

CONFORMED COPY

LOAN NUMBER 8007-JM

Loan Agreement

(Energy Security and Efficiency Enhancement Project)

between

JAMAICA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated May 19, 2011

LOAN AGREEMENT

Agreement dated May 19, 2011, between JAMAICA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, the amount of fifteen million dollars (\$15,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.05. The Payment Dates are April 15 and October 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the Amortization Schedule set forth in Schedule 3 to this Agreement.

- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out Parts A.1, A.4, A.5, A.6 and C of the Project, through MEM, and cause: (a) Part A.2 and A.3 of the Project to be carried out by the Office of Utilities Regulation (OUR); (b) Part B.1 of the Project to be carried out by the Bureau of Standards; (c) Part B.2 and B.3 of the Project to be carried out by the Petroleum Corporation of Jamaica; and (d) Part B.4 of the Project to be carried out by Development Bank of Jamaica (DBJ) (collectively, the Project Implementing Entities), all in accordance with the provisions of Article V of the General Conditions and the DBJ Project Agreement, the DBJ Subsidiary Agreement, and the respective Implementation Agreements.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall

ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consist of the following:
- (a) The DBJ's Memorandum and Articles of Association, and the status of its incorporation pursuant to the Companies Act of the Borrower, have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely in the opinion of the Bank, the ability of DBJ to perform any of its obligations under the DBJ Project Agreement.
 - (b) The Office of Utilities Regulation Act has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of OUR to perform any of its obligations under the OUR Implementation Agreement.
 - (c) The Petroleum Act and the Petroleum Corporation of Jamaica (Extension of Functions) Order, 1979 (as amended), have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of Petroleum Corporation of Jamaica to perform any of its obligations under the Petroleum Corporation of Jamaica Implementation Agreement.
 - (d) The Standards Act has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of the Bureau of Standards to perform any of its obligations under the Bureau of Standards Implementation Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely that, any event specified in paragraphs (a) or, (b) or, (c), or (d) of Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consists of the following:
- (a) the DBJ Subsidiary Agreement has been executed on behalf of the Borrower and DBJ; and
 - (b) the respective Implementation Agreements have been executed as follows: (i) on behalf of the Borrower and the OUR; (ii) on behalf of the Borrower and the Petroleum Corporation of Jamaica; and (iii) on behalf of the Borrower and the Bureau of Standards.

- 5.02. The Additional Legal Matter consists of the following, namely that, the DBJ Subsidiary Agreement has been duly authorized or ratified by the Borrower and DBJ, and said DBJ Subsidiary Agreement is legally binding upon the Borrower and the DBJ in accordance with its terms.
- 5.03. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the loan which expire on September 10, 2012.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is its Minister responsible for finance.

6.02. The Borrower's Address is:

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

Facsimile:

876-924-9291

6.03. The Bank's Address is:

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

Cable address:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423(MCI) or
64145(MCI)

1-202-477-6391

AGREED at the District of Columbia, United States of America, as of the day and year first above written.

JAMAICA

By /s/ Audrey Marks

Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Françoise Clottes

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to increase energy efficiency and security through the implementation of the Borrower's National Energy Policy.

The Project consists of the following parts:

Part A: Strengthening the Regulatory and Institutional Framework to Improve Sector Performance, Increase Private Investment and Transition to Cleaner Fuels

1. Provision of technical advisory services to, *inter alia*, develop: (a) detailed policies on renewable energy in particular for hydro, wind resources and biomass, energy efficiency, and gas, and related regulations; and (b) implementation strategies and plans related to the policies on renewable energy referred to in subparagraph (a) immediately above.
2. Strengthening the regulatory framework for private-public partnership monitoring capacity of the energy sector, including, *inter alia*, developing the capacity of the Office of the Utilities Regulation (OUR) and Ministry of Energy and Mining (MEM) to: (a) develop regulations required for the development of renewable energy (including tariff setting methodologies), and a gas/Liquefied Natural Gas (LNG) Program; (b) extend OUR oversight responsibilities to the gas, refinery and downstream petroleum sector; and (c) develop the monitoring and benchmarking instruments.
3. Accelerating the development of cost-effective privately financed generation in the power sector, through the provision of technical advisory services to OUR and MEM, to: (a) prepare electricity non-Project investments; (b) facilitate effective interaction with the private developers; and (c) build their respective institutional capacity.
4. Introducing the LNG Program to support off-oil diversification, including strengthening the institutional capacity of MEM and the relevant ministries, departments and agencies (MDAs), and provision of technical advisory services to enhance the technical, commercial, financial, legal and regulatory expertise required for developing a sound and sustainable LNG Program and related investments, stakeholders' information and consultation.
5. Provision of technical advisory services to MEM and MDAs to harness the carbon credit potential created through the energy efficiency, renewable energy development and fuel substitution activities, respectively, under the Borrower's National Energy Policy.
6. Implementing the National Energy Policy communication and information plan.

Part B: Developing Energy Efficiency and Renewable Energy Potential

1. Expanding the energy efficiency testing and labeling capability, and information program of the Bureau of Standards, including, *inter alia*, extending the testing chambers to test refrigerators, freezers, and air conditioners, and strengthening the related labeling and information program.
2. Carrying out investment promotion activities for identified small hydro sites, review the performance of the existing hydroelectric plants, and mobilizing investors and financiers, all in accordance with criteria acceptable to the Bank.
3. Promoting solar and wind energy, including the dissemination of results of an on-shore wind resource assessment to potential investors, and promoting private sector investment in solar and wind energy.
4. Provision of line of credit/revolving facility (Line of Credit) through the DBJ, to approved financial institutions (AFIs) to provide retail financing to the private sector (Eligible Investors) for energy efficiency and renewable energy investments (Subprojects).

Part C: Project Management, Monitoring and Evaluation

1. Strengthening the capacity of the MEM for Project management, procurement and financial management.
2. Provision of technical advisory services to define and implement the metrics/indicators and the monitoring and evaluation system required to monitor and assess the progress in Project implementation and the related actions under the National Energy Policy.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. MEM

- (a) Without prejudice to Section 5.03 of the General Conditions, the Borrower shall at all times during the implementation of the Project, ensure that funds, facilities and other resources, are available to MEM for the purpose of ensuring prompt and efficient oversight and coordination of the Project implementation.
- (b) Without limitation on the provisions of paragraph 1(a) immediately above, MEM will be responsible for the overall coordination, monitoring, evaluation, reporting and communication of the Project.
- (c) Without limitation to sub-paragraph (b) immediately above, MEM will be responsible for the overall planning and implementation of the activities under Parts A.1, A.4, A.5, A.6 and C of the Project, all in accordance with the Project Operational Manual.

2. Project Steering Committee

- (a) The Borrower shall ensure that the Project Steering Committee is maintained at all times during the implementation of the Project, with a composition, mandate, and in form and substance satisfactory to the Bank.
- (b) Without limitation to sub-paragraph (a) immediately above, the Borrower shall ensure that the Project Steering Committee will be responsible for providing policy guidance to ensure prompt and efficient implementation of the Project, including, *inter alia*: (i) reviewing progress made towards achieving the Project's objective; (ii) facilitating the coordination of Project activities, and making recommendations for removal of any obstacles to the implementation of the Project; and (iii) providing comments on reports and reviews prepared by the MEM with the support of Public Sector Modernization Division (PSMD) under the Project.

3. **Financial Management and Procurement Support to MEM**

The Borrower shall at all times during the implementation of the Project ensure that MEM has adequate fiduciary support (*i.e.*, financial management and procurement). To this end, the Borrower shall: (a) ensure that PSMD is maintained during the first twelve months of the Project, to: (i) provide fiduciary support to MEM; and (ii) build in-house capacity within MEM for sustainable fiduciary management, in accordance with the Project Operational Manual; and (b) during the first annual review of the Project implementation, consult with the Bank regarding the adequacy of the in-house capacity within MEM for fiduciary management, and thereafter take any action as the Bank may recommend.

4. **Project Implementing Entities**

Without limitation on the provisions of Section 3.01 of this Agreement, the Borrower shall ensure that the Respective Parts of the Project are carried out by the pertinent Project Implementing Entity as follows: (a) Part A.2 and A.3 of the Project, by the OUR; (b) Part B.2 and B.3 of the Project, by the Petroleum Corporation of Jamaica; (c) Part B.4 of the Project, by the DBJ; and (d) Part B.1 of the Project, by the Bureau of Standards, all in accordance with the provisions of this Agreement, the DBJ Project Agreement, the DBJ Subsidiary Agreement and the respective Implementation Agreements, and in accordance with the guidelines, procedures, recommendations and other specifications set forth in the Project Operational Manual, the Procurement Plan, the Environmental Management Framework and the Resettlement Policy Framework.

B. Subsidiary Agreement

1. For purposes of carrying out Part B.4 of the Project, the Borrower, through MoFPS, shall enter into an agreement with DBJ (the DBJ Subsidiary Agreement) under terms and conditions which shall have been approved by the Bank including, *inter alia*, the terms and conditions set forth in Section I of Schedule 4 to this Agreement.
2. The Borrower, through MoFPS, shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.
3. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce the Subsidiary Agreement or any of provision thereof.

C. Implementation Agreements

1. For the purpose of carrying out Parts A.2, A.3, B.1, B.2 and B.3 of the Project, the Borrower, through MEM, shall enter into an implementation agreement with the OUR, with the Petroleum Corporation of Jamaica and with the Bureau of Standards, respectively, (the respective Implementation Agreement) under terms and conditions which shall have been approved by the Bank including, *inter alia*, the terms and conditions set forth in Section II of Schedule 4 to this Agreement.
2. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, or waive any Implementation Agreement or any of the provision thereof.

D. Project Operational Manual

1. The Borrower shall carry out the Project, and cause the respective Project Implementing Entities to carry out their Respective Parts of the Project, in accordance with the provisions of a manual satisfactory to the Bank (the Project Operational Manual), which shall include, *inter alia*, the following provisions: (a) disbursement and financial management arrangements; (b) institutional administration, coordination and day-to-day execution of activities of the Project; (c) monitoring, evaluation, reporting, information, education and communication; (d) procurement; (e) the eligibility criteria for the AFIs to draw from the Line of Credit; (f) the eligibility criteria and detailed procedures for the selection and approval of Subprojects to be financed by the respective AFIs; (g) Project impact and implementation indicators, including the procedures for monitoring and evaluation of the Project; (h) the Environmental Management Framework and the Resettlement Policy Framework; and (i) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
2. In case of any conflict between the arrangements and procedures set out in the Project Operational Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail and, except as the Bank shall otherwise agree, the Borrower shall not amend, abrogate or waive any provision of the Project Operational Manual without the prior written agreement of the Bank.

E. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

F. Environmental and Social Safeguards

1. The Borrower shall ensure that the energy efficiency and renewable energy investments (Subprojects) financed through the Line of Credit under Part B.4 of the Project are carried out in accordance with the Environmental Management Framework (EMF), and the Resettlement Policy Framework (RPF), respectively, including the guidelines, rules and procedures defined in said EMF and RPF. To this end, the Borrower shall cause the Development Bank of Jamaica to ensure that the respective AFIs, have pursuant to the lending agreement with the respective private sector firms, specifically required the following actions be taken in a manner acceptable to the Bank:
 - (a) if an environmental management plan or similar safeguard instrument would be required for a Subproject on the basis of the EMF: (i) such environmental management plan or similar safeguard instrument shall be prepared in accordance with the requirements of the EMF, disclosed locally and furnished to the Bank for approval; and (ii) the energy efficiency Subproject shall be carried out in accordance with such environmental management plan or similar safeguard instrument as approved by the Bank;
 - (b) if a resettlement action plan would be required for a Subproject on the basis of the Resettlement Policy Framework: (i) said resettlement action plan shall be prepared in accordance with the requirements of the Resettlement Policy Framework, disclosed locally and furnished to the Bank for approval; and (ii) no works under a Subproject shall commence until (A) all measures required to be taken under said resettlement action plan prior to the initiation of said works have been taken; (B) the Development Bank of Jamaica has received from the responsible AFI and furnished to the Bank a report in form and substance satisfactory to the Bank, on the status of compliance with the requirements of said resettlement action plan; and (C) the Bank has confirmed that said works may commence.
2. The Borrower shall cause the Development Bank of Jamaica to ensure that all measures required for carrying out any environmental management plan or similar safeguard instrument, and any resettlement action plan are taken in a timely manner.
3. Without limitation to its other reporting obligations under this agreement and under Section 5.08 of the General Conditions, the Borrower shall cause the Development Bank of Jamaica to include in the Project Reports referred to in Section II.A of this Schedule adequate information on the implementation of the EMF, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan, giving details of:

- (a) measures taken in furtherance of the EMF, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan;
- (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the EMF, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan; and
- (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of the EMF, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan.

G. Specific Environmental Covenant for Part A.2 and A.3 of the Project

- 1. The Borrower, through MEM shall ensure, and cause the OUR to ensure that the terms of reference for any consultancy in respect of any Project activity under Part A.2 and A.3 of the Project, shall be satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Bank Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

- 1. The Borrower, through MEM, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators acceptable to the Bank, and set forth in the Project Operational Manual. Each Project Report shall cover a period of six months, and shall be furnished to the Bank not later than forty-five days after the end of the period covered by such report.
- 2. On or about the date twenty-four months after the Effective Date, the Borrower, through MEM, shall undertake in conjunction with the Bank, and the Project Implementing Entities a comprehensive mid-term review of the Project during which it shall exchange views generally on all matters relating to the progress of the Project, the performance by the Borrower of its obligations under this Agreement and the performance by the Project Implementing Entities of their respective obligations under the DBJ Project Agreement, the DBJ Subsidiary Agreement and the respective Implementation Agreements, all having regard to the performance indicators referred to in paragraph 1 of this Section II.A.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall, and shall cause DBJ to maintain a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare, and furnish to the Bank not later than forty-five days after the end of each six months period, interim unaudited financial reports for the Project covering the six months period, in form and substance satisfactory to the Bank.
3. The Borrower shall have the Project Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consultant Services.** All goods, works and Non-consultant Services required for the Project and to be financed out of the proceeds of the Loan shall be procured, and/or caused to be procured, in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured, and/or caused to be procured, in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consultant Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and Non-consultant Services shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.

2. **Other Methods of Procurement of Goods, Works and Non-consultant Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and Non-consultant Services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Least-Cost Selection
(b) Quality-Based Selection
(c) Selection Based on the Consultants' Qualifications
(d) Single Source Selection
(e) Selection under a Fixed Budget
(f) Procedures set forth in paragraphs 5.1 through 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(g) Sole Source Procedures for the Selection of Individual Consultants set forth in paragraph 5.4 of the Consultant Guidelines for the Selection of Individual Consultants

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in Dollars)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(1) Goods, consultants’ services and Non-consultant Services under Parts A.1, A.4, A.5, A.6 and C of the Project	3,112,500	100%
(2) Goods, consultants’ services, and Non-consultant Services under Part A.2 and A.3 of the Project	2,770,000	100%
(3) Works, goods, consultants’ services and Non-consultant Services under Part B.1 of the Project	1,550,000	100%
(4) Goods, consultants’ services and Non-consultants Services under Part B.2 and B.3 of the Project	2,930,000	100%

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in Dollars)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(5) Works, goods, Non-consultant Services, and consultants' services for Subprojects under Part B.4 of the Project	4,600,000	100%
(6) Front-end Fee	37,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(7) Premia for Interest Rate Caps and Interest Rate Collars	0	Amount payable pursuant to Section 2.07 (c) of this Agreement
TOTAL AMOUNT	15,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed: (a) \$600,000 for Eligible Expenditures under Category (1); and (b) \$900,000 for Eligible Expenditures under Category (2), may be made for payments made prior to such date but on or after May 15, 2010.
2. The Closing Date is December 31, 2015 or any later date as the Bank may agree and notify to the Borrower in writing.

Section V. Other Covenants

The Borrower shall, not later than one month after the Effective Date, recruit a project manager, a financial management specialist, and a procurement specialist, all in accordance with Section III.C of this Schedule.

SCHEDULE 3

Amortization Schedule

1. 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”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each April 15 and October 15 Beginning October 15, 2016 through April 15, 2040	2.04%
On October 15, 2040	2.08%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
 - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
 - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each amount.

SCHEDULE 4

Section I. Terms and Conditions of the DBJ Subsidiary Agreement

The DBJ Subsidiary Agreement shall contain, *inter alia*, the following provisions:

- A.** The obligations of the Borrower:
1. to promptly disburse to the DBJ, the proceeds of the Loan to finance the carrying out of Part B.4 of the Project with due diligence and efficiency;
 2. to take or permit to be taken all actions to enable the DBJ to comply with its obligations referred to in Sections I.C and D of this Schedule; and
 3. to ensure that Part B.4 of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines, and the pertinent provisions of this Agreement.
- B.** The right of the Borrower to take remedial actions against DBJ in case the DBJ shall have failed to comply with any of its obligations under the DBJ Subsidiary Agreement (which actions shall previously be agreed with the Bank), and the pertinent provisions of this Agreement.
- C.** The following obligations of the DBJ:
1. to service the repayment of the subsidiary loan in accordance with the repayment schedule, all under terms and conditions similar to the terms and conditions of the Loan procured by the Borrower pursuant to this Agreement, and specifically set forth under a table in the DBJ Subsidiary Agreement..
 2. to carry out Part B.4 of the Project, in accordance with the provisions of this Agreement, the Project Agreement, the DBJ Subsidiary Agreement, and the Project Operational Manual.
 3. to carry out the fiduciary (*i.e.*, financial management and procurement) and monitoring and evaluation aspects of Part B.4 of the Project, including the obligation to: (i) ensure that all goods, works and services to be financed out of the Loan are procured in accordance with the provisions of this Agreement; (ii) ensure that adequate policies and procedures are maintained to enable the DBJ to monitor and evaluate, in accordance with indicators acceptable to the Bank, the progress of Part B.4 of the Project and the achievement of its objective; and (iii) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and

expenditures related to the Project; and (B) at the Borrower's and/or the Bank's request, have such financial statements audited by independent auditors acceptable to the Borrower and the Bank, and promptly furnish the statements so audited to the Bank.

4. to comply with the provisions of the Anti-Corruption Guidelines in connection with Part B.4 of the Project.
5. not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the DBJ Subsidiary Agreement or any provision of the DBJ Subsidiary Agreement, unless previously agreed by the Borrower and the Bank.
6. to take or permit to be taken all actions to enable the Borrower to comply with the obligations referred to in this Agreement.

D. The following specific obligations of the DBJ:

1. With respect to the sub-loans to be provided to the AFIs by the DBJ under Part B.4 of the Project, the Borrower shall cause the DBJ to ensure that:
 - (a) the lending agreement between the DBJ and each AFI in connection with the revolving Line of Credit to such AFI (Sub-loan Agreement), includes a provision, satisfactory to the Borrower and the Bank, requiring that such AFI shall ensure compliance with the environmental and social safeguard due diligence set forth in Section F of Schedule 2 to this Agreement, and in Section C of the Schedule to the DBJ Project Agreement;
 - (b) each AFI incorporates in all agreements for said Subprojects the obligation of an Eligible Investor to comply with the environmental and social safeguard due diligence set forth in Section F of Schedule 2 to this Agreement and Section C of the Schedule to the DBJ Project Agreement;
 - (c) the obligation of the respective AFIs to provide adequate funding as shall be required for the implementation of any resettlement action plan in connection with a Subproject.
2. With respect to the implementation of Part B.4 of the Project, the DBJ shall pursuant to the pertinent Sub-loan Agreement require each AFI to ensure that:
 - (a) each proposal for a Subproject is prepared, based on the list of identified priority investments;
 - (b) each proposal for a Subproject is evaluated and approved, in accordance with the criteria and procedures set forth in the Project Operational Manual;

- (c) each AFI enters into a lending agreement (Sub-financing Agreement) with each Eligible Investor, under terms and conditions satisfactory to the Bank, which shall include those set forth in the Project Operational Manual including, *inter alia*: (i) the obligation of the Eligible Investor to: (A) service the repayment of the pertinent sub-financing in accordance with an agreed repayment schedule; (B) comply with the provision of the Anti-Corruption Guidelines in connection with a Subproject; (C) carry out the pertinent Subproject in a manner acceptable to the Bank, and operate and maintain said Subproject, with due diligence and efficiency, and in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices; and (D) take or permit to be taken all actions to enable the Borrower and the DBJ to comply with their respective obligations referred to in this Agreement, in the DBJ Project Agreement and/or in the DBJ Subsidiary Agreement, as the case may be; and (ii) the AFI's right to take remedial actions against the respective Eligible Investor in case it shall have failed to comply with any of its obligations under the Sub-loan Agreement (which actions shall previously be agreed with the Bank);
 - (d) upon approval of a Subproject, and prior to the carrying out of said Subproject: (a) carry out an environmental assessment of said Subproject, and prepare an environmental management plan or similar environmental safeguard instrument, and avoid and minimize environmental issues and land acquisition and involuntary resettlement, all in a form and substance acceptable to the Bank; and (b) thereafter, carry out or cause to be carried out said plan in accordance with its terms.
3. The Borrower shall require DBJ to exercise its rights under each Sub-loan Agreement in such manner as to protect the interest of the Borrower, the Bank and DBJ and to accomplish the purposes of the Loan. Except as the Borrower and the Bank shall otherwise agree, DBJ shall not assign, amend, abrogate or waive any Sub-loan Agreement or any of its provisions.

Section II. Terms and Conditions of the respective Implementation Agreements

The respective Implementation Agreements shall contain, *inter alia*, the following provisions:

- A. The obligations of the Borrower:
 - 1. through the overall guidance and oversight of the MEM, to support the implementation of the Respective Parts of the Project as follows: (i) assist OUR in the carrying out of the activities under Part A.2 and A.3 of

the Project; (ii) assist the Petroleum Corporation of Jamaica to carry out the activities under Part B.2 and B.3 of the Project; and (iii) assist the Bureau of Standards to carry out Part B.1 of the Project.

2. to take or permit to be taken all actions to enable the OUR, Bureau of Standards and the Petroleum Corporation of Jamaica, respectively, to comply with its obligations referred to in Section II.C of this Schedule; and
3. to ensure that the Respective Parts of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines, and the pertinent provisions of this Agreement.

B. The right of the Borrower to take appropriate actions to cause the OUR, or the Bureau of Standards, or the Petroleum Corporation of Jamaica (as the case may be), to comply with any of their obligations under the respective Implementation Agreement (which actions shall previously be agreed with the Bank), and the pertinent provisions of this Agreement.

C. The following obligations of the OUR, the Bureau of Standards and the Petroleum Corporation of Jamaica:

1. to carry out their Respective Part(s) of the Project, in accordance with the provisions of this Agreement, the respective Implementation Agreements, and the Project Operational Manual.
2. to comply with the provisions of the Anti-Corruption Guidelines in connection with the Respective Parts of the Project.
3. not to assign, amend, terminate, abrogate, repeal, or waive the respective Implementation Agreement or any provision of the respective Implementation Agreements, unless previously agreed by the Borrower and the Bank.
4. to take or permit to be taken all actions necessary to enable the Borrower to comply with the obligations referred to in this Agreement, including the financial management and procurement obligations set forth in Sections II.B and Section III of Schedule 2 to this Agreement.

APPENDIX

Section I. Definitions

1. “Affected Person” means a person, or group of persons who, on account of the execution of Part B.4 of the Project, experience direct adverse economic and social impacts caused by the involuntary taking of land resulting in: (a) relocation or loss of shelter; (b) loss of assets or access to assets, totally or partially; or (c) loss of income sources or means of livelihood, whether or not such person must move to another location, and “Affected Persons” means more than one Affected Person.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
3. “AFI” means an approved financial institution, which is registered as a financial institution pursuant to the laws of the Borrower, and approved to participate through the Line of Credit as a financier of private sector initiated Subprojects.
4. “Bank Safeguard Policies” means the Bank’s operational policies and procedures set forth in the Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.36, 7.50 and 7.60 as said manual is published under www.WorldBank.org/opmanual.
5. “Bureau of Standards” means the bureau established with a legal personality and operating pursuant to the Standards Act 1969, as amended, of the laws of the Borrower and includes any successors thereto.
6. “Bureau of Standards Implementation Agreement” means the agreement referred to in Section I.C of Schedule 2 to this Agreement setting forth the terms and conditions, and arrangements for implementation of Part B.1 of the Project by the Bureau of Standards.
7. “Cabinet Office” means the Borrower’s office responsible for cabinet affairs within the Office of the Prime Minister, or any successor thereto, acceptable to the Bank.
8. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
9. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.

10. “Development Bank of Jamaica” and “DBJ” mean the bank established and operating pursuant to the Companies Act 2004, as amended, of the laws of the Borrower and includes any successors thereto.
11. “DBJ’s Memorandum and Articles of Association” means the DBJ’s Memorandum and Articles of Association registered with Registrar of Companies of the Borrower on June 18, 1981, DBJ being registered with said Registrar as Development Bank of Jamaica Limited, company No. 19195.
12. “DBJ Subsidiary Agreement” means the agreement referred to in Section I.B.1 of Schedule 2 to this Agreement pursuant to which the Borrower shall on-lend part of the proceeds of the Loan available to the Development Bank of Jamaica for the purpose of carrying out Part B.4 of the Project.
13. “Eligible Investor” means a private sector firm that is eligible to procure a sub-financing from an AFI for the purpose of carrying out a Subproject.
14. “Environmental Management Framework” or “EMF” means the Borrower’s framework, acceptable to the Bank, dated January 21, 2011, and published on January 24, 2011, setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the Environmental Management Framework.
15. “Fiscal Year” means the fiscal year of the Borrower commencing on each April 1, and ending on March 31 of the subsequent year.
16. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010.
17. “Implementation Agreements” means the OUR Implementation Agreement, the Bureau of Standards Implementation Agreement and the Petroleum Corporation of Jamaica Implementation Agreement, all referred to in Section I.C.1 of Schedule 2 to this Agreement.
18. “Liquefied Natural Gas Program” and “LNG Program” mean the Borrower’s program to introduce liquefied natural gas in its energy matrix.
19. “Line of Credit” means a revolving facility managed and operated by the DBJ to provide financing out of the proceeds of the Loan to respective AFIs for financing Subprojects.
20. “MDAs” means the Borrower’s ministries, departments and agencies within the energy sector participating in the Project.

21. “MEM” means the Borrower’s Ministry of Energy and Mining, or any successor thereto.
22. “MoFPS” means the Borrower’s Ministry of Finance and the Public Service, or any successor thereto.
23. “National Energy Policy” means the Borrowers policy for the development of its energy sector, under a document titled, “Jamaica National Energy Policy (2009-2030)”, dated October 21, 2009.
24. “Non-consultant Services” means (for the purpose of the table set forth in Section IV.A.2 of Schedule 2 to this Agreement), services which will be bid and contracted on the basis of performance of measurable physical outputs, such as the logistical service expenses for capacity building events, printing of training materials and media campaigns.
25. “Office of Utilities Regulation” and “OUR” mean the office established with a legal personality and operating pursuant to the Office of Utilities Regulation Act 1995, as amended, of the laws of the Borrower and includes any successors thereto.
26. “OUR Implementation Agreement” means the agreement referred to in Section I.C.1 of Schedule 2 to this Agreement setting forth the terms and conditions, and arrangements for implementation of Part A.2 and A.3 of the Project by the Office of Utilities Regulation.
27. “Petroleum Corporation of Jamaica” means the corporation established and operating pursuant to the Petroleum Act No. 16 of 2006, as amended, and the Petroleum Corporation of Jamaica (Extension of Functions) Order, 1979, of the laws of the Borrower and includes any successors thereto.
28. “Petroleum Corporation of Jamaica Implementation Agreement” means the agreement referred to in Section I.C.1 of Schedule 2 to this Agreement setting forth the terms and conditions, and arrangements for implementation of Part B.2 and B.3 of the Project by the Petroleum Corporation of Jamaica.
29. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
30. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated January 28, 2011, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

31. “Project Agreement” means the DBJ Project Agreement, referred to in Section 3.01 of this Agreement.
32. “Project Implementing Entity” means either the Office of Utilities Regulation, or the Development Bank of Jamaica, or the Bureau of Standards, or the Petroleum Corporation of Jamaica, and the term, “Project Implementing Entities” means collectively the Office of Utilities Regulation, the Development Bank of Jamaica, the Bureau of Standards and the Petroleum Corporation of Jamaica.
33. “Project Operational Manual” means the manual, satisfactory to the Bank, and referred to in Section I.D.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with agreement of the Bank.
34. “Project Steering Committee” means the committee referred to in Section I.A.2 of Schedule 2 to this Agreement, with the structure, functions and responsibilities acceptable to the Bank, as set forth in the Project Operational Manual.
35. “Public Sector Modernization Division” or “PSMD” means the division within the Cabinet Office referred to in Section I.A.3 of Schedule 2 to this Agreement.
36. “Resettlement Policy Framework” or “RPF” means the Borrower’s framework titled, “Involuntary Resettlement Policy Framework” dated January 21, 2011, and published on January 24, 2011, acceptable to the Bank, setting forth the modalities for resettlement and compensation of Affected Persons, including guidelines for the preparation of the resettlement plans, all under the Project, as the same may be amended from time to time with the agreement of the Bank.
37. “Sub-financing Agreement” means any agreement to be executed between an AFI and an Eligible Investor pursuant to which such Eligible Investor shall obtain a sub-financing to carry out a Subproject.
38. “Sub-loan Agreement” means any of the agreement to be executed between the DBJ and an AFI pursuant to which such AFI shall obtain a revolving line of credit to finance a Subproject.
39. “Subproject” means any energy efficiency or renewable energy investment initiated by a private sector firm and financed through an AFI pursuant to the financing available to such AFI under Part B.4 of the Project.