

## **AMENDATORY CONTRACT**

AMENDATORY CONTRACT entered into between the GOVERNMENT OF BARBADOS (the "Borrower") and the INTER-AMERICAN DEVELOPMENT BANK (the "Bank", and together with the Borrower, the "Parties").

### **ARTICLE ONE**

The Parties agree to amend Loan Contract No. 2255/OC-BA (Water and Sanitation Systems Upgrade), entered into between the Borrower and the Bank dated March 21, 2010 (the "Loan Contract"), in the manner and to the extent set forth below.

1. Section 3.05 "Revolving Fund" of the Special Conditions is amended in its entirety to read as follows:

**"SECTION 3.05     Exchange Rate.** For the purposes of the provisions set forth in Article 3.06(b) of the General Conditions of this Contract, the parties agree that the applicable exchange rate shall be that which is indicated in subsection (b) of said Article. For this purpose, the exchange rate to be applied will be that in effect on the day on which the Borrower, the Executing Agency or any natural or juridical person in whom the power to incur expenditures has been vested, makes the related payments to the contractor or supplier, as published by the Central Bank of Barbados."

2. Section 5.01 "Records, Inspections and Reports" of the Special Conditions is amended in its entirety to read as follows:

**"SECTION 5.01     Records, Inspections and Reports.** The Borrower agrees to directly or through the Executing Agency: (i) maintain records; (ii) permit inspections; (iii) submit reports; (iv) maintain a management, accounting and financial administration system acceptable to the Bank; and (v) submit financial statements and financial reports to the Bank in accordance with the provisions established in this Chapter and in Chapter VII of the General Conditions."

3. Article 4.07 "Revolving Fund" of the General Conditions is amended in its entirety to read as follows:

**"ARTICLE 4.07.     Reimbursement of Expenditures.** (a) With resources of the Financing and upon fulfillment of the requirements set forth in Articles 4.01 and 4.03 of these General Conditions and the pertinent requirements established in the Special Conditions, the Bank may disburse resources of the Financing to reimburse the Borrower and/or the

Executing Agency, as the case may be for expenditures related to the execution of the Project that are eligible to be financed with resources of the Financing, pursuant to the provisions of this Contract.

(b) Except by express agreement between the parties, the disbursement requests for reimbursing expenditures financed by the Borrower and/or Executing Agency, as the case may be, in accordance with paragraph (a) above, shall be made promptly following the incurrence of such expenses, or not later than sixty (60) days following the conclusion of each Semester or within such other term as the parties may agree.”

4. Article 4.08 “Availability of Local Currency” of the General Conditions is amended in its entirety to read as follows:

“**ARTICLE 4.08. Advance of Funds.** (a) Provided that the requirements of Articles 4.01 and 4.03 of these General Conditions and those which may be established in the Special Conditions have been fulfilled, the Bank may disburse resources from the Financing as an Advance of Funds to the Borrower or the Executing Agency, as the case may be, to cover eligible expenditures related to the execution of the Project, in accordance with the provisions of this Contract.

(b) The maximum amount of each Advance of Funds shall be set by the Bank on the basis of the liquidity needs of the Project to cover periodic projected expenditures, in accordance with paragraph (a) above. At no time may the maximum amount of an Advance of Funds exceed the amount required to finance such expenditures, during a period of up to six (6) months, in accordance with the investment schedule and the cash flow required to meet such purpose and the capacity demonstrated by the Borrower or the Executing Agency, as the case may be, to use the resources of the Financing.

(c) The Bank may: (i) increase the maximum amount of an Advance of Funds when immediate cash flow needs that merit such increase arise, upon presentation of a request duly justified and accompanied by a statement of projected expenditures for the execution of the Project during the corresponding Advance of Funds period in effect; or (ii) make a new Advance of Funds on the basis of the provisions contained in paragraph (b) above, provided that at least eighty percent (80%) of the total amount of resources disbursed as an Advance of Funds has been justified. The Bank may take any of the above-mentioned actions, provided that the requirements of Articles 4.01 and 4.03 of these General Conditions and those which may be established in the Special Conditions have been fulfilled.

(d) The Bank may also reduce or cancel the total aggregate balance of any Advance or Advances of Funds should the Bank determine that the disbursed resources of the Financing have not been used and/or have not been justified to the Bank sufficiently and on a timely basis, in accordance with the provisions of this Contract.”

5. A new Article 4.09 “Closing Period” is included which will read as follows:

**“ARTICLE 4.09. Closing Period.** The Borrower or the Executing Agency, as the case may be, shall: (a) present to the Bank’s satisfaction, within a period of ninety (90) days from the date stipulated for the final disbursement of the Financing, the supporting documentation relating to expenditures made for the execution of the Project, and any other information that the Bank may have requested; and (b) return to the Bank, at the latest on the day of expiration of the Closing Period, the balance of disbursed resources of the Financing that has not been duly justified. If audit services are to be financed with resources of the Financing, and such services will not be concluded or billed prior to the expiration of the Closing Period referred to in section (a) above, the Borrower or the Executing Agency, as the case may be, shall inform and reach agreement with the Bank as to the way in which payment for such services will take place, and shall return to the Bank the resources of the Financing allotted for such purpose, should the Bank not receive the audited financial statements and/or audited financial reports within the periods stipulated in this Contract.”

6. A new Article 4.10 “Availability of Local Currency” is included which will read as follows:

**“ARTICLE 4.10. Availability of Local Currency.** The Bank shall be obliged to make disbursements to the Borrower in local currency only to the extent that the respective depository of the Bank has placed such currency at its effective disposition.”

## ARTICLE TWO

The Parties hereby ratify that all other provisions of Loan Contract No. 2255/OC-BA, remain in full force and effect.

## ARTICLE THREE

The Parties agree that this Amendatory Contract shall enter into force from the date of signature by the representative of the Borrower.

IN WITNESS WHEREOF, the Borrower and the Bank, each acting through its authorized representative, have signed this Amendatory Contract in two (2) equally valid copies.

GOVERNMENT OF BARBADOS

INTER-AMERICAN DEVELOPMENT  
BANK

/s/ Christopher Sinckler

/s/ Joel Branski

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Honourable Christopher Sinckler  
Minister of Finance and Economic Affairs

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Joel Branski  
Representative in Barbados

Date: September 13, 2013

Date: September 4, 2013

Place: Barbados

Place: Barbados