
LOAN NUMBER 9245-BS

Loan Agreement

(COVID-19 Response and Recovery Development Policy Loan)

between

THE COMMONWEALTH OF THE BAHAMAS

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between THE COMMONWEALTH OF THE BAHAMAS (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I A of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of one hundred million Dollars (\$100,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”).
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are June 1 and December 1 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
 - (c) without limitation upon paragraph (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

The Additional Event of Suspension consists of the following: namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following: namely that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is the Prime Minister and Minister of Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions:
- (a) the Borrower's address is:

Sir Cecil Wallace-Whitfield Centre
P.O. Box CB-10980
West Bay Street
Nassau, The Bahamas; and

(b) the Borrower's Electronic Address is:

Tel:	E-mail:
702-5500	primeminister@bahamas.gov.bs

6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	adobronogov@worldbank.org

AGREED as of the Signature Date.

THE COMMONWEALTH OF THE BAHAMAS

By

Hubert Minnis

Authorized Representative

Name: Hubert Minnis

Title: Prime Minister & Minister of Finance

Date: 27-May-2021

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

Tahseen Sayed

Authorized Representative

Name: Tahseen Sayed

Title: Country Director

Date: 26-May-2021

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

- A. Actions Taken Under the Program. The actions taken by the Borrower under the Program include the following:
1. The Borrower, through its Cabinet, has adopted Conclusions through which it approved: (i) an unemployment assistance scheme for self-employed persons not eligible for unemployment benefits through NIB; and (ii) an extension program of NIB's unemployment benefits and other unemployment assistance, as evidenced by the letter issued by the Secretary to the Cabinet and addressed to the Bank on March 22, 2021.
 2. The Borrower, through its Cabinet, has adopted a Conclusion through which it approved food assistance provision for people affected by COVID-19 and other impacts due to natural disasters, as evidenced by the letter issued by the Secretary to the Cabinet and addressed to the Bank on March 22, 2021.
 3. The Borrower, through its Ministry of Health and consistent with WHO recommendations, has adopted the COVID-19 Vaccination Policy of the Government of The Commonwealth of The Bahamas, dated April 6, 2021, which identifies the criteria to prioritize groups of people for vaccination during the first phase of vaccine deployment.
 4. The Borrower has enacted the Protection of Depositors (Amendment) Act to enhance the corporate governance framework of the Deposit Insurance Corporation and expand its membership to include credit unions and coverage of credit unions' depositors, as evidenced by Act No. 23, assented July 24, 2020 and duly published in the Borrower's Extraordinary Official Gazette on July 27, 2020.
 5. The Borrower has enacted the Banks and Trust Companies Regulation Act to enhance financial stability by strengthening the bank resolution and crisis management framework, as evidenced by Act No. 22, assented July 24, 2020 and duly published in the Borrower's Extraordinary Official Gazette on July 27, 2020.
 6. The Borrower has enacted the Central Bank of The Bahamas Act to improve CBoB's governance by strengthening its ability to provide emergency liquidity assistance and to allow non-bank, financial institutions to participate in the payment settlement process, as evidenced by Act No. 24, assented July 24,

2020 and duly published in the Borrower's Extraordinary Official Gazette on July 27, 2020.

7. The Borrower has enacted the Public Financial Management Act to improve clarity in roles and responsibilities of different government officials (including the Minister of Finance, the Financial Secretary, the Accountant-General and the Permanent Secretary), public investment management, provisions for cash management, enhanced in-year and annual reporting, and entity accountability beyond the Borrower's central government to Borrower's SOEs, as evidenced by Act No. 8, assented March 26, 2021 and duly published in the Borrower's Official Gazette on the same date.
8. The Borrower, through its Cabinet, has (i) approved the 2020 Fiscal Strategy Report and SOE reform strategy with targets for reduced subventions to SOEs; and (ii) adopted a Conclusion to implement revenue improvements and cost saving measures at two SOEs, as evidenced by the letter issued by the Secretary to the Cabinet and addressed to the Bank on March 22, 2021.
9. The Borrower has enacted the Public Debt Management Act to institutionalize: (i) a medium-debt management strategy, (ii) an annual borrowing plan, (iii) the governance and institutional framework of a debt management office and a debt management committee, and (iv) public debt transparency through reporting, publication, and audit requirements, as evidenced by Act No. 6, assented March 26, 2021 and duly published in the Borrower's Extraordinary Official Gazette on the same date.
10. The Borrower, through its Ministry of Finance, has instructed the Borrower's Ministries, Departments, and Agencies to employ a climate and disaster budget tagging methodology to identify, mitigate and manage climate change and disaster risks, as evidenced by Circulars MOF/201.74 issued on February 22, 2021 and FIN.1304.09 issued on February 26, 2021.

Section II. Availability of Loan Proceeds

- A. General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. Allocation of Loan Amounts.** The Loan is allocated in: (a) a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds; and (b) the amounts requested by the Borrower to pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in Dollars)
(1) Single Withdrawal Tranche	99,750,000
(2) Front-end Fee	250,000
TOTAL AMOUNT	100,000,000

C. Withdrawal Tranche Release Conditions.

No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

D. Deposit of Loan Amounts.

The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the account referred to in Section 2.03(a) of the General Conditions; (b) the details of the account to which the Bahamian Dollars equivalent of the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03(a) of the General Conditions.

E. Audit. Upon the Bank's request, the Borrower shall:

1. have the account referred to in Section 2.03(a) of the General Conditions audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;
2. furnish to the Bank as soon as available, but in any case not later than six months after the date of the Bank's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Bank shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Bank; and

3. furnish to the Bank such other information concerning the account referred to in Section 2.03(a) of the General Conditions and their audit as the Bank shall reasonably request.

F. Closing Date. The Closing Date is June 30, 2022.

SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each June 1 and December 1 Beginning June 1, 2026 through June 1, 2039	3,57%
On December 1, 2039	3,61%

APPENDIX

Section I. Definitions

1. “CBoB” means the Borrower’s Central Bank, or any legal successor thereto.
2. “COVID-19” means the COVID-19 pandemic.
3. “Deposit Insurance Corporation” means the Borrower’s Deposit Insurance Corporation, a public corporation established under the Protection of Depositors Act, 1999 to insure eligible deposits made with its member institutions against the risk of their failure, or any legal successor thereto.
4. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020 and April 1, 2021).
5. “NIB” means the National Insurance Board and is an entity of the Borrower’s social protection system mandated to provide protections to certain categories of employees as regard to retirement, sickness, maternity, funeral, invalidity, survivorship, unemployment, injury, disablement and death, or any legal successor thereto.
6. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated April 9, 2021 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
7. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
8. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
9. “SOE” means a Borrower state-owned entity.
10. “WHO” means the World Health Organization.