

LOAN CONTRACT No. 4712/GN-RG

between the

CARIBBEAN DEVELOPMENT BANK

and the

INTER-AMERICAN DEVELOPMENT BANK
Acting as the Implementing Entity of the Green Climate Fund

Sustainable Energy Facility for the Eastern Caribbean Expanded
(SEF-Expanded)

December 11, 2019

LOAN CONTRACT

SPECIAL CONDITIONS

This loan contract, hereinafter the “Contract,” is entered into between the CARIBBEAN DEVELOPMENT BANK, hereinafter referred to as the “Borrower” or “CDB” and the INTER-AMERICAN DEVELOPMENT BANK, acting as the implementing entity of the Green Climate Fund (GCF), hereinafter referred to as the “Bank” and together with the Borrower, as the “Parties”, on December 11, 2019.

This Contract is entered into pursuant to the Accreditation Master Agreement (AMA) signed between the Bank and the GCF on August 29, 2017 and pursuant to the Funded Activity Agreement (FAA) for the Program signed between the Bank and the GCF on June 10, 2019 and effective on August 28, 2019.

CHAPTER I

Purpose and Constituent Elements of the Contract

SECTION 1.01. Purpose of the Contract. The purpose of this Contract is to establish the terms and conditions under which the Bank makes a loan to the Borrower to contribute to the financing and execution of the Sustainable Energy Facility for the Eastern Caribbean Expanded (“the Program”), the main aspects of which are set forth in the Annex.

SECTION 1.02. Constituent Elements of the Contract. This Contract is composed of these Special Conditions, the General Conditions, and the Annex.

SECTION 1.03. Special Definitions. In addition to the terms defined in the General Conditions, whenever the following terms are capitalized in this Contract, they shall have the meaning assigned to them below. Any reference to the singular includes the plural and vice versa.

- (a) “Eligible CDB Member Country” or “Eligible CDB Member Countries” means individually or collectively, as the case may be, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.
- (b) “Eligible Final Beneficiary” means the state owned enterprise located in an Eligible CDB Member Country or a Special Purpose Vehicle (SPV) legally established in an Eligible CDB Member Country under a PPP, which meets the eligibility criteria for the Program, as established in the OM, and receives a Sub-grant from CDB with repayment contingency to finance certain activities contemplated by the Program, in accordance with the terms and conditions set forth in the OM.
- (c) “Eligible Sub-borrower” or “Sub-borrower” means a state-owned enterprise located in an Eligible CDB Member Country or a Special Purpose Vehicle (SPV) legally established in an Eligible CDB Member Country under a PPP, which meets the eligibility criteria for the Program, as established in the OM, and receives a

Sub-loan from the Borrower to finance certain activities contemplated by the Program, in accordance with the terms and conditions set forth in this Contract and the OM.

- (d) “Exploration Phase” means the drilling exploration phase of an eligible Sub-project financed with grant resources under the SEF or SEF-Expanded, which helps reduce early exploration risk and unlock investments in the subsequent stages of production drilling, field development and plant construction.
- (e) “GCF” means the Green Climate Fund, which is a global fund created to support the efforts of developing countries to respond to the challenge of climate change.
- (f) “GCF Non-reimbursable Agreement” means the non-reimbursable investment financing agreement No. GRT/GN-17199-RG, entered into between the Bank and CDB on the date hereof and financed with resources from the GCF.
- (g) “OM” or “Operating Manual” means the operating manual of the Program, as amended from time to time, which contains, among other things, the provisions related to the execution of the Program, the participation of the Borrower and Sub-borrowers, the eligibility criteria and procedures for the use of the resources of the Program, criteria for the selection of Sub-projects and eligibility of each financial instrument and its terms.
- (h) “PPP” means public private partnership.
- (i) “Republic of Italy Non-reimbursable Agreement” means the non-reimbursable technical cooperation agreement No. ATN/CF-17198-RG, entered into between the Bank and CDB and financed with resources from the Republic of Italy.
- (j) “Sub-grant” means a Sub-grant granted by the Borrower to an Eligible Sub-borrower to finance certain activities contemplated by the Program, in accordance with the terms and conditions set forth in the GCF Non-reimbursable Agreement or the Republic of Italy Non-reimbursable Agreement (as the case may be) and the OM.
- (k) “Sub-loan” means a Sub-loan made by the Borrower to an Eligible Sub-borrower to finance certain activities contemplated by the Program, in accordance with the terms and conditions set forth in this Contract and the OM.
- (l) “Sub-project” means the activity contemplated and considered eligible by the Program, financed by the resources of the Loan and executed by the Eligible Sub-borrower, in accordance with the terms and conditions set forth in this Contract and the OM.
- (m) “Sustainable Energy Facility for the Eastern Caribbean” or “SEF” means a program approved by the Bank in 2015, the objective of which is to contribute to the

diversification of the energy matrix in the Eastern Caribbean Countries in an effort to reduce the cost of power generation and electricity tariffs by promoting the implementation of the Energy Efficiency and Renewable Energy technologies to reduce the region's dependency on liquid fossil fuels. The Program has the objective to extend the efforts initiated with the Sustainable Energy Facility for the Eastern Caribbean.

- (n) "Sustainable Energy Facility for the Eastern Caribbean Expanded" or "SEF-Expanded" means the Program.
- (o) "TA Final Beneficiary" means the governments of each Eligible CDB Member Country, electric utility companies, the state owned enterprise located in an Eligible CDB Member Country or a Special Purpose Vehicle (SPV) legally established in an Eligible CDB Member Country under a PPP, which meets the eligibility criteria for the Program to receive technical assistance, in accordance with the terms and conditions set forth in the OM. CDB may also be a beneficiary of technical assistance.

CHAPTER II

The Loan

SECTION 2.01. Amount and Approval Currency of the Loan. In accordance with this Contract and to the extent the Bank receives resources from the GCF, the Bank agrees to lend to the Borrower, and the Borrower accepts, a loan of up to the amount of US\$60,000,000 (sixty million Dollars), chargeable to the resources of the GCF, hereinafter the "Loan".

SECTION 2.02. Disbursement Requests and Disbursement Currency. The amount of the Loan will be disbursed in Dollars, in accordance with the provisions of the FAA (as amended), as set out in the OM, and in accordance with the provisions of Chapter IV of the General Conditions.

SECTION 2.03. Periods for the Commitment and Disbursement of the Loan.

- (a) The period for commitment of the resources of the Loan for credits in favor of the Sub-borrowers shall expire 4 (four) years from the effective date of this Contract. The Loan resources shall be considered to have been committed for a given Sub-loan as of the date on which the Borrower and the respective Sub-borrower have signed the respective loan contract.
- (b) The period for final disbursement of the portion of the Loan which has been committed in accordance with paragraph (a) above shall expire 5 (five) years from the effective date of this Contract ("Disbursement Period").
- (c) Unless the Parties agree in writing to extend the aforementioned periods, the portion of the Loan which has not been committed or disbursed, as the case may be, within the corresponding period, shall be automatically cancelled.

SECTION 2.04. Amortization Schedule. The Final Amortization Date shall be twenty (20) years from the effective date of this Contract. The Borrower shall amortize the portion of the Loan disbursed in thirty (30) semiannual, consecutive, and, insofar as possible, equal installments. The first amortization installment shall occur on the expiration date of the sixty-six (66) month period following the effective date of this Contract, and the last installment shall be paid no later than the Final Amortization Date. If the expiration date of the period for the payment of the first amortization installment does not fall on an interest payment date, the payment of the first amortization installment shall be made on the interest payment date immediately preceding the expiration date of such period. If the Final Amortization Date does not fall on an interest payment date, the payment of the last amortization installment shall be made on the interest payment date immediately preceding the Final Amortization Date.

SECTION 2.05. Interest. (a) The Borrower will be charged, on account of interest, the rate of 0.75% per annum.

(b) Interest shall be payable by the Borrower to the Bank semiannually, on the 15th of the months of June and December of each year. The first payment shall occur on the first of these dates, whichever occurs first, counting from the effectiveness of this Contract.

SECTION 2.06. Credit Fee. The Borrower shall pay a credit fee on the dates set forth in Section 2.05(b) for the payment of interest at a rate of 0.5% per annum, pursuant to Articles 3.01, 3.03, 3.04, and 3.06 of the General Conditions.

SECTION 2.07. Service Fee. The Borrower shall be required to pay a service fee on the dates set forth in Section 2.05(b) for the payment of interest at a rate of 0.5% per annum, in accordance with Articles 3.01, 3.05 and 3.06 of the General Conditions.

CHAPTER III

Disbursements and Utilization of the Resources of the Loan

SECTION 3.01. Special Conditions Precedent to First Disbursement. (a) In addition to the conditions precedent stipulated in Article 4.01 of the General Conditions, prior to the first disbursement of the Loan, the Borrower shall present evidence of the fulfillment of the following requirements:

- (i) That the OM of the SEF has been updated, including a new Sub-loan model agreement, and the operating guidelines for the proper fulfillment of the obligations under the Program, including the requirements of the FAA, in accordance with the terms and conditions agreed upon between the Borrower and the Bank; and
- (ii) The GCF Non-reimbursable Agreement has been duly signed between CDB and the Bank and has entered into effect.

(b) The Parties agree that the legal opinion referred to in Article 4.01(a) of the General Conditions will be addressed to the Bank and to the GCF.

SECTION 3.02. Additional requirements for all disbursements. In addition to the requirements for all disbursements stipulated in Article 4.03 of the General Conditions, the Borrower must submit to the Bank the following before each disbursement:

- (a) Except for the first disbursement, evidence that at least seventy percent (70%) of the resources of the previous disbursement has been committed by the Executing Agency for the execution of the Program.
- (b) Except for the first disbursement, the semi-annual report stipulated in Section 5.01(a) of this Contract, which also includes financial information of the Program.

SECTION 3.03. Utilization of the Resources of the Loan. The Borrower may utilize the resources of the Loan to make Sub-loans to Eligible Sub-borrowers which shall be used to finance expenses arising from Sub-projects that are: (i) carried out in accordance with the provisions of this Contract and the OM; (ii) adequately recorded and documented; and (iii) incurred after the date of effectiveness of the FAA and before the expiration of the Disbursement Period or any extensions thereof.

SECTION 3.04 Conditions of the Sub-loans. (a) The Sub-borrowers shall participate in each Sub-project with resources other than proceeds of the Loan in accordance with the terms of the OM.

(b) The Sub-borrowers will have equitable opportunity to access the Loan resources which will be available on a first-come first-served basis, provided that: (i) a minimum of three (3) Eligible CDB Member Countries benefit from the resources of the SEF and/or SEF-Expanded; and (ii) the amount of the Loan benefiting any Eligible CDB Member Country does not exceed the equivalent of fifty percent (50%) of the total Loan resources, unless, on the basis of special circumstances, the Borrower obtains prior approval of the Bank.

(c) The Sub-borrowers shall be charged, on account of interest, the annual rate as set forth in the OM, which shall reflect the level of concessionality agreed upon between the Bank and the GCF.

(d) Prior to the first disbursement of each Sub-loan, the Borrower shall submit to the Bank:

- (i) A final draft appraisal report prepared by the Borrower, in terms satisfactory to the Bank, as further detailed in the OM, including at least the following:
 - (a) regulatory framework developments in the Eligible CDB Member Country in which the Sub-project will be developed;
 - (b) a comprehensive, best practice-based risk analysis and risk mitigation measures of the relevant Sub-project;
 - (c) a specific Green House Gas (GHG) emission reduction analysis of the Sub-projects;
 - (d) the final financial structure of the

Sub-project; (e) evidence that the Exploration Phase of a Sub-project financed under the SEF, SEF-Expanded , or by other source of financing has been successfully completed, having achieved the minimum output, as defined in the OM and certified by an independent party; (f) for the financing of Sub-projects under Sub-component 1.3, the economic model of the Sub-project which shall reflect the level of concessionality obtained in the power purchase agreement and in the tariff in terms satisfactory for the Bank; (g) for the purposes of confirming this is the most sustainable renewable energy solution: (i) a diagnostic of the energy matrix of the respective Eligible CDB Member Country taking into account medium term planning for the electricity sector; (ii) the Levelized Cost of Energy (LCOE) analysis of all the technology options, including an economic analysis of all cost and benefits taking into account the local circumstances; (iii) the endorsement by the respective Eligible CDB Member Country of the relevant Sub-project and, (iv) for the financing of Sub-projects for the construction of steam gathering systems and power plants, as well as for the construction of power substations and transmission lines, the agreement of the relevant utility company as off-taker in form of a signed power-purchase agreement;

- (ii) Copy of the Sub-loan agreement signed between the Borrower and the Sub-borrower;
- (iii) Evidence that the Eligible Sub-borrower complies with the eligibility criteria set forth in the OM;
- (iv) In the case of an Eligible Sub-borrower established under a PPP, evidence that the Sub-project complies with the requirement of at least 25% (twenty five percent) equity of the total cost of the Sub-project; and
- (v) Evidence to the Bank that the Sub-borrowers developed, as part of the Sub-project Environmental and Social Impact Assessment (ESIA) or Environmental and Social Analysis (ESA): (i) an integrated disaster risk management plan and emergency response plan that define procedures to execute in the case of a natural disaster; (ii) a participatory water monitoring plan; and (iii) a hydrogeological study that identifies a technically feasible source of water, whose use in geothermal development would not negatively affect water availability for human consumption and ecosystem services.

SECTION 3.05 Other Conditions of the Sub-loans. All Sub-loans granted by the Borrower to the Sub-borrowers with the resources of the Loan shall reflect the obligations agreed between the Bank and the Borrower under this Contract and in the OM, including the following, which shall remain valid during the effectiveness of this Contract:

- (a) The commitment of the Sub-borrower to use the proceeds of the Sub-loans that are investment loans exclusively to finance works, goods and services required for the execution of the respective Sub-projects;
- (b) Sub-loans may not be granted to finance general and administrative expenses of the Sub-borrowers or persons/activities that appear in the excluded activity list included in the OM;
- (c) The right of the Borrower, the Bank and the GCF to inspect the goods, sites, works and structures of the respective Sub-project;
- (d) The obligation of the Sub-borrower to furnish all information that the Borrower, the Bank and the GCF may reasonably request of the Sub-borrower with respect to the Sub-project and the financial situation of the Sub-borrower;
- (e) The right of the Borrower to suspend disbursements of the Sub-loan if the Sub-borrower does not fulfill its obligations;
- (f) The commitment of the Sub-borrower to ensure that procurement of works, goods, services and consulting services with Sub-loan resources are carried out according to principles of efficiency and economy, at a reasonable cost, considering market price, quality, and any other pertinent factors;
- (g) The commitment of the Sub-borrower to comply with the environmental and social requirements agreed with the Bank, as detailed in the OM, as well as the provisions on Prohibited Practices;
- (h) The obligation of the Sub-borrower to take out and maintain the appropriate specific insurance of any goods, works or services financed with resources of the Loan, as specified in the OM, as applicable; and
- (i) The obligation of the Sub-borrower to obtain and maintain all necessary and applicable licenses, approvals and consents, including those related to intellectual property, necessary to implement the Sub-projects.

SECTION 3.06 Assignment of Sub-loans. With respect to Sub-loans financed with resources of the Loan, the Borrower agrees to: (a) maintain them in its portfolio free of all encumbrances; and (b) request and obtain the prior approval of the Bank in cases in which it proposes to sell, assign or transfer them to third parties. The Borrower shall reflect the same obligation in the Sub-loan agreements with the Sub-borrowers.

SECTION 3.07 Use of Funds from Repayment of Sub-loans. During the Disbursement Period of the Program or any extensions thereof, the Funds obtained from the repayment of Sub-loans financed with resources of the Loan, to the extent they accumulate in excess of the amounts required for the service of the Loan, shall be utilized for financing additional Sub-projects

to Eligible Sub-borrowers, in accordance with the terms of this Contract and the OM. In any case, the repayments of such additional Sub-loans shall occur during the effectiveness of this Contract.

SECTION 3.08. Applicable Exchange Rate for Expenditures. For purposes of Article 4.10 of the General Conditions, the Parties agree that the applicable exchange rate shall be that indicated in paragraph (b)(ii) of said Article. Accordingly, the agreed exchange rate shall be the exchange rate on the date the Borrower or any other person or legal entity in whom the power to incur expenditures has been vested makes the related payments to the contractor, the supplier, or Sub-borrower.

SECTION 3.09. Disbursement Method. (a) Unless the Parties agree otherwise in writing, the reimbursement of expenditures referred to in Article 4.06 of the General Conditions shall be used as the disbursement method.

(b) In the event that the Advance of Funds is used as the disbursement method, the Borrower undertakes to return any unused or unjustified resources to the Bank, including any income that has been obtained from the investment of such resources, when the Bank so requests and with a frequency not exceeding one (1) year. The refund shall be made following the instructions given by the Bank to the Borrower for that purpose. The Borrower undertakes to include a provision in these same terms in the Sub-loan agreements to be entered into with the Sub-borrowers.

CHAPTER IV **Execution of the Program**

SECTION 4.01. Additional Resources. For purposes of Article 5.02 of the General Conditions, the amount of the Additional Resources is estimated to be the equivalent of twenty-five million, six hundred and seven thousand, one hundred and sixty-seven Dollars (US\$25,607,167) (net of administrative fees) as described in the Annex, which may include the equivalent of:

- (a) Twenty million Dollars (US\$20,000,000), provided under the GCF Non-reimbursable Agreement; and
- (b) Five million, six hundred and seven thousand, one hundred and sixty-seven Dollars (US\$5,607,167), provided under the Republic of Italy Non-reimbursable Agreement. This is the net amount of resources after deducting the administrative fee equivalent to two hundred and ninety-five thousand, one hundred and fourteen Dollars (US\$295,114), charged by the Bank to administer the resources from Republic of Italy.

SECTION 4.02. Executing Agency. The Borrower shall be the Executing Agency of the Program.

SECTION 4.03. Conditions concerning Procurement. Notwithstanding Article 5.04 of the General Conditions, the procurement of goods, works and services with resources of the Loan will

be carried out in accordance with applicable policies and procedures of the Borrower; provided, however, that unrestricted participation of firms and individuals from member countries of the Bank is permitted. Consequently, no conditions shall be established in such procurement procedures or specific requirements that would prevent or restrict the offer of goods, works or services or the participation of contractors from such countries.

SECTION 4.04 **Additional obligations.** With the purpose of recognizing the GCF as the source of the financing of the Program and to meet the requirements established in the AMA and the FAA, the Borrower:

- (a) Agrees to use the GCF logo, in accordance with GCF's branding guidelines, and make the appropriate references to the GCF as the source of the financing in all reports, publications or websites in which reference is made to the Sub-projects, information given to Sub-borrowers and to the media, publicity materials, and all other forms of public information, as well as to ensure that the Sub-borrowers will comply with such obligations;
- (b) Commits to comply, and ensure that Sub-borrowers will comply, including its employees, officers, representatives, consultants and contractors, with confidentiality or non-disclosure obligations it may assume;
- (c) Commits to assess, through appropriate due diligence processes, the integrity and/or capacity of each Sub-borrower to implement the relevant Sub-project;
- (d) Commits to inform and consult with the Bank in the case of possible credible and material risks or occurrence of money laundering and/or financing of terrorism events in relation to the Program and to promptly take the appropriate steps to address the same, as the case may be. In such cases the Borrower acknowledges the Bank may suspend disbursements under this Contract, with reasonable prior notice to the Borrower, until the relevant risks have ceased or are reduced to the level satisfactory to the Bank. During such period, the Borrower shall also suspend disbursements to the Sub-borrowers or relevant third parties, all in accordance with the terms of the OM.
- (e) Commits to request the Sub-borrowers to obtain all land and rights in respect to land required to implement the Sub-projects and to promptly provide evidence reasonably satisfactory to the Bank in that regard, prior to awarding the contract for the works;
- (f) Acknowledges that the Bank's liability is limited to the assets of the GCF held in administration by the Bank for the purposes of financing the activities under this Contract and that the Borrower or Sub-borrowers, including their officers, employees, consultants or agents, have no right of action, whether in contract, tort or under statute to the extent permitted by law, against the GCF in connection with this Contract;

- (g) Assures that in case of the Sub-borrower's default, workout, insolvency, dissolution or winding up, the Borrower will take or require the Sub-borrower to take all the appropriate measures, as applicable, which may include the exercise of remedies, to protect the interests of the Bank and the GCF; and
- (h) Commits to publicly disclose all environmental and social impact assessments for environmental and social risk Category A Sub-projects at least 120 (one hundred and twenty) days, and Category B Sub-projects at least 30 (thirty) days prior to its final decision to fund such Sub-project.

SECTION 4.05. Other Documents Governing Program Execution. The Parties agree that the Program execution shall be governed by the provisions of this Contract and those established in the OM. If any provision of this Contract should present any inconsistency or contradiction with the OM, the relevant provision of this Contract shall prevail. The Parties agree that it shall be necessary to obtain the Bank's written consent prior to making any change to the OM.

SECTION 4.06. Environmental and social management. For purposes of Articles 5.06 and 6.02 of the General Conditions, the Parties agree that the Program execution shall be governed by the following provision, which has been identified as necessary for compliance with the environmental and social obligations of the Program: The Borrower agrees to design, build, operate, maintain, and monitor the Program and manage the Environmental, Social, Health and Safety risks of the Program's associated facilities directly or through the Executing Agency or through every other contractor, operator or any other person performing Program related activities in accordance with the environmental, social and occupational health provisions provided for in the OM, the respective ESIA or ESA of each Sub-project in case one is required, and other environmental, social and occupational health plans and requirements as needed, including those of a corrective action plan if required.

CHAPTER V

Supervision and Evaluation of the Program

SECTION 5.01. Supervision of Program Execution. For purposes of Article 6.02 of the General Conditions, the documents that have been identified as necessary to supervise progress are:

- (a) Semi-annual progress reports, which will be prepared by the Borrower in accordance with the OM, following GCF requirements, and submitted to the Bank within sixty (60) days of the end of each calendar semester during the Disbursement Period or any extensions thereof;
- (b) Annual reports, which will be prepared by the Borrower and submitted to the Bank within forty (40) days of the end of each calendar year during the Disbursement Period or any extensions thereof. The report shall be prepared in accordance with the OM, following GCF requirements, and will include, among others: information on compliance with the financial, fiduciary, GHG emissions reduction as

applicable, environmental and social requirements of the Program; information on compliance with the gender aspects of the Program; information that confirms that the activities of the Program have been carried out in accordance with the applicable intellectual property laws; and

- (c) A final report, which will be prepared by the Borrower in accordance with the OM, following GCF requirements, and submitted to the Bank within ninety (90) days after completion of the last activity of the Program.

SECTION 5.02. Supervision of the Financial Management of the Program. (a) Pursuant to Article 6.03 of the General Conditions, the Borrower agrees to prepare and submit to the Bank:

- (i) Semi-annual unaudited financial statements of the Program, including financial information on Sub-loans (number of Sub-projects, Eligible CDB Member Countries that benefited, total financing for each Sub-project, including the portion financed out of GCF resources and the portion financed by co-financiers, if applicable) according to the terms of the OM, which shall be submitted within sixty (60) days of the end of each calendar semester, during the Disbursement Period and any extensions thereof;
- (ii) Annual audited financial statements of the Borrower, which shall be submitted within one hundred and eighty (180) days of the closing of each fiscal year during the Disbursement Period and any extensions thereof; and
- (iii) Annual audited financial statements of the Program including financial information of the Sub-loans, which shall be submitted within one hundred and eighty (180) days of the closing of each fiscal year during the Disbursement Period and any extensions thereof.

(b) For purposes of Article 6.03(a) of the General Conditions, the fiscal year of the Program is the period between January 1st and December 31st.

SECTION 5.03. Evaluation of Results. In order to determine the degree of compliance with the Program's objective and its results, the Borrower shall provide the Bank with the following reports in accordance with the OM:

- (i) A report of the mid-term evaluation of the Program, which will be presented to the Bank, within 5 (five) months after four (4) years from the effective date of this Contract or when 50% (fifty percent) of the resources of the Program have been committed, whichever occurs first; and
- (ii) A report of the final evaluation of the Program, which will be presented to the Bank within 5 (five) months after disbursement of one hundred percent (100%) of the resources of the Program.

SECTION 5.04. Final evaluation report. The Borrower shall collect and maintain available information, indicators and parameters needed to carry out the final evaluation of the Program referred to in Section 5.03(ii), as detailed in the OM.

CHAPTER VI
Miscellaneous Provisions

SECTION 6.01. Entry into Effect of the Contract. This Contract shall enter into effect on the signature date.

SECTION 6.02. Communications and Notices. (a) Any notice, request, communication, or report from one Party to another by virtue of this Contract related to the execution of the Program, with the exception of the notices indicated in paragraph (b) hereof, shall be made in writing and shall be considered to have been made when the relevant document is delivered to the addressee at the respective address given below, or by electronic means under such terms and conditions as the Bank establishes and communicates to the Borrower, unless the Parties agree otherwise.

For the Borrower:

Mailing address:

Caribbean Development Bank
P.O. Box 408
Wilkey
St. Michael BB11000
Barbados, W.I.

Facsimile: (246) 426-7269

Email address: legal@caribank.org

For the Bank:

Mailing address:

Inter-American Development Bank
Country Office in Barbados

'Hythe', Welches
Maxwell Main Road
Christ Church
Barbados
BB17068

Facsimile: (246) 429-4032

Email address: idbbarbados@iadb.org

(b) Any notice from one party to another by virtue of this Contract regarding matters other than those related to the execution of the Program, including disbursement requests, shall be made in writing and sent by certified mail, electronic mail, or facsimile addressed to its addressee at any of the respective addresses given below and shall be considered to have been made when the relevant document is delivered to the addressee at the respective address given below, or by electronic means under such terms and conditions as the Bank establishes and communicates to the Borrower, unless the Parties agree otherwise.

For the Borrower:

Mailing address:

Caribbean Development Bank
P.O. Box 408
Wilkey
St. Michael BB11000
Barbados, W.I.

Facsimile: (246) 426-7269

Email address: legal @caribank.org

For the Bank:

Mailing address:

Inter-American Development Bank
1300 New York Avenue, N.W.
Washington, D.C. 20577
U.S.A.

Facsimile: (202) 623-3096

Email address: idbbarbados@iadb.org

SECTION 6.03. Commitment to Arbitrate. For the resolution of any conflict arising out of or connected with this Contract and which is not resolved by agreement between the Parties, they unconditionally and irrevocably submit themselves to the procedure and ruling of the Arbitration Tribunal referred to in Chapter XI of the General Conditions.

IN WITNESS WHEREOF, the Borrower and the Bank, each, acting through its authorized representative, have signed this Contract in two (2) equally authentic copies in Bridgetown, Barbados, on the date indicated above.

CARIBBEAN DEVELOPMENT BANK

INTER-AMERICAN DEVELOPMENT
BANK

/s/

/s/

Monica La Bennet
Vice-President (Operations)

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

LOAN CONTRACT GENERAL CONDITIONS

CHAPTER I Application and Interpretation

ARTICLE 1.01. Application of the General Conditions. These General Conditions are uniformly applicable to loan contracts for the financing of investment projects using resources from the Green Climate Fund, which the Bank enters into with its member countries or with other borrowers.

ARTICLE 1.02. Interpretation. (a) **Inconsistency.** In the event of contradiction or inconsistency between the provisions of the Special Conditions, any annex of the Contract, and the Guarantee Contract or Contracts, if any, and these General Conditions, those provisions shall prevail over the provisions of these General Conditions. In the event of contradiction or inconsistency between provisions of a single element of this Contract, or between the provisions of the Special Conditions, any annex of the Contract, and the Guarantee Contract or Contracts, if any, the specific provision shall prevail over the general.

(b) **Headings and Subheadings.** Any heading or subheading of the chapters, articles, clauses, or other sections of this Contract are included solely for reference and should not be taken into account in the interpretation of this Contract.

(c) **Periods.** Unless this Contract provides otherwise, periods expressed in days, months, or years shall be understood as calendar days, months, or years.

CHAPTER II Definitions

ARTICLE 2.01. Definitions. Whenever the following terms are capitalized in this Contract or in the Guarantee Contract(s), if any, they shall have the meaning set forth below. Any reference to the singular includes the plural and vice versa.

1. “Additional Resources” means resources that are additional to those financed by the Bank, which are necessary for the complete and uninterrupted execution of the Project.
2. “Advance of Funds” means the amount of resources advanced by the Bank to the Borrower, chargeable to the Loan, to cover eligible expenditures of the Project, as provided in Article 4.07 of these General Conditions.

3. “Bank” shall have the meaning assigned to it in the Special Conditions.
4. “Board” means the Board of Executive Directors of the Bank.
5. “Borrower” shall have the meaning assigned to it in the recitals of the Special Conditions.
6. “Business Day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City.
7. “Closing Period” means a period of up to ninety (90) days from the expiration date of the Disbursement Period, or any extension thereof.
8. “Consultant Policies” mean the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank in force at the time of the approval of the Loan by the Bank.
9. “Contract” means this loan contract.
10. “Contracting Agency” means the entity with legal capacity to enter into contracts, and which, in agreement with the Borrower or the Executing Agency, as the case may be, assumes all or part of the responsibility for the procurement of goods or works, consulting services or non-consulting services for the Project.
11. “Contracting Entity” means the entity with legal capacity to enter into a contract for the procurement of goods, works, consulting services, and non-consulting services with a contractor, supplier, consulting firm, or individual consultant, as the case may be.
12. “Disbursement Period” means the period for disbursements of the Loan, which is set forth in the Special Conditions.
13. “Dollar” means the legal tender of the United States of America.
14. “Eligible Expenditure” shall have the meaning assigned to it in the Special Conditions.
15. “Executing Agency” means the entity with legal capacity responsible for executing the Project and for using the proceeds of the Loan. Whenever there is more than one Executing Agency, these will be co-executing agencies and shall be referred to indistinctly as “Executing Agencies” or “Co-executing Agencies.”
16. “Final Amortization Date” means the last date of amortization of the Loan, in accordance with the Special Conditions.

17. “Financial Plan” means a tool for planning and monitoring the cash flows of the Project, which is used in coordination with other project planning tools, including the Procurement Plan.
18. “General Conditions” mean the entirety of articles which comprise Part Two of this Contract.
19. “Loan” shall have the meaning assigned to it in the Special Conditions.
20. “Local Currency” means any currency other than the Dollar that is legal tender in the countries of Latin America and the Caribbean.
21. “Outstanding Loan Balance” means the amount that the Borrower owes the Bank for the portion of the Loan that has been disbursed.
22. “Parties” shall have the meaning assigned to it in the introduction to the Special Conditions.
23. “Principal Currency” means any currency other than the Dollar or Local Currency that is legal tender in the member countries of the Bank.
24. “Procurement Plan” means a tool for programming and monitoring the procurement related to the Project, in the terms described in the Special Conditions, Procurement Policies, and Consultant Policies.
25. “Procurement Policies” mean the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank in force at the time of the approval of the Loan by the Bank.
26. “Prohibited Practices” mean the practices prohibited by the Bank in connection with the activities it finances, as defined by the Board or that are defined in the future and communicated to the Borrower, including coercive practice, collusive practice, corrupt practice, fraudulent practice, and obstructive practice.
27. “Project” or “Program” means the project or program identified in the Special Conditions comprising a set of activities with a development objective that are financed by proceeds of the Loan.
28. “Semester” means the first or second six (6) months of a calendar year.
29. “Special Conditions” mean the entirety of provisions which comprise Part One of this Contract.

CHAPTER III

Amortization, Interest, Credit Fee, Inspection and Supervision, and Prepayments

ARTICLE 3.01. Dates of Payment of Amortization, Interest, Credit Fee and Other Costs.

The Borrower shall amortize the portion of the Loan disbursed in accordance with the terms set forth in the Special Conditions. The dates for payment of an amortization payment, credit fee, service fee and other costs shall always coincide with an interest payment date.

ARTICLE 3.02. Interest. The Borrower shall pay interest on daily Outstanding Loan Balances as set forth in the Special Conditions.

ARTICLE 3.03. Credit Fee. (a) The Borrower shall pay a credit fee on the undisbursed balance of the Loan as set forth in the Special Conditions.

(b) The credit fee will begin to accrue sixty (60) days from the date of signature of the Contract.

(c) The credit fee shall cease to accrue: (i) when all disbursements have been made; and (ii) in full or in part, as the case may be, when the Loan has been totally or partially cancelled pursuant to Articles 4.02, 4.12, 4.13 or 7.02 of these General Conditions.

ARTICLE 3.04. Computation of Interest and Credit Fee. The interest and credit fee shall be calculated according to the exact number of days in the respective interest period.

ARTICLE 3.05. Service fee. The Borrower shall be required to pay a service fee on the Outstanding Loan Balances, in accordance with the terms set forth in the Special Conditions.

ARTICLE 3.06. Currency of Payment for Amortization, Interest, Credit Fee, and Service Fee. Interest and principal payments, and credit and service fees shall be made in Dollars.

ARTICLE 3.07. Prepayments. (a) Pursuant to an irrevocable request in writing to the Bank, delivered at least thirty (30) days in advance, the Borrower may prepay all or part of any Outstanding Balance of the Loan, on any amortization payment date, provided that on the payment date no sum is due and outstanding with respect to fees or interest. The Borrower must specify in the request the amount the Borrower intends to prepay. Any such prepayment shall be applied as set forth in Article 3.08 of these General Conditions. In the event that the prepayment does not cover the entire Outstanding Loan Balance, the prepayment shall be applied proportionately to the remaining amortization installments.

(b) For purpose of paragraphs (a) above, the following payments shall be considered as prepayments: (i) the return of unjustified Advances of Funds; and (ii) payments resulting from all or a part of the Loan being declared immediately due and payable, pursuant to Article 7.02 of these General Conditions.

ARTICLE 3.08. Application of Payments. All payments shall be applied first to any return of unjustified Advances of Funds after the expiration of the Closing Period, then to fees and interest

due on the payment date, and if a balance exists, to the amortization of installments of principal due.

ARTICLE 3.09. Transactions Falling Due on Non-Business Days. Any payment or other transaction which, pursuant to this Contract, should be effected on a day other than a Business Day, shall be considered validly effected if made on the first Business Day immediately thereafter, and in such case no penalty whatsoever shall apply.

ARTICLE 3.10. Place of Payments. All payments shall be made at the principal office of the Bank in Washington, District of Columbia, United States of America, unless the Bank designates another place or places for this purpose by written notification to the Borrower.

CHAPTER IV

Disbursements, Renunciation, and Automatic Cancellation

ARTICLE 4.01. Conditions Precedent to First Disbursement of Resources of the Loan. Without prejudice to the other requirements set forth in the Special Conditions, the first disbursement of the resources of the Loan shall be subject to the fulfillment of the following requirements to the satisfaction of the Bank:

- (a) The Bank shall have received one or more well-founded legal opinions which establish, with citations of the pertinent constitutional, legal, and regulatory provisions, that the obligations undertaken by the Borrower in this Contract, are valid and enforceable. Such opinions shall also refer to any other legal question that the Bank may deem relevant.
- (b) The Borrower or the Executing Agency, as the case may be, shall have designated one or more officials to represent it for purposes of requesting disbursements of the Loan and for other acts relating to the financial management of the Project, and shall have furnished the Bank with authentic copies of the signatures of said representatives. Should two or more officials be designated, the designation shall indicate whether such officials may act separately or must act jointly.
- (c) The Borrower or the Executing Agency, as the case may be, shall have provided to the Bank information in writing, through its representative authorized to request disbursements of the Loan, regarding the bank account into which disbursements of the Loan are to be deposited and the separately identified unique codes for recording this funding source.
- (d) The Borrower or Executing Agency, as the case may be, shall have demonstrated to the Bank that it has an adequate financial information system and internal control structure for the purposes indicated in this Contract.

ARTICLE 4.02. Period for Fulfilling the Conditions Precedent to First Disbursement. If within one hundred eighty (180) days from the effective date of this Contract, or within such longer

period as the Parties may agree in writing, the conditions precedent to the first disbursement established in Article 4.01 of these General Conditions and other conditions precedent to the first disbursement agreed upon in the Special Conditions have not been fulfilled, the Bank may terminate this Contract in advance by giving notice to the Borrower.

ARTICLE 4.03. Conditions for All Disbursements. (a) As a condition for all disbursements and without prejudice to the conditions precedent to the first disbursement of the resources of the Loan established in Article 4.01 of these General Conditions and in the Special Conditions, if any, the Borrower or the Executing Agency, as the case may be, undertakes to present to the Bank in writing, whether physically or by electronic means, in such form and conditions as may be specified by the Bank, a disbursement request together with the pertinent documents and other background materials required by the Bank. Unless the Bank agrees otherwise, the last disbursement request shall be presented to the Bank no later than thirty (30) days in advance of the expiration date of the Disbursement Period or any extension thereof.

(b) Unless the Parties agree otherwise, disbursements shall be made only in amounts of not less than the equivalent of one hundred thousand Dollars (US\$100,000) each.

(c) Any charge, fee, or expense assessed to the bank account into which disbursements of the resources of the Loan are deposited shall be borne by, and are the responsibility of, the Borrower or the Executing Agency, as the case may be.

ARTICLE 4.04. Income Generated in the Bank Account for Disbursements. Income generated from the resources of the Loan deposited in the bank account designated to receive disbursements shall be used to finance Eligible Expenditures.

ARTICLE 4.05. Disbursement Methods. At the request of the Borrower or the Executing Agency, as the case may be, the Bank may make disbursements of the resources of the Loan through: (a) reimbursement of expenditures; (b) Advance of Funds; (c) direct payments to third parties; and (d) reimbursement under a letter of credit guarantee.

ARTICLE 4.06. Reimbursement of Expenditures. (a) The Borrower or the Executing Agency, as the case may be, may request disbursements under the reimbursement of expenditures method when the Borrower or the Executing Agency, as the case may be, has paid for Eligible Expenditures with its own resources.

(b) Unless the Parties agree otherwise, disbursement requests for reimbursing expenditures shall be made promptly to the extent that the Borrower or the Executing Agency, as the case may be, has incurred such expenditures, and not later than sixty (60) days following the conclusion of each calendar semester.

ARTICLE 4.07. Advance of Funds. (a) The Borrower or the Executing Agency, as the case may be, may request disbursements under the Advance of Funds method. The amount of the Advance of Funds shall be set by the Bank on the basis of (i) the liquidity needs of the Project in order to cover periodic projections of Eligible Expenditures during a period of up to six (6) months, unless the Financial Plan provides for a longer period, which in no case may exceed twelve (12)

months, and (ii) the risks associated with the capacity demonstrated by the Borrower or the Executing Agency, as the case may be, to manage and use the resources of the Loan.

(b) Each Advance of Funds shall be subject to: (i) the request for Advance of Funds being presented in a manner acceptable to the Bank; and (ii) with the exception of the first Advance of Funds, the Borrower or the Executing Agency, as the case may be, having presented a justification for the use of at least eighty percent (80%) of the total cumulative balances pending justification for this purpose, and the Bank having accepted such justification, unless the Financial Plan specifies a lower percentage, which in no case may be less than fifty percent (50%).

(c) The Bank may, during the term of the Financial Plan, provide for a one-time increase in the amount of the last Advance of Funds granted to the Borrower or the Executing Agency, as the case may be, to the extent that additional resources are needed to pay Eligible Expenditures that were unforeseen in said plan.

(d) The Borrower or the Executing Agency, as the case may be, shall present the last Advance of Funds request no later than thirty (30) days prior to the date of the expiration of the Disbursement Period or any extension thereof, in the understanding that the justification for such Advance of Funds shall be presented to the Bank during the Closing Period. The Bank shall not disburse resources subsequent to the expiration of the Disbursement Period or any extension thereof.

(e) The value of each Advance of Funds to the Borrower or the Executing Agency, as the case may be, must be maintained in the equivalent value expressed in the respective disbursement currency. Eligible Expenditures incurred with resources of an Advance of Funds must be justified in the equivalent of the total amount of the Advance of Funds expressed in the respective disbursement currency, using the exchange rate established in this Contract. The Bank may accept adjustments in the justification of the Advance of Funds due to exchange rate fluctuations, provided that they do not impact the execution of the Project.

ARTICLE 4.08. Direct payments to third parties. (a) The Borrower or the Executing Agency, as the case may be, may request disbursements under the method of direct payments to third parties, by means of which the Bank directly pays providers or contractors on behalf of the Borrower or the Executing Agency, as the case may be.

(b) In case of direct payments to third parties, the Borrower or the Executing Agency shall be responsible for payment of the amount equivalent to the difference between the amount of the disbursement requested by the Borrower or the Executing Agency and the amount received by the third party as the result of exchange rate fluctuations, commissions, and other financial costs.

ARTICLE 4.09. Reimbursement under a Letter of Credit Guarantee. The Borrower or the Executing Agency, as the case may be, may request disbursements through reimbursement under a letter of credit, in order to reimburse commercial banks for payments made to contractors or providers of goods and services by virtue of a letter of credit issued and/or confirmed by a commercial bank and guaranteed by the Bank. The letter of credit must be issued and/or confirmed

in a manner satisfactory to the Bank. The resources committed under the letter of credit and guaranteed by the Bank shall be used exclusively for the purposes established in the letter of credit for as long as the guarantee remains in effect.

ARTICLE 4.10. Exchange rate. (a) The Borrower undertakes to justify, or to cause the Executing Agency to justify, as the case may be, expenditures chargeable to the Loan or the Additional Resources, expressing such expenditures in the currency of the respective disbursement.

(b) To determine the equivalence of an Eligible Expenditure incurred in the Local Currency of the Borrower's country to the currency in which the disbursements are made, for purposes of accounting and justification of expenses, regardless of the source of financing of the Eligible Expenditure, one of the following exchange rates shall be used, pursuant to the Special Conditions:

- (i) the exchange rate in force on the date on which the disbursement currency is converted into the Local Currency of the Borrower's country; or
- (ii) the exchange rate in force on the date of payment of the expenditure in the Local Currency of the Borrower's country.

(c) In those cases in which the exchange rate established in paragraph (b)(i) of this Article is selected, to determine the equivalent of expenditures incurred in the Local Currency chargeable to the Additional Resources or the reimbursement of expenditures chargeable to the Loan, the rate used shall be the exchange rate agreed upon with the Bank in the Special Conditions.

ARTICLE 4.11. Receipts. At the request of the Bank, the Borrower shall sign and deliver to the Bank, upon completion of disbursements, a receipt or receipts for the amounts disbursed.

ARTICLE 4.12. Renunciation of Part of the Loan. The Borrower may renounce, by notice to the Bank, its right to utilize any part of the Loan which has not been disbursed before the receipt of such notice, provided that the resources of the Loan are not subject to the guarantee of an irrevocable letter of credit, pursuant to Article 7.04 of these General Conditions.

ARTICLE 4.13 Automatic Cancellation of Portion of the Loan. Upon expiration of the Disbursement Period and any extension thereof, any portion of the Loan not committed or disbursed shall automatically be cancelled.

ARTICLE 4.14. Closing Period. (a) The Borrower undertakes to carry out, or to cause the Executing Agency to carry out, as the case may be, the following actions during the Closing Period: (i) finalize pending payments to third parties, if any; (ii) reconcile its records and present to the Bank's satisfaction the supporting documentation relating to expenditures charged to the Project and other information that the Bank may request; and (iii) return to the Bank the unjustified balance of disbursed resources of the Loan.

(b) Notwithstanding the foregoing, if this Contract provides for external financial audit reports financed with resources of the Loan, the Borrower or the Executing Agency, as the case may be, agrees to reserve, in the manner agreed with the Bank, sufficient resources to cover the payment of the corresponding auditing services. In this case, the Borrower or the Executing Agency, as the case may be, also undertakes to agree with the Bank as to how the corresponding payments for such audits will be made. In the event the Bank does not receive the above-mentioned external financial audit reports within the periods stipulated in this Contract, the Borrower or the Executing Agency, as the case may be, agrees to return to the Bank the resources reserved for such purpose, which shall not be construed as a waiver by the Bank to exercise the rights set forth in Chapter VIII of this Contract.

CHAPTER V

Execution of the Project

ARTICLE 5.01. Financial Management Systems and Internal Control. (a) The Borrower shall maintain, or cause the Executing Agency and Contracting Agency, if any, to maintain, as the case may be, internal controls so as to reasonably ensure: (i) that Project resources are used for the purposes of this Contract, devoting special attention to the principles of economy and efficiency; (ii) that Project assets are adequately safeguarded; (iii) that Project transactions, decisions, and activities are duly authorized and executed in accordance with the provisions of this Contract and any other contract related to the Project; and (iv) that transactions are properly documented and recorded in a way that facilitates the production of timely and reliable reports.

(b) The Borrower shall maintain, and shall cause the Executing Agency and the Contracting Agency, if any, to maintain, an acceptable and reliable financial management system for the timely management of Project resources that provides for: (i) financial planning; (ii) accounting, budgetary, and financial record-keeping; (iii) contract administration; (iv) payment processing; (v) the issuance of financial audit reports and other reports associated with the resources of the Loan, the Additional Resources, and other financing sources of the Project, if any.

(c) The Borrower shall preserve, and shall cause the Executing Agency or the Contracting Agency, as the case may be, to preserve, the original records of the Project for a minimum period of three (3) years after the expiration date of the Disbursement Period or any extension thereof. Such documents and records shall be maintained adequately in order to: (i) substantiate Project-related activities, decisions, and transactions, including all expenditures incurred; and (ii) show the correlation of the expenditures incurred under the Loan to the respective disbursement made by the Bank.

(d) The Borrower shall include, or cause the Executing Agency and the Contracting Agency, if any, to include in all bidding documents, requests for proposals, and contracts financed with the resources of the Loan that they enter into, respectively, a provision requiring that providers of goods or services, contractors, subcontractors, consultants and their agents, personnel, subconsultants, subcontractors, or concessionaires contracted by them, keep all documents and

records related to activities financed with resources of the Loan for a period of seven (7) years after completion of the work contemplated in the relevant contract.

ARTICLE 5.02. Additional Resources. The Borrower, directly or through the Executing Agency, as the case may be, commits to contribute Additional Resources in a timely manner. If, as of the approval date of the Loan by the Bank, it has been determined that Additional Resources are needed, the estimated amount of such Additional Resources shall be that specified in the Special Conditions. Whether or not an estimate of the amount of the Additional Resources has been determined shall neither limit nor diminish the obligation of the Borrower, directly or through the Executing Agency, to contribute in a timely manner all additional resources which may be necessary for the complete and uninterrupted execution of the Project.

ARTICLE 5.03. General Provisions for Execution of the Project. (a) The Borrower shall execute, or cause the Executing Agency, as the case may be, to execute the Project in accordance with the objectives thereof, with due diligence in an economically, financially, administratively, and technically efficient manner, and in accordance with the provisions of this Contract and the plans, specifications, investment schedule, budgets, regulations, and other relevant documents of the Project approved by the Bank. The Borrower or the Executing Agency, as the case may be, further agrees that all of its obligations shall be fulfilled to the satisfaction of the Bank.

(b) Any significant modification of the plans, specifications, investment schedule, budgets, regulations, or other documents which the Bank approves, as well as any substantial change in contracts financed with resources of the Loan, shall require the written consent of the Bank.

(c) In case of contradiction or inconsistency between the provisions of this Contract and any plan, specification, investment schedule, budget, regulations, or other relevant document of the Project approved by the Bank, the provisions of this Contract shall prevail over those documents.

ARTICLE 5.04. Selection and Contracting of Works and Non-consulting Services, Procurement of Goods, and Selection and Contracting of Consulting Services. (a) Subject to the provisions of paragraph (b) of this article, the Borrower undertakes to carry out and, where appropriate, cause the Executing Agency or the Contracting Agency, if any, to carry out the procurement of works and non-consulting services, as well as the procurement of goods, in accordance with the Procurement Policies and the Procurement Plan approved by the Bank, and the selection and contracting of consulting services, in accordance with the Consultant Policies and the Procurement Plan approved by the Bank. The Borrower represents that it is aware of the Procurement Policies and Consultant Policies and undertakes to inform the Executing Agency, the Contracting Agency, and the specialized agency, as the case may be, of these Policies.

(b) When the Bank has validated a system or subsystem of the member country of the Bank where the Project will be executed, the Borrower or the Executing Agency, as the case may be, may carry out the procurement and contracting financed wholly or partially with resources of the Loan using such system or subsystem, in accordance with the terms of the validation of the Bank and applicable validated legislation and processes. The terms of such validation shall be

notified in writing by the Bank to the Borrower and the Executing Agency. Use of the country system or subsystem may be suspended by the Bank when, in its opinion, changes have occurred in the parameters or practices the Bank used as the basis for its validation, until such time as the Bank determines whether such changes are compatible with international best practices. During such suspension, the Procurement Policies and Consultant Policies of the Bank will apply. The Borrower, directly or through the Executing Agency, as the case may be, undertakes to notify the Bank of any change in the applicable legislation or processes that have been so validated. The use of country systems or subsystems does not constitute a waiver of the application of the provisions set forth in Section I of the Procurement Policies and Consultant Policies, including the requirement that the respective procurement and contracting of services be contained in the Procurement Plan and is subject to the remaining provisions of this Contract. The provisions of Section I of the Procurement Policies and Consultant Policies shall apply to all contracts, regardless of amount or contracting method. The Borrower agrees to include, or to cause the Executing Agency, as the case may be, to include in the model bidding documents, contracts, and instruments used in electronic or information systems (in physical or electronic media) measures to ensure the application of the provisions set forth in Section I of the Procurement Policies and Consultant Policies, including the provisions on Prohibited Practices.

(c) The Borrower agrees to update, or to cause the Executing Agency, as the case may be, to maintain an updated Procurement Plan, and to update the Procurement Plan at least annually or more frequently, depending on the Project needs. Each updated version of the Procurement Plan shall be submitted for review and approval of the Bank.

(d) The Bank will conduct a review of the selection, contracting, and procurement processes, as set forth in the Procurement Plan. At any time during the execution of the Project, the Bank may change the method of review of these processes, with prior notice to the Borrower or the Executing Agency. The changes approved by the Bank shall be reflected in the Procurement Plan.

ARTICLE 5.05. Use of Goods. Except as otherwise expressly authorized by the Bank, any goods procured with the resources of the Loan shall be used exclusively for the purposes of the Project.

ARTICLE 5.06. Environmental and Social Safeguards. (a) The Borrower, directly or through the Executing Agency, as the case may be, agrees to carry out the execution (preparation, construction, and operation) of the activities included in the Project in accordance with the environmental and social policies of the Bank, pursuant to the specific provisions on environmental and social considerations included in the Special Conditions.

(b) The Borrower, directly or through the Executing Agency, as the case may be, agrees to immediately inform the Bank of any noncompliance with the environmental and social obligations set forth in the Special Conditions.

(c) The Borrower, directly or through the Executing Agency, as the case may be, agrees to implement a corrective action plan, agreed upon with the Bank, to mitigate, correct, and

compensate any adverse consequences that may result from the failure to comply with the implementation of the environmental and social obligations set forth in the Special Conditions.

(d) The Borrower agrees to allow the Bank, whether directly or through the contracting of consulting services, to carry out supervision activities, including environmental and social audits of the Project, in order to confirm compliance with the environmental and social obligations set forth in the Special Conditions.

ARTICLE 5.07. Ineligible Expenditures for the Project. In the event that the Bank determines that an expenditure incurred does not meet the requirements to be considered an Eligible Expenditure or Additional Resources, the Borrower or the Executing Agency, as the case may be, shall take such actions as are necessary to remedy the situation, as required by the Bank, without prejudice to any other measures the Bank may exercise under this Contract, including the obligation for the Borrower to return such resources to the Bank.

CHAPTER VI

Supervision and Evaluation of the Project

ARTICLE 6.01. Inspections. (a) The Bank may establish such procedures as it deems necessary to ensure the satisfactory development of the Project.

(b) The Borrower shall permit, or cause the Executing Agency, as the case may be, and the Contracting Agency, if any, to permit the Bank, its investigators, agents, auditors, and experts it engages, to inspect, at any time, the Project and the facilities, equipment, and materials involved therein, and to examine such systems, records, and documents as the Bank may deem pertinent. In addition, the Borrower or the Executing Agency, as the case may be, and the Contracting Agency, if any, shall ensure that their agents fully cooperate with the personnel which the Bank sends or designates for this purpose. All the costs relating to transportation, salaries, and other expenses of such personnel shall be borne by the Bank.

(c) The Borrower shall provide, or cause the Executing Agency, as the case may be, and the Contracting Agency, if any, to provide to the Bank any documents relating to the Project that the Bank may request, in a form and within a time frame acceptable to the Bank. Without prejudice to any measures the Bank may take under this Contract in the event such documentation is not available, the Borrower or the Executing Agency, as the case may be, and the Contracting Agency, if any, shall submit an affidavit to the Bank setting forth the reasons why the requested material is unavailable or is being withheld.

(d) The Borrower shall include, or cause the Executing Agency, as the case may be, and the Contracting Agency, if any, to include a provision in bidding documents, requests for proposals, and contracts entered into by them relating to the execution of the Loan in order to: (i) allow the Bank, its investigators, agents, auditors, or experts, to inspect accounts, records, and other documents relating to the submission of bids and to the performance of the corresponding contract or agreement; and (ii) provide that such accounts, records, and documents may be submitted to the auditors designated by the Bank for an opinion.

ARTICLE 6.02. Plans and Reports. To enable the Bank to supervise progress in the execution of the Project and the scope of its results, the Borrower, directly or through the Executing Agency, as the case may be shall:

- (a) Present to the Bank the information, plans, reports, and other documents in such form and substance as the Bank may reasonably request, based on the progress of the Project and its level of risk;
- (b) Comply with the actions and obligations established in such plans, reports, and other documents agreed upon with the Bank;
- (c) Inform the Bank upon identifying any risks or significant changes that cause or may cause delays or difficulties in Project execution; and
- (d) Inform the Bank within no more than thirty (30) days of the initiation of any proceedings, claim, suit, or legal, arbitral, or administrative action relating to the Project and keep the Bank informed on the status thereof.

ARTICLE 6.03. External Financial Audit Reports and other Financial Reports. (a) Unless the Special Conditions establish otherwise, the Borrower, directly or through the Executing Agency, as the case may be, shall present the Bank with the external financial audit reports and other reports identified in the Special Conditions within one hundred twenty (120) days following the closing of each fiscal year of the Project and within the Disbursement Period or any extension thereof, and within one hundred twenty (120) days following the date of the last disbursement.

(b) In addition, the Borrower, directly or through the Executing Agency, as the case may be, shall present to the Bank other financial reports in such form and with such content and frequency as the Bank may reasonably request during the Project's execution when, in the opinion of the Bank, the analysis of the level of the Project's fiduciary risk, complexity, or nature so warrant.

(c) Any external audit that may be required under the provisions of this Article and the corresponding provisions of the Special Conditions shall be performed by independent auditors who have been previously accepted by the Bank or by a supreme audit institution previously accepted by the Bank, in accordance with auditing principles and standards acceptable to the Bank. The Borrower, directly or through the Executing Agency, as the case may be, shall authorize the supreme audit institution or the independent auditors to provide the Bank with such additional information it may reasonably request and share it with the GCF, with respect to the external financial audit reports.

(d) The Borrower, directly or through the Executing Agency, as the case may be, shall select and contract the independent auditors indicated in paragraph (c) above, in accordance with the procedures and terms of reference agreed upon with the Bank. In addition, the Borrower or the Executing Agency, as the case may be, shall provide to the Bank any information it requests relating to the independent auditors under contract.

(e) In the event an external audit required under the provisions of this Article and the corresponding provisions of the Special Conditions is to be performed by a supreme audit institution and such agency is unable to perform the audit in accordance with requirements satisfactory to the Bank or within the deadlines, for the period, or with the frequency stipulated in this Contract, the Borrower or the Executing Agency, as the case may be, shall select and contract the services of independent auditors acceptable to the Bank, as provided under paragraphs (c) and (d) of this Article.

(f) Notwithstanding the provisions above, the Bank may, on an exceptional basis, select and contract the services of independent auditors to audit the financial audit reports provided for in this Contract when: (i) pursuant to the findings of a Bank-conducted cost-benefit analysis, it is determined that the benefits associated with the hiring of such services by the Bank outweigh the costs; (ii) there is limited access to auditing services in the country; (iii) special circumstances warrant the selecting and hiring of such services by the Bank; or (iv) requested by GCF. If the auditor confirms that the resources from the Loan have not been used according to the terms of this Agreement, the Borrower agrees to pay for the cost of such an audit.

(g) The Bank reserves the right to request the Borrower or the Executing Agency, as the case may be, to have external audits other than financial audits or to have services carried out relating to the auditing of projects, of the Executing Agency and related entities, of the financial information system, and of the bank accounts of the Project, among others. The nature, frequency, scope, timing, methodology, type of applicable auditing norms, reports, auditor selection procedures, and terms of reference for the audits shall be agreed upon between the Parties.

CHAPTER VII

Suspension of Disbursements, Accelerated Maturity, and Partial Cancellations

ARTICLE 7.01. Suspension of Disbursements. The Bank, by written notice to the Borrower, may suspend disbursements if any of the following circumstances occurs and so long as it continues:

- (a) Delay in the payment of any sums owed by the Borrower to the Bank for principal, fees, interest, return of resources of the Loan used for ineligible expenditures, or for any other reason, under this Contract or any other contract entered into between the Bank and the Borrower, including another loan contract.
- (b) Noncompliance by the Borrower or the Executing Agency, as the case may be, of any other obligation set forth in any contract entered into with the Bank for the financing of the Project, including this Contract, as well as noncompliance by the Borrower or the Executing Agency, as the case may be, with any contract they enter into for the execution of the Project.

- (c) Withdrawal or suspension from membership in the Caribbean Development Bank of the country in which the Project is to be executed.
- (d) When, in the opinion of the Bank, the objective of the Project or the Loan may be adversely affected or the execution of the Project may be improbable owing to: (i) any restriction, modification, or alteration of the legal capacity, functions, or assets of the Borrower or the Executing Agency, as the case may be; or (ii) any modification or change made without the written concurrence of the Bank of any condition to be fulfilled before the approval of the Loan by the Bank.
- (e) Any extraordinary circumstance which, in the opinion of the Bank: (i) makes it unlikely that the Borrower or the Executing Agency, as the case may be, will be able to fulfill the obligations established in this Contract, respectively; or (ii) prevents the fulfillment of the Project's development objectives.
- (f) Whenever the Bank determines that an employee, agent, or representative of the Borrower, the Executing Agency, or the Contracting Agency, as the case may be, has engaged in a Prohibited Practice in connection with the Project.
- (g) Delay or non-compliance by GCF of its obligations under the Accreditation Master Agreements or under the Funded Activity Agreement entered into between said institution and the Bank, when such delay or non-compliance prevent direct access by the Bank to GCF resources.
- (h) Any other circumstance which may cause the GCF to suspend disbursements to the Bank or cause the Bank to have no access to GCF resources.

ARTICLE 7.02. Early Termination and Cancellation of Undisbursed Balances. The Bank, by means of a written notification, may declare the entire Loan or a portion thereof immediately due and payable, together with interest, fees, and other charges accrued up to the date of payment, and may cancel the undisbursed portion of the Loan, if:

- (a) Any of the circumstances set forth in paragraphs (a), (b) and (c) of the preceding Article continues for more than sixty (60) days;
- (b) Any of the circumstances set forth in paragraphs (d) and (e) of the previous article occurs and so long as it continues, and the Borrower or the Executing Agency, as the case may be, fails to provide to the Bank the clarifications or additional information that the Bank considers necessary;
- (c) The Bank, in accordance with its sanctions procedures, determines that any firm, entity, or individual bidding for or participating in a Bank-financed activity, including applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, concessionaires, financial intermediaries, or a Contracting Entity (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted), has engaged in a

Prohibited Practice in connection with the Project; and that the Borrower, the Executing Agency, or the Contracting Agency, as the case may be, has not taken adequate remedial measures (including providing adequate notice to the Bank upon learning of the Prohibited Practice) within a period of time the Bank considers reasonable; and

- (d) The Bank determines at any time that a procurement of goods or the contracting of works or non-consulting services or consulting services was carried out without following the procedures set forth in this Contract. In this case, the cancellation or early termination will apply to the portion of the Loan used for such procurement or contracting.
- (e) When the GCF has declared terminated the financing for the Project or has cancelled the outstanding balance of the financing, in accordance with the provisions of the Accreditation Master Agreement or the Funded Activity Agreement entered into between the Bank and the GCF (Agreements); and in all cases of termination of such Agreements, in accordance with the provisions set forth in each.

ARTICLE 7.03. Provisions Not Affected. None of the measures set forth in this Chapter (a) shall affect the Borrower's obligations as set forth in this Contract, which shall remain in full force and effect; and (b) shall exempt the Borrower from its obligations to return the Loan resources that have not been used for the purposes of the Program and in accordance with this Contract.

CHAPTER VIII **Prohibited Practices**

ARTICLE 8.01. Prohibited Practices. (a) In addition to the provisions established in Articles 7.01(f) and 7.02(c) of these General Conditions, if the Bank determines, in accordance with its sanctions procedures, that a firm, entity, or individual bidding for or participating in a Bank-financed activity, including, among others, applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, concessionaires, financial intermediaries, or a Contracting Entity (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted) has engaged in a Prohibited Practice in connection with the execution of the Project, the Bank may take the actions provided for in its sanctions procedures in effect as of the date of this Contract or the amendments thereto that the Bank approves from time to time and makes known to the Borrower, including:

- (i) Denying financing of contracts for the procurement of goods or the contracting of works or consulting or non-consulting services;
- (ii) Declaring a contract ineligible for Bank financing whenever there is evidence that the agent of the Borrower, the Executing Agency, or the

Contracting Entity, as the case may be, has not taken adequate remedial measures (including providing adequate notice to the Bank upon learning of the commission of the Prohibited Practice) within a period of time the Bank considers reasonable;

- (iii) Issuing the firm, entity, or individual determined to be responsible a reprimand in the form of a formal letter of censure for its behavior;
- (iv) Declaring a firm, entity, or individual determined to be responsible for engaging in the Prohibited Practice ineligible, either permanently or temporarily, to participate in Bank-financed activities, whether directly as a contractor or supplier, or indirectly as a subconsultant, subcontractor, or a supplier of goods, consulting services, or non-consulting services; and
- (v) Imposing fines representing reimbursement to the Bank of costs associated with investigations and proceedings in connection with the commission of the Prohibited Practice.

(b) The provisions of Article 7.01(g) and Article 8.01(a)(i) shall also apply in cases in which the Contracting Agency or any firm, entity, or individual bidding for or participating in a Bank-financed activity, including applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, concessionaires (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted) has been temporarily suspended from eligibility to take part in a bidding or other selection process for the awarding of new contracts pending the final outcome of an investigation into a Prohibited Practice.

(c) The imposition of any action to be taken by the Bank pursuant to the provisions referred to above will be made public, except in cases of private reprimand.

(d) Any firm, entity, or individual bidding for or participating in a Bank-financed activity, including applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, concessionaires, or a Contracting Entity (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted) may be sanctioned by the Bank pursuant to agreements the Bank may have with other international financial institutions regarding the mutual enforcement of debarment decisions. For purposes of this paragraph (d), the term “sanction” shall mean any permanent or temporary debarment, conditions on future contracting, or any publicly disclosed action taken in response to a violation of an international financial institution’s applicable framework for addressing allegations of Prohibited Practices.

(e) When the Borrower procures goods or contracts works or non-consulting services directly from a specialized agency under an agreement between the Borrower and such specialized agency, all provisions under this Contract regarding sanctions and Prohibited Practices shall apply in their entirety to applicants, bidders, providers of goods and their agents, contractors, consultants, personnel, subcontractors, subconsultants, service providers, concessionaires (including their

respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted), or to any other entities that have signed contracts with such specialized agency, to supply goods, works, or non-consulting services in connection with Bank-financed activities. The Borrower or the Executing Agency, as the case may be, agrees to adopt, as may be required by the Bank, remedies such as suspension or termination of the corresponding contract. The Borrower agrees that the contracts it enters into with specialized agencies shall include provisions requiring them to consult the Bank's list of firms and individuals debarred either temporarily or permanently by the Bank from participating in a procurement or contracting operation financed wholly or partially with resources of the Loan. In the event a specialized agency signs a contract or purchase order with a firm or an individual temporarily or permanently debarred by the Bank as indicated in this article, the Bank will not finance such contracts or expenditures and will apply such other remedies as it deems appropriate.

CHAPTER IX

Provision on Encumbrances and Exemptions

ARTICLE 9.01. Commitment on Encumbrances. The Borrower shall not create any specific encumbrance on all or part of its assets or revenues to secure an external debt without, at the same time, creating an encumbrance guaranteeing to the Bank, equally and proportionally, the fulfillment of the pecuniary obligations arising from this Contract. The foregoing shall not apply: (a) to encumbrances on goods used as security for payment of the unpaid balance of the purchase price; and (b) to encumbrances created in banking operations to secure payment of debts with maturities of not more than one year. In the event that the Borrower is a member country, the term "assets or revenues" shall mean all types of assets or revenues which belong to the Borrower or any of its dependent agencies which are not autonomous entities with their own separate capital.

ARTICLE 9.02. Tax exemption. The Borrower undertakes to ensure that principal, interest, fees, premiums, and any other Loan charge, as well as any other payment for expenses or costs that may be imputed to this Contract, shall be paid without any deduction or restriction whatsoever, exempt from any tax, fee, duty, or charge established or that may be established by the laws of its country, and to pay any tax, fee, or duty applicable to the signing, recording, and execution of this Contract.

CHAPTER X

Miscellaneous Provisions

ARTICLE 10.01. Modifications and Contractual Waivers. Any modification or waiver of the provisions of this Contract shall be agreed upon in writing by the Parties.

ARTICLE 10.02. Non-waiver of Rights. Any delay or failure by the Bank to exercise its rights pursuant to this Contract may not be construed as a waiver of such rights or as implied acceptance of events, actions, or circumstances that would have empowered it to exercise them.

ARTICLE 10.03. Termination. (a) The Contract and all obligations arising from it shall be deemed terminated upon full payment of the principal, interest, fees, premiums, and all other expenses related to the Loan, as well as all other expenses and costs arising from this Contract, with the exception of those referred to in paragraph (b) of this Article.

(b) The obligations acquired by the Borrower under this Contract with respect to Prohibited Practices and other obligations relating to the operational policies of the Bank, shall remain in effect until such obligations are deemed fulfilled to the satisfaction of the Bank.

ARTICLE 10.04. Validity. The rights and obligations established in this Contract are valid and enforceable in accordance with the terms agreed upon herein, regardless of the laws of any given country.

ARTICLE 10.05. Disclosure of Information. The Bank may disclose this Contract and any information related thereto, in accordance with its access to information policy in effect at the time of such disclosure.

CHAPTER XI **Arbitration Procedure**

ARTICLE 11.01. Composition of the Tribunal. (a) The arbitration tribunal shall be composed of three members to be appointed in the following manner: one by the Bank; another by the Borrower; and a third, hereinafter the "President," by direct agreement between the Parties or through their respective arbitrators. In all decisions, the President of the tribunal shall have the right to cast a double vote in the case of deadlock. If the Parties or the arbitrators fail to agree on who the President shall be, or if one of the Parties is unable to designate an arbitrator, the President 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, one shall be appointed by the President. If either of the appointed arbitrators or the President is unwilling or unable to act or to continue to act, his or her successor shall be appointed in the same manner as for the original appointment. The successor shall have the same functions as his or her predecessor.

ARTICLE 11.02. Initiation of the Procedure. In order to submit the conflict to arbitration, the claimant shall address to the other party a written notification setting forth the nature of the claim, the satisfaction or compensation it seeks, and the name of the arbitrator it appoints. The party receiving such notification shall, within forty-five (45) days, notify the adverse party of the name of the person it appoints as arbitrator. If, within seventy-five (75) days as of the notification of the initiation of the arbitral proceeding, the Parties have not agreed upon the person who is to act as President, either party may request the Secretary General of the Organization of American States to make the appointment.

ARTICLE 11.03. Convening of the Tribunal. The arbitration tribunal shall be convened in Washington, District of Columbia, United States of America, on the date designated by the President, and, once convened, shall meet on the dates which the tribunal itself shall establish.

ARTICLE 11.04. Procedure. (a) The tribunal is specifically empowered to decide any matter under its jurisdiction and shall adopt its own procedures. In any case, it shall give the Parties the opportunity to make oral presentations. All decisions of the tribunal shall be made by majority vote.

(b) The Tribunal shall base its rulings on the terms of the Contract, and shall render its award even if one of the Parties fails to appear.

(c) The award shall be in writing and shall be adopted with the concurrent vote of at least two (2) members of the tribunal. It shall be handed down within approximately sixty (60) days from the date on which the President is appointed, unless the tribunal determines that, due to special and unforeseen circumstances, such period should be extended. The award shall be notified to the Parties by means of a notification signed by at least two (2) members of the tribunal, and shall be complied with within thirty (30) days from the date of notification. The award shall be final and will not be subject to any appeal.

ARTICLE 11.05. Costs. The fees of each arbitrator and the costs of arbitration (with the exception of attorneys' fees and the fees of other experts, which shall be covered by the Parties that appointed them) shall be covered by both Parties in equal proportion. Any doubt regarding the division of costs or the manner in which they are to be paid shall be determined, without appeal, by the tribunal.

ARTICLE 11.06. Notification. All notifications relative to the arbitration or to the award shall be made in the manner provided in this Contract. The parties waive any other form of notification.

ANNEX

THE PROGRAM

Sustainable Energy Facility for the Eastern Caribbean Expanded (SEF-Expanded)

I. Objective

- 1.01** The objective of the Program is to reduce the financial, technical and institutional barriers which Geothermal Energy (GE) development encounters in the five Eastern Caribbean Countries (Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines (“the Eastern Caribbean Countries” or “ECC”)) and to provide institutional strengthening and capacity building to the governments of these Eastern Caribbean Countries and to the Caribbean Development Bank (CDB) for GE development.

II. Description

- 2.01** The Program comprises the following components:

Component 1. GE Project Development

- 2.02** Resources from this component will be used to support GE projects as they advance through successive stages of development all the way to plan construction by offering financing as follows:
- 2.03 Sub-component 1.1. Pre-feasibility.** This sub-component will be financed with the non-reimbursable technical cooperation resources provided by the Republic of Italy for purposes of carrying out pre-feasibility studies to identify promising exploratory drilling sites.
- 2.04 Sub-component 1.2. Exploration Drilling.** This sub-component will be financed with grant resources provided by the Green Climate Fund (GCF) for exploratory drilling risk mitigation.
- 2.05 Sub-component 1.3. Field and Plant Development.** This sub-component will be financed by loan resources provided by the GCF to provide concessional loans for the drilling of production and reinjection wells, engineering and construction of steam gathering systems and power plants, as well as for the construction of power substations and transmission lines.

Component 2. Technical Assistance: Regulatory framework, institutional strengthening and capacity building

- 2.06** This component will be financed with grant resources provided by the GCF and used for the financing of non-reimbursable technical assistance to CDB, and to the governments of each Eligible CDB Member Country, electric utility companies, the state-owned enterprise located in an Eligible CDB Member Country or a Special Purpose Vehicle (SPV) legally established in an Eligible CDB Member Country under a Public-Private Partnership (TA Final Beneficiaries). Additional resources from the Republic of Italy will also be used to provide technical assistance to the TA Final Beneficiaries. Technical assistance to CDB includes the following activities: (i) developing staff capacity to evaluate and execute Sub-loans; (ii) consulting services to provide specific skills and advisory services when required for Sub-project preparation; and (iii) drafting of legal documents (i.e. loan contracts for GE loans). Technical assistance to the TA Final Beneficiaries, other than the CDB, will support ministries responsible for energy and electric utilities to develop an effective legal, policy and regulatory framework for the implementation of GE projects, as well as to make progress in negotiations with private sector actors to develop GE. To this end, it will finance: (i) transaction advisory support to structure projects and negotiate with private partners; (ii) training to acquire the necessary skills to enable GE development and project execution; and (iii) capacity building to strengthen governments' technical, institutional, environmental and regulatory capacity.

III. Financing Plan

- 3.01** The cost of the Program (net of administrative fee) is estimated at eighty-five million, six hundred and seven thousand, one hundred and sixty-seven Dollars (US\$85,607,167) of which:
- (i) eighty million Dollars (US\$80,000,000) will be financed by the GCF; and
 - (ii) five million, six hundred and seven thousand, one hundred and sixty-seven Dollars (US\$5,607,167) will be financed by the Republic of Italy. This is the net amount of resources after deducting the administrative fee equivalent to two hundred and ninety-five thousand, one hundred and fourteen Dollars (US\$295,114), charged by the Bank to administer the resources from Republic of Italy.

Cost and Financing
(in US\$)

Component/Sub-component		GCF		REI	Total SEF-Expanded
		Loan	Contingent Recovery Grant & Grant	Grant	
1. GE Project Development	1.1 Prefeasibility			4,450,000	4,450,000
	1.2 Exploration drilling		16,000,000		16,000,000
	1.3 Field and plant development	60,000,000			60,000,000
2. Technical Assistance and Program management		-	4,000,000	1,157,167	5,157,167
Total SEF-Expanded		60,000,000	20,000,000	5,607,167	85,607,167

* Sub-projects may be financed by CDB either from one source of funding or a combination of them, including resources approved under the SEF program approved in 2015 and parallel financing, according to the terms and conditions set forth in the OM.

IV. Execution

4.01 CDB will be the Borrower and the Executing Agency of the Program and will work in close collaboration with the Bank and other donors. Individual Sub-projects financed with resources from the Sub-loans will be implemented by the Sub-borrowers, in accordance with the criteria set forth in the Operating Manual for the Program. CDB will sign Sub-loan agreements with such Sub-borrowers to regulate the Sub-project implementation.

V. Use of Resources

5.01 SEF Expanded resources will be used by CDB for the financing of Sub-projects that meet the eligibility criteria set forth in the OM and to provide technical assistance to the TA Final Beneficiaries. Specifically, grant resources provided by the Republic of Italy under Sub-component 1.1 and Component 2 will be provided as non-reimbursable grants to the developers (state-owned enterprise located in an Eligible CDB Member Country or a Special Purpose Vehicle (SPV) legally established in an Eligible CDB Member Country under a PPP) or other TA Final Beneficiaries, respectively, to finance pre-feasibility studies and technical assistance. When financing exploratory drilling activities (Sub-component 1.2), GCF grant resources may be used by CDB as a contingent recovery grant whereby CDB makes a grant to the Eligible Final Beneficiary for exploratory drilling, which will be converted into a loan in case the exploration is successful, as per the terms of the OM. GCF loan resources will be used by CDB to make Sub-loans to finance geothermal field and plant infrastructure. GCF grant resources under Component 2 will also be provided as non-reimbursable technical assistance to the TA Final Beneficiaries in support of Program implementation.

5.02 All details on Program implementation will be contained in the OM.