LIST – AREAS OF STUDY

	Areas Of Study
1.	Accounting, Finance and Investments
2.	Actuarial Sciences
3.	Agriculture, Veterinary and Environmental Sciences
4.	Animation
5.	Architecture, Construction and Project Management
6.	Arts and Cultural Studies
7.	Aviation Studies and Piloting
8.	Biology and Natural Sciences
9.	Computer Sciences and Information Technologies
10.	Dentistry and Medical Sciences
11.	Education and Foreign Languages
12.	Engineering
13.	Hospitality and Tourism Studies
14.	Legal Studies and Criminal Justice
15.	Management and Business Studies
16.	Mobile and Web Applications
17.	Nursing, Health Care and Nutrition
18.	Photovoltaic and Wind Generation Electricity
19.	Psychology
20.	Technical and Vocational Studies
21.	Videography

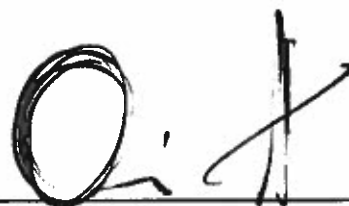


IN WITNESS WHEREOF this Loan Agreement has been signed in two (2) equally valid copies at Wildey, St. Michael, Barbados, on behalf of the Bank, Bay Street, St. Michael, Barbados on behalf of the Borrower and at Constitution Road, St. Michael, Barbados on behalf of the Executing Agency by their respective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

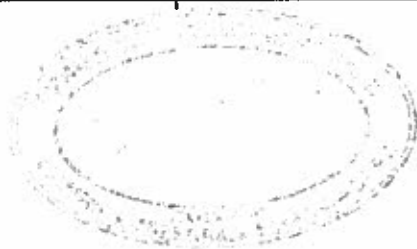
CARIBBEAN DEVELOPMENT BANK

GOVERNMENT OF BARBADOS

Carlyle Anne



Minister responsible for Finance



**STUDENT REVOLVING LOAN FUND
MANAGEMENT COMMITTEE**

Inne Chandler

Chairman

Karen Best

Deputy Chairman

