

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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Washington, D.C. 20433
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August 30, 2010

CONFORMED COPY

H.E. Audley Shaw
Minister of Finance and the Public Service
Ministry of Finance and the Public Service
30 National Heroes Circle
Kingston 4, Jamaica

Re: Jamaica: Tropical Storm Gustav Emergency Recovery Grant Project
GFDRR Grant No. TF097314

Excellency:

In response to the request for financial assistance made on behalf of Jamaica (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”), acting as administrator of grant funds provided under Track III Standby Recovery Financing Facility, Callable Fund – Tropical Storm Gustav Recovery Grant (TF071345), proposes to extend to the Recipient a grant in an amount not to exceed one million seven hundred twenty eight thousand five hundred eighty five Euros (EUR 1,728,585) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date specified by the World Bank in accordance with Section 5.02 of the Annex to this Agreement.

Very truly yours,

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By pp David Warren
Yvonne Tsikata
Director
Caribbean Country Management Unit
Latin America and the Caribbean Region

AGREED:

JAMAICA

By /s/ Audley Shaw
Authorized Representative

Title: Minister of Finance and the Public Service

Date: October 5, 2010

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010.
- (2) Disbursement Letter of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to support the Recipient in its efforts to restore levels of service in selected community infrastructure, specifically early childhood, primary and all age schools and community health clinics at a minimum to pre-tropical storm levels.

The Project consists of the following parts:

(a) Carrying out of rehabilitation of selected facilities, including, *inter alia*, the rehabilitation of early childhood, primary and all age schools and community health clinics in the Recipient’s parishes of Clarendon, St. Catherine, St. Elizabeth, Westmoreland, Kingston and St. Andrews.

(b) Carrying out of maintenance and disaster preparedness training to each community that benefits from an infrastructure project to increase the sustainability of investments, including the following modules: (i) maintenance of buildings, roads, equipment and water supply systems; (ii) basic disaster management; (iii) hurricane safety; (iv) flood safety; (v) earthquake safety; (vi) fire safety; (vii) basic shelter management; (viii) telecommunications; and (ix) community hazard mapping.

(c) Carrying out monitoring, evaluation and communication of the Project activities under Parts (a) and (b) immediately above.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by Jamaica Social Investment Fund (“Project Implementing Entity”) in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; (c) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”), with the modifications set forth in Section I of the Appendix to this Agreement; and (d) the Subsidiary Agreement referred to in Section 2.03 of this Annex, as such agreement may be amended from time to time, with the approval of the World Bank.

2.03. *Institutional and Other Arrangements*

(a) **Subsidiary Agreement**

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity on a grant basis under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Bank (“Subsidiary Agreement”) including, *inter alia*, the provisions set forth in the Attachment to this Annex.

2. The Recipient shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such a manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the Project. Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive or fail to enforce the Subsidiary Agreement or any of its provisions.

(b) **Safeguards and Operations Manual**

1. The Recipient shall ensure that: (i) the Project is carried out in accordance with the Operations Manual, including the Environmental Management Framework (“EMF”) and the Land Acquisition and Resettlement Policy Framework (“LARPF”); and (ii) the Operations Manual or any part thereof is not amended, waived, suspended or abrogated without the Bank’s prior written concurrence, and in case of any inconsistency between the provisions of the Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

2. For purposes of this section the terms:

(i) “Environmental Management Framework” or “EMF” means the policy framework for environmental management, approved by the Project Implementing Entity’s Board of Directors on January 25, 2006, as it may be amended from time to time with the prior approval of the Bank, which sets forth the environmental policies and procedures that shall apply to the carrying out of the Project;

(ii) “Land Acquisition and Resettlement Policy Framework” or “LARPF” means the policy framework for land acquisition and resettlement approved by the Project Implementing Entity’s Board of Directors on January 25, 2006, as it may be amended from time to time with the prior approval of the Bank, which sets forth the policies and procedures that shall apply to the preparation and carrying out of any land acquisition or resettlement action plan that may be required under the Project; and

(iii) “Operations Manual” means the manual, including all appendices and schedules thereto, satisfactory to the Bank and adopted by the Project Implementing Entity’s Board of Directors, which sets forth the policies and procedures that apply to the carrying out of all the Project Implementing Entity’s implemented projects, including the amendments to the version dated March 2002 (as revised June 2004), and any other amendments made with the prior approval of the Bank. The Operations Manual includes: (A) the criteria and procedures to be followed in the identification, preparation, appraisal, approval, contracting and supervision of Project

activities; (B) the EMF and LARPF; and (C) the procedures and criteria for selecting infrastructure works.

2.04. ***Donor Visibility and Visit.*** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor's support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, enable the representatives of the Donor to visit any part of the Recipient's territory for purposes related to the Project.

2.05. ***Project Monitoring, Reporting and Evaluation.*** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than December 31, 2011.

2.06. ***Financial Management.*** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank, not later than 45 days after the end of each quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall, have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. ***Procurement***

(a) General. All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Procurement Guidelines"), in the case of goods and works;

(ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Consultant Guidelines") in the case of consultants' services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Works

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan: (A) National Competitive Bidding (B) Shopping; and (C) Direct Contracting.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection; and (F) Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III Withdrawal of Grant Proceeds

3.01. ***Eligible Expenditures***. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<u>Category</u>	<u>Amount of the Grant Allocated (expressed in EUR)</u>	<u>Percentage of Expenditures to be Financed (inclusive of Taxes)</u>
(1) Goods, works, consultants' services, Training and Operating Costs	1,728,585	100%
TOTAL AMOUNT	1,728,585	

For the purposes of this Section:

(a) the term "Training" means: (i) reasonable travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses not otherwise covered under this paragraph; and

(b) the term "Operating Costs" means the incremental expenses incurred on account of Project implementation, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, *per diem* and supervision costs, and salaries of locally contracted employees (none of which would have been incurred in the absence of the Project).

3.02. ***Withdrawal Conditions.*** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. ***Withdrawal Period.*** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2011.

Article IV

Additional Remedies

4.01. ***Additional Event of Suspension.*** The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely that, the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to, in the opinion of the Bank, affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

Article V

Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental and corporate action.

(b) The Subsidiary Agreement referred to in Section 2.03 (a) of this Annex has been executed on behalf of the Recipient and the Project Implementing Entity.

5.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall become effective as of the date on which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 of this Annex ("Effective Date"); provided, however, that if before the Effective Date, any event occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

Article VI Recipient's Representative; Addresses

6.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister responsible for finance.

6.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and the Public Service
30 National Heroes Circle
Kingston 4
Jamaica

Facsimile:
876-924-9291

6.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD	248423 (MCI) or	1-202-477-6391
Washington, D.C.	64145 (MCI)	

ATTACHMENT TO THE ANNEX**Subsidiary Agreement pursuant to Section 2.03(a) of the Annex to the Agreement**

1. To facilitate the carrying out of Project, the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity on a grant basis, under the Subsidiary Agreement as set forth in Section 2.03(a) of the Annex to this Agreement and on terms and conditions approved by the World Bank including, *inter alia*, the following:
 - (a) the requirement that the Project Implementing Entity carry out the Project activities with due diligence and efficiency, in conformity with appropriate administrative, financial, and technical, practices, and provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for the Project;
 - (b) the obligation of the Project Implementing Entity to comply with the procedures for procurement of consultants' services set forth in the Procurement Plan and this Agreement;
 - (c) the requirement that the Project Implementing Entity fully collaborate with the Recipient in order to permit timely compliance with the requirements set forth in Sections 2.05 and 2.06 of the Annex to this Agreement, including that the Project Implementing Entity (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect its operations and financial condition, including the operations, resources and expenditures related to the Project activities; (ii) have such financial statements audited annually by independent auditors acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank; and (iii) prepare and furnish to the Recipient and the World Bank all such information as the Recipient and the World Bank shall reasonably request relating to the foregoing;
 - (d) the obligation of the Project Implementing Entity to exchange views with the Recipient and the World Bank with regard to the progress of the Project and the performance of its obligations under the Subsidiary Agreement;
 - (e) the requirement that the Project Implementing Entity promptly inform the Recipient and the World Bank of any condition which interferes or threatens to interfere with the progress of the Project, or the performance of its obligations under the Subsidiary Agreement; and
 - (f) the requirement that the Project Implementing Entity carry out the Project in compliance with the terms of the Anti-Corruption Guidelines.
2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any provision thereof.

APPENDIX**Modifications to the Anti-Corruption Guidelines**

Section I. The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and

agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”