

FINANCIAL AGENCY AGREEMENT

FINANCIAL AGENCY AGREEMENT (the “Agreement”) between the Inter-American Development Bank (the “IDB”) and the Caribbean Development Bank (“CDB”) acting as financial agent (the “Financial Agent”).

WHEREAS, the Board of Executive Directors of the IDB approved on March 30, 2016, by means of Resolution DE-12/16, a proposal for the establishment of a multi-donor Trust Fund for the Compete Caribbean Partnership Facility (the “Facility”) to support firms to grow, innovate and enter into new sectors and markets, as well as promote an environment that enables innovation and growth (a copy of which is attached as Exhibit I to this Agreement); and in accordance with the terms of which the IDB seeks to have CDB act as its Financial Agent for purposes of administering the Facility grant resources that will finance the implementation of individual projects in the Organization of Eastern Caribbean States (OECS) countries in accordance with paragraph 2.9 of the proposal.

NOW, THEREFORE, the Financial Agent and the IDB agree as follows:

Article 1. Deposit of the Resources. Promptly following the execution of this Agreement, the Financial Agent shall send a written instruction to the IDB designating a dollar-denominated commercial bank account (the “Account”). Such written instruction shall include sufficient information for effecting a wire transfer of funds to the Account. Within ten (10) business days following the date upon which the IDB approves and certifies full compliance of an individual operation financed with grant resources of the Facility (“the Project” or “Projects”, if referring to more than one individual operation), the IDB shall cause such resources to be deposited in the Account under the advance of funds method (“Advance of Funds”). The amount of the Advance of Funds shall be determined by the IDB on the basis of the liquidity needs of the Projects in order to cover periodic projections of eligible expenditures during a period of up to six (6) months. With the exception of the first Advance of Funds, the IDB will not deposit another Advance of Funds in the Account unless at least eighty percent (80%) of the total cumulative balance of the previous Advance of Funds has been disbursed by the Financial Agent and a detailed report submitted, listing the transactions and the balance of the funds; unless the IDB specifies a lower percentage (which in no case may be less than fifty percent (50%)).

It is understood that the Account may be an already-existing account maintained by the Financial Agent. The Financial Agent will maintain records that are sufficiently detailed to ensure that it will be able to account for and monitor the proceeds of the Facility separately from any other

funds deposited to the Account. As used in this Agreement, “business day” refers to any day in which commercial banks are open for regular operations in Washington, D.C., United States of America and in Barbados, and “dollars” or the symbol “US\$” refers to dollars of the United States of America.

Article 2. Terms of the Account; Interest. The Account shall be an interest-bearing demand deposit account. All interest earned on the funds deposited in the Account shall be: (a) applied to defraying expenses (if any) of the Financial Agent in the maintenance and administration of the Account, and (b) retained or reinvested in the Account and used for financing of the Projects, subject to the provisions of Article 5 of this Agreement.

Article 3. Disbursement of Funds from the Account. From time to time, the IDB, in its sole discretion, shall instruct the Financial Agent to disburse Facility grant funds deposited into the Account to a specified recipient, via a written instruction provided by facsimile in accordance with the provisions of Article 10, and the Financial Agent shall promptly so disburse. Under no circumstances shall the Financial Agent disburse such funds from the Account without having received a specific instruction in writing from the IDB regarding such disbursement.

Article 4. Reporting of Accounts. The Financial Agent shall provide to the IDB: (a) annually, a copy of the audited CDB Annual Report, promptly following the release or publishing of the same; (b) upon IDB’s request, the detailed report described in Article 1; and (c) within fifteen (15) business days following each calendar quarter, a summary review of the status of the Account, disbursements therefrom and expenses chargeable thereto. In addition, the Financial Agent shall provide to the IDB a complete report of the status of the Account (the “Final Report”) within ninety (90) calendar days following receipt of the notice of termination of the Facility, contemplated in Article 5 of this Agreement.

Article 5. Term of Agreement. (a) The term of this Agreement shall be coterminous with that of the effectiveness of the Facility, contained in document GN-2851 approved by the IDB Board of Executive Directors. The Facility becomes effective on the date of acceptance by the IDB of the first Donor Contribution Letter and shall terminate when its resources are exhausted and no additional Contributions have been pledged.

(b) Upon termination of the Facility by the IDB, the IDB shall so inform the Financial Agent in writing. The IDB may, at its option, direct in such communication the disposition of any funds remaining in the Account corresponding to the Facility, or may defer such decision until after the IDB has received and considered the Final Report. The Financial Agent shall in any event promptly comply with the IDB’s instructions regarding the disposition of any funds remaining in the Account that correspond to funds of the Facility.

Article 6. Financial Agent’s Fee; Expenses. In full consideration for the Financial Agent’s services as Financial Agent, the CDB agrees not to charge any fees or expenses as a result of this Agreement.

Article 7. Supervision. The Financial Agent undertakes, so far as is feasible, to ensure that the activities are implemented as planned and that resources of the Facility are utilized for the purposes indicated in the Facility Proposal. The Bank's Country Office in Barbados will maintain close contact with the Financial Agent during execution of each individual Project financed with resources from the Facility and will ensure that: (a) disbursement requests are received and processed in a timely manner; (b) extension requests, if any, are received and processed in a timely manner; (c) the reports follow the Bank's format and contain adequate information; and (d) any questions regarding procurement or other procedural issues are answered.

Article 8. Concerning the Financial Agent. The Financial Agent shall have no duties or responsibilities under this Financial Agreement other than those specifically set forth herein.

Article 9. Entire Agreement. This Agreement embodies the entire agreement and understanding between the parties relating to the subject matter hereof and may not be changed orally, but only by an instrument in writing signed by the party against whom enforcement of such change is sought.

Article 10. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been delivered to, and received by, each party when actually received by such party at the following address or facsimile number:

If to the IDB:

Address:

Inter-American Development Bank
"Hythe" Welches Maxwell Main Road
BB17068
Christ Church, Barbados

Facsimile: (246) 429-8869

If to the Financial Agent:

Address:

Caribbean Development Bank
Wilkey
St. Michael
Barbados, W.I.

Facsimile: (246) 426-7269

Notwithstanding the provisions of Article 9 of this Agreement, either party may change its address for notices hereunder by giving notice of such change to the other party in accordance with the provisions of this Article 10.

Article 11. Arbitration. For the solution of any controversy which may arise under this Agreement and which is not resolved by agreement of the parties, said parties shall unconditionally and irrevocably submit to the following arbitration procedure and award:

(a) **Composition of the Tribunal.** The Arbitration Tribunal shall be composed of three (3) members, to be appointed in the following manner: one by the IDB, another by the Financial Agent, and a third, hereinafter called the "Referee", by direct agreement between the parties or through their respective arbitrators. If the parties fail to agree on who shall be the Referee, or if one of the parties fails to appoint the Referee, the Referee shall be appointed, at the request of either party, by the Secretary General of the Organization of American States. If either of the parties fails to appoint an arbitrator, he shall be appointed by the Referee. If either of the appointed arbitrators or the Referee is unwilling or unable to act or to continue to act, 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.

(b) **Initiation of the Procedure.** In order to submit the controversy to arbitration the claimant shall address to the other party a written communication setting forth the nature of the claim, the satisfaction or compensation sought, and the name of the arbitrator it has appointed. The party receiving such communication shall, within forty-five (45) days, notify the adverse party of the name of the person it has appointed as arbitrator. If, within thirty (30) days after delivery of such notification to the claimant, the parties have not agreed upon the person who is to act as Referee, either party may request the Secretary General of the Organization of American States to make the appointment.

(c) **Convening of the Tribunal.** The Arbitration Tribunal shall be convened in Washington, District of Columbia, on the date designated by the Referee and, once convened, the Tribunal itself shall decide when it shall meet.

(d) **Procedure.**

(i) The Tribunal shall be competent only to hear the matter in controversy. It shall adopt its own procedures and may on its own initiative designate whatever experts it considers necessary. In any case, it shall give the parties the opportunity of making oral presentations.

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

(iii) The award shall be in writing and shall be adopted with the concurrent vote of at least two of the members of the Tribunal. It shall be handed down within sixty (60) days from

the date on which the Referee has been appointed, unless the Tribunal determines that, due to special and unforeseen circumstances, such period should be extended. The parties shall be notified of the award by means of a communication signed by at least two members of the Tribunal. The parties agree that any award of the Tribunal shall be complied with within thirty (30) days from the date of notification and it shall be final and shall not be subject to any appeal.

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

(f) **Notification.** All notifications regarding the arbitration proceeding or to the award shall be made in the manner provided in this Agreement. The parties expressly waive any other form of notification.

Article 12. Execution in Counterparts; Effectiveness. This Agreement shall be signed in two (2) originals of equal tenor by duly authorized representatives, and will enter into force on the date of its signature by the latter to sign.

IN WITNESS WHEREOF, the parties hereto have executed this Financial Agency Agreement as of the day and year set forth below.

CARIBBEAN DEVELOPMENT BANK

INTER-AMERICAN DEVELOPMENT
BANK

/s/

/s/

Ms. Monica La Bennett
Vice-President (Operations) (Ag.)

Juan Carlos de la Hoz Vinas
Representative of the Bank in Barbados

Date: June 7, 2017

Date: May 19, 2017

Place: Wildey, St. Michael, Barbados

Place: Christ Church, Barbados