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# **MEMORANDUM OF UNDERSTANDING**

between the

INTER-AMERICAN DEVELOPMENT BANK

and the

CARIBBEAN DEVELOPMENT BANK

for the implementation of the “Caribbean Microfinance Capacity-Building Project”

August 7, 2008

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## MEMORANDUM OF UNDERSTANDING

This AGREEMENT is entered into as of the 7th day of August, 2008, by and between the Inter-American Development Bank in its own capacity and as administrator of the Multilateral Investment Fund (hereinafter the "IDB/MIF") and the Caribbean Development Bank (hereinafter the "CDB").

WHEREAS:

- (A) The Caribbean Microfinance Institutions (hereinafter the "Beneficiaries" or "MFIs") have requested the IDB/MIF to grant financing in support of the "Caribbean Microfinance Capacity-Building Project" (hereinafter the "Project"), the objective of which is to contribute to the development of the microfinance industry in the Caribbean by the implementation of a capacity-building project that will enable the Caribbean MFIs to improve their financial performance and outreach, as more particularly described in the Project document annexed to this Agreement as Annex A (hereinafter the "Project Document");
- (B) The IDB/MIF will grant the Beneficiaries an amount of up to two million four hundred and ninety-eight thousand eight hundred and eighty-eight Dollars of the United States of America (US\$2,498,888) (hereinafter the "IDB/MIF Contribution") in support of the Project;
- (C) The IDB/MIF Contribution is financed from the following resources: (i) Up to one million eight hundred ninety nine thousand six hundred and eighty three Dollars of the United States of America (US\$1,899,683) from the Multilateral Investment Fund; and (ii) up to five hundred ninety-nine thousand, two hundred and five Dollars of the United States of America (US\$599,205)<sup>1</sup> from the European Commission (hereinafter the "EC") African Caribbean and Pacific Programme (hereinafter the "EC Contribution") that will be administered by the IDB/MIF pursuant to an agreement signed between the Inter-American Development Bank and the EC on June, 2008 (hereinafter the "EC Contribution Agreement");
- (D) The CDB will support the Project through a parallel financing contribution in the amount of up to two hundred and seventy-six thousand Dollars of the United States of America (US\$276,000) (hereinafter the "CDB Contribution");
- (E) The CDB Contribution is part of the overall budget of the Project and will be used to finance the specific activities of the Project mentioned below in Article III of this Agreement; and
- (F) The IDB/MIF and the CDB (hereinafter collectively the "Parties" and individually a "Party") consider it desirable to determine the terms of the CDB's financial contribution to the Project in order to ensure its successful execution and to advise each other on matters related to the Project and the Beneficiaries, as may be of common interest.

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<sup>1</sup> The EC's contribution will be in the amount of 420,000 Euros. The amount of US\$599,099 is an approximate amount, assuming an exchange rate of US\$1.428 = 1 Euro.

NOW, THEREFORE, the Parties hereby agree as follows:

## **ARTICLE I**

### **Coordination, Exchange of Information and Consultation**

1.01 Each Party shall:

- (a) keep the other Party informed about the status of its respective contributions;
- (b) at the request of the other Party and subject to its practices with respect to the treatment of information of a confidential nature:
  - (i) exchange views and information with respect to matters of mutual interest related to the Project; and
  - (ii) provide information regarding the main findings and results of the Project to the other Party; and
- (c) promptly inform the other Party of any event which, in its view, interferes or threatens to interfere adversely or materially with the successful implementation of the Project and/or IDB/MIF and CDB Contributions.

1.02 Each Party may at any time consult with the other Party on any other matter of common interest regarding the Project or its contributions.

1.03 Pursuant to their respective policies on disclosure of information, either Party may make this Agreement publicly available.

## **ARTICLE II**

### **Execution of the Project**

2.01 The IDB/MIF will be technically responsible for the overall execution of the Project. However, a Steering Committee (hereinafter, the "SC") composed of representatives from all three partnering institutions in the Project will act as an advisory board that may assist in the decision-making process in areas of significance to the implementation of the Project. The SC will be comprised of 5 members, (3 from the IDB/MIF, 1 from the EC and 1 from the CDB). The CDB will in due course designate a representative to act as a member of the SC.

## **ARTICLE III**

### **Commitment of Resources**

3.01 The CDB agrees to make a financial Contribution to the Project of up to two hundred and seventy six thousand Dollars of the United States of America (US\$276,000) which will be used to finance the following activities (hereinafter the "CDB Financed Activities"):



- (a) three (3) Capacity Building Plans for qualifying MFIs from member countries of the CDB, each one in the amount of eighty-two thousand five hundred Dollars of the United States of America (US\$82,500);
  - (b) one (1) Good Practice Incentive in the amount of twenty-five thousand Dollars of the United States of America (US\$ 25,000) to be awarded to an MFI in one of the member countries of the CDB that has successfully carried out the corresponding Capacity Building Plan;
  - (c) consulting services in support of the Caribbean Microfinance Network's strategic planning for member countries of the CDB in the amount of three thousand five hundred Dollars of the United States of America (US\$3,500).
- 3.02 The CDB will provide to the IDB/MIF its assurance of the availability of the aforementioned financial resources two (2) months prior to the expected disbursement date, according to the Project's execution schedule that the IDB/MIF will make available to the CDB on a monthly basis.

#### **ARTICLE IV**

##### **Procurement and Payment of CDB Financed Activities**

- 4.01 The CDB will be responsible for contracting the consulting services necessary for the CDB Financed Activities mentioned in Section 3.01, paragraphs (a) and (c) of this Agreement, and will use its procurement rules and regulations throughout the contracting process. However, the IDB/MIF and the CDB will agree on the content of the terms of reference and bidding postings for the contracting of such services in order to ensure consistency with the Project and similar biddings that the IDB/MIF may undertake. Also, the CDB will consult with the IDB/MIF in the phase of making the selection of service providers to the Project.
- 4.02 The Good Practice incentive contemplated in Section 3.01, paragraph (b) of this Agreement will be awarded according to the terms and selection process established under the Project.
- 4.03 The contracts and/or bidding documents to be issued by the CDB in connection with the CDB Financed Activities shall indicate that the IDB/MIF shall bear no financial responsibility therefor, even though such activities will contribute to the implementation of an IDB/MIF Project.
- 4.04 The CDB shall inform the IDB/MIF by written notice whenever disbursements are made in connection with the CDB Financed Activities.

## **ARTICLE V**

### **Effectiveness of this Agreement**

- 5.01 This Agreement shall become effective upon its signature by both parties and shall remain in full force and effect between the IDB/MIF and the CDB until completion of the Project.

## **ARTICLE VI**

### **Notices**

- 6.01 Any notice required under this Agreement shall be deemed to have been duly given either on the date of dispatch, if delivered by hand or sent by fax, or five (5) calendar days after the date of posting, if sent by registered airmail, and in each case addressed as specified below, or to such other address as each party shall have designated by notice to the other.

For the IDB/MIF:

The Inter-American Development Bank  
Office of the Multilateral Investment Fund  
1300 New York Avenue, N. W.  
Washington, D. C. 20577  
U.S.A.  
Attention: Mrs. Maria Victoria Saenz-Samper

Fax: ++1 (202) 942-81-00

For the CDB:

Caribbean Development Bank  
Wilkey  
St. Michael  
Barbados, W.I.  
Attention: Director, Projects Department

Fax: (246) 426-7269

## **ARTICLE VII**

### **Determination of Other Matters**

- 7.01 Any relevant matter in relation to which no provision is made in this Agreement shall be determined in a manner mutually acceptable to the IDB/MIF and the CDB, with the understanding that each party shall give sympathetic consideration to any proposal advanced by the other party.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this Agreement, in two (2) equally authentic copies in the English language.

THE INTER-AMERICAN DEVELOPMENT  
BANK

THE CARIBBEAN DEVELOPMENT  
BANK

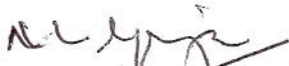
By:



Name: Fernando Jiménez-Ontiveros

Title: Manager, a.i.  
Multilateral Investment Fund

By:

  
Neville L. Orfinger  
Vice-President (Finance)

Name:

Title: