

***LOAN AGREEMENT***

***BETWEEN***

***CORPORACIÓN ANDINA DE FOMENTO***

***AND***

***THE REPUBLIC OF TRINIDAD AND TOBAGO***

***July 21, 2017***

## **SPECIAL CONDITIONS**

This loan agreement (the "Loan Agreement") is entered into on July 21, 2017, between the following parties and subject to mutually agreed terms and conditions set forth below:

- **CORPORACIÓN ANDINA DE FOMENTO ("CAF")**, a multilateral financial institution established pursuant to the Agreement Establishing CAF executed in the city of Bogota, Republic of Colombia, on February 7, 1968, with its headquarters in Caracas, Venezuela, and duly represented herein by its Director Representative in the Republic of Trinidad and Tobago, Joel Branski; and
  
- **The REPUBLIC OF TRINIDAD AND TOBAGO (the "Borrower")**, situated at Eric Williams Finance Building, Independence Square, Port of Spain, Trinidad, Republic of Trinidad and Tobago, duly represented herein by the Honourable Colm Imbert, Minister of Finance;

### **ARTICLE 1. The Loan**

Upon request and subject to the terms and conditions of this Loan Agreement, CAF undertakes to make available to the Borrower, and the Borrower accepts, a Policy-based loan (the "Loan") of up to the amount of **THREE HUNDRED MILLION DOLLARS OF THE UNITED STATES OF AMERICA (US\$300,000,000.00)**, to be used by the Borrower for the implementation of the medium-term fiscal consolidation strategy of the Borrower for the period 2015-2020 (the "Programme").

The major aspects of the Programme are described in detail in Annex B ("Annex B").

### **ARTICLE 2. Use of Loan Resources**

The Borrower agrees to use the resources of the Loan exclusively to finance the following activities: a) the granting of budget support to facilitate the implementation of public policies to support the medium term fiscal consolidation strategy of the Republic of Trinidad and Tobago for the period 2015-2020, and b) at the determination of the Borrower, the payment of the finance fee and evaluation costs pertaining to this Loan Agreement; in each case in accordance with the provisions set forth in this Loan Agreement.

### **ARTICLE 3. Disbursement of the Loan**

The Borrower, directly or through the Executing Agency, may request the first disbursement of the Loan during a six (6) month period from the Effective Date of the Loan Agreement. The

Borrower, directly or through the Executing Agency, may request additional disbursements for up to eighteen (18) months from the Effective Date (as such term is defined in Article 18) of the Loan Agreement (the "Availability Period"). All disbursements shall be denominated and made in Dollars.

The mode and amount for each disbursement shall be agreed between the Parties without exceeding the maximum amount for each calendar year notified by CAF to the Borrower.

#### **ARTICLE 4. Executing Agency**

The Parties agree that the execution of the Programme, the utilization of the resources of the Loan and all other responsibilities granted to the Executing Agency in accordance with the terms set forth in Annex A ("Annex A") and Annex B, shall be carried out by the Borrower, through the Ministry of Finance (the "Executing Agency"), as this is a direct loan to the Republic of Trinidad and Tobago. The Borrower undertakes to guarantee that the Executing Agency shall carry out the activities of, and any other responsibilities under, the Programme in accordance with the provisions set forth in this Loan Agreement.

#### **ARTICLE 5. Conditions Precedents and Special Covenants**

In addition to any other conditions and covenants set forth in this Loan Agreement, the Borrower, acting directly or through the Executing Agency, as the case may be, agrees to fulfill, to CAF's satisfaction, the following conditions precedents and special covenant:

(i) **Conditions Precedent to the first disbursement:**

To provide evidence of progress in the implementation of the actions relating to the public policies established in tranche 1 of the policy matrix set forth in Annex B (the "Agreed Policy Matrix").

(ii) **Conditions Precedent to the second and final disbursement:**

To provide evidence of progress in the implementation of the actions relating to the public policies established in tranche 2 of the Agreed Policy Matrix.

(iii) **Reporting covenant during the term of the Loan:**

To submit each and all specific reports that CAF may reasonably request during the term of the Loan.

## **ARTICLE 6. Term and Grace Period**

The Loan will have a term of up to fifteen (15) years, including a grace period of up to twenty-four (24) months from the Effective Date of this Loan Agreement during which no repayment of the principal of the Loan is due (the "Grace Period").

## **ARTICLE 7. Repayment**

The Borrower shall repay to CAF the principal amount of the Loan in twenty-seven (27) semi-annual, consecutive and, to the extent possible, equal installments, to which the relevant interest will be added. The first installment shall be due and payable upon twenty-four (24) months from the Effective Date of this Loan Agreement and the last installment shall be due and payable on the one-hundred eightieth (180) month from the Effective Date of this Loan Agreement.

Any partial or total delay incurred by the Borrower in the repayment of the principal amount of the Loan will allow CAF to accrue default interest, as well as to accelerate the term of the Loan and exercise any other rights and remedies set forth in Annex A.

## **ARTICLE 8. Interest**

The Borrower shall pay to CAF: (i) interest on the daily outstanding principal amount of the Loan at an annual floating rate resulting from the aggregate of the 6-month LIBOR interest rate plus a margin of one point nine percent (1.9%), and (ii) upon an event of default or late payment, in addition to the interest payments set forth in sub-paragraph (i) above, default interest at an annual rate of two percent (2.0%); in each case, in accordance with the provisions set forth in the General Conditions to this Loan Agreement.

## **ARTICLE 9. Compensatory Financing**

During the first eight (8) years from the Effective Date of this Loan Agreement, CAF will finance up to sixty (60) basis points of the interest rate set forth in Article 8 (i) above. Such financing will be paid with resources from the Compensatory Financing Fund ("CFF") and applied directly from the CFF to the payment of interest under the Loan in accordance with the respective amounts and terms.

## **ARTICLE 10. Commitment Fee**

At the expiration of the first and each subsequent six (6) month period starting from the Effective Date of this Loan Agreement and until the end of the Availability Period, the Borrower shall pay to CAF a non-refundable commitment fee (the "Commitment Fee") of zero point thirty-five percent (0.35%) per annum, over the amount of the Loan reduced by the aggregate amount of the disbursements made from time to time under the Loan and, if applicable, by the portions of the Loan that have been cancelled or which disbursement have been suspended pursuant to the provisions set forth in Annex A.

The commitment fee shall be calculated based on the actual number of calendar days elapsed, compared to a year of three hundred sixty (360) days.

If the Effective Date of this Loan Agreement occurs after July 19, 2017, the Borrower hereby agrees and irrevocably approves the new applicable Commitment Fee to be established by CAF and notified to the Borrower in writing upon such Effective Date.

#### **ARTICLE 11. Finance Fee**

The Borrower shall pay to CAF a non-refundable one-time lump-sum finance fee (the "Finance Fee") of zero point eighty-five percent (0.85%) of the total amount of the Loan referred to in Article 1 of this Loan Agreement.

The Finance Fee will be fully accrued at the date of execution of this Loan Agreement, regardless whether the Loan is later disbursed in full or not, and shall be payable prior to or on the date of the first disbursement of the Loan. In the event that the Loan is not disbursed, the Finance Fee will be due and payable on the date of suspension or cancellation of the Loan.

If the Effective Date of this Loan Agreement occurs after July 19, 2017, the Borrower hereby agrees and irrevocably approves the new applicable Finance Fee to be established by CAF and notified to the Borrower in writing upon such Effective Date.

#### **ARTICLE 12. Evaluation Costs**

The Borrower shall pay to CAF a non-refundable one-time lump-sum evaluation cost (the "Evaluation Costs") of Twenty-Five Thousand Dollars (US\$25,000.00).

The Evaluation Costs will be fully accrued at the date of execution of this Loan Agreement, regardless whether the Loan is later disbursed in full or not, and shall be payable prior to or on the date of the first disbursement of the Loan. In the event that the Loan is not disbursed, the Evaluation Costs will be due and payable on the date of suspension or cancellation of the Loan.

#### **ARTICLE 13. Currency**

The payment of any sum due by the Borrower under this Loan Agreement shall be made exclusively in Dollars.

In the event that any sum due by the Borrower under this Loan Agreement, or under any order, judgment or arbitral award given relating to this sum, has to be converted from the currency in which that sum is denominated into another currency, the Borrower shall indemnify CAF against all its expenses and losses (duly evidenced by CAF), and shall indemnify it against all cost, loss or liability (duly evidenced by CAF) arising out of or as a result of the said conversion including any discrepancy between: (i) the exchange rate between the two currencies used to convert that sum, and (ii) the exchange rate(s) available to CAF at the time of receipt of that sum. Such indemnification obligation is independent from any other obligations of the Borrower under this Loan Agreement.

#### **ARTICLE 14. Notices**

Any notice, request, or communication from one party to another by virtue of this Loan Agreement shall be made in writing and shall be considered to have been made when the relevant document is delivered to the addressee at the respective address given below, unless the Parties agree otherwise in writing:

For the Borrower:

Mailing address:

Permanent Secretary

MINISTRY OF FINANCE

Level 8

Eric Williams Finance Building

Independence Square,

Port of Spain,

Republic of Trinidad and Tobago

Email: [Leechees@gov.tt](mailto:Leechees@gov.tt) and [DhanpaulV@gov.tt](mailto:DhanpaulV@gov.tt)

Fax: 1-868-627-6108

For CAF

Mailing address:

CORPORACIÓN ANDINA DE FOMENTO

Apartado Postal N° 5086

Altamira 69011 – 69012

Caracas

Bolivarian Republic of Venezuela

Email: [mostos@caf.com](mailto:mostos@caf.com)

Fax: + (58) 212 209 2483

With a copy to:

Director Representative  
CAF-TRINIDAD AND TOBAGO  
8<sup>th</sup> Floor Albion Plaza Energy Centre  
22-24 Victoria Avenue  
Port of Spain,  
Republic of Trinidad and Tobago  
Email [jbranski@caf.com](mailto:jbranski@caf.com)  
Fax: +1 (868) 222-7332

#### **ARTICLE 15. Amendments**

No provision of this Loan Agreement shall be amended, unless such amendment shall be expressly agreed in writing between the Parties.

#### **ARTICLE 16. Commitment to Arbitrate**

For the resolution of any controversy which may arise out of this Loan Agreement and which is not resolved by agreement between the Parties, CAF and the Borrower agree to unconditionally and irrevocably submit themselves to the procedure and ruling of the Arbitration Tribunal referred to in Section 27 of the General Conditions to this Loan Agreement.

#### **ARTICLE 17. Validity**

The rights and obligations established in this Loan Agreement are valid and enforceable in accordance with its terms, regardless of the laws of any given country.

#### **ARTICLE 18. Entry into Effect**

The Parties agree that this Loan Agreement shall enter into effect on the date of its signature (the "Effective Date") and will replace any and all prior agreements entered into between the Parties in connection with the Programme.

#### **ARTICLE 19. Termination**

This Loan Agreement and all the obligations that derive hereof shall only be deemed terminated upon full payment of the Loan and all interest and fees, together with other expenses and costs arising out of this Loan Agreement.

#### **ARTICLE 20. Annexes**

This Loan Agreement consists of these Special Conditions and the following annexes, which are attached hereto:

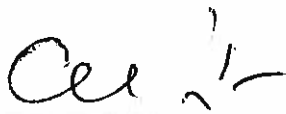
Annex A : General Conditions  
Annex B : Programme Description - Agreed Policy Matrix

If any provision of the Special Conditions or the Annex B (*Programme Description - Agreed Policy Matrix*) should present any inconsistency or contradiction with the Annex A (*General Conditions*), the provisions of the Special Conditions or the Annex B (*Programme Description - Agreed Policy Matrix*) shall prevail.

In the case of inconsistencies or contradictions between the provisions of the Special Conditions and the provisions of Annex B (*Programme Description - Agreed Policy Matrix*), more specific provisions shall prevail over more general provisions.

**IN WITNESS WHEREOF**, CAF and the Borrower, acting through its authorized representatives, have signed this Loan Agreement, in two (2) equally authentic copies in Port of Spain, Trinidad and Tobago, on the date above written.

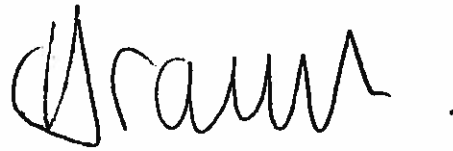
**THE REPUBLIC OF TRINIDAD AND  
TOBAGO**



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Colm Imbert  
Minister of Finance

**CORPORACIÓN ANDINA DE FOMENTO**



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Joel Branski  
Director Representative in the Republic of  
Trinidad and Tobago



**ANNEX "A"**

**GENERAL CONDITIONS**

**SECTION 1. Definitions and Interpretation**

- 1.1 Unless otherwise required by the context, in this Loan Agreement the following terms shall have the following meanings:

**Business Day**

For the exclusive purpose of determining a Disbursement date or the date for payment of principal, interests, fees and expenses by the Borrower under the Loan, the term "Business Day" shall mean a day on which commercial banks settle payments and are open for general business in New York, United States of America.

For the exclusive purpose of determining LIBOR, the term "Business Day" shall have the meaning ascribed to it under the definition of the term LIBOR.

For any other purpose, it is any day which is not a Saturday or a Sunday or a non-working day in Caracas, Bolivarian Republic of Venezuela and in Port of Spain, Republic of Trinidad and Tobago.

**Country**

Republic of Trinidad and Tobago.

**Disbursement**

According to the context: (i) the disbursement made by CAF to or for the benefit of the Borrower, or (ii) the amount of funds made available by CAF to the Borrower, at the request of the Borrower, and chargeable to the funds of the Loan.

**Dollar**

The lawful currency of the United States of America.

**General Conditions**

The General Conditions set forth in this Annex A which forms an integral part of this Loan Agreement.

**Interest Payment Date**

Upon the first Disbursement, the last Business Day of each six (6) month period under this Loan Agreement.

**Interest Period**

Each six (6) month period beginning on (and including) an Interest Payment Date and ending on (and including) the date immediately before the next following Interest Payment Date, except in the case of the first Interest Period applicable to each Disbursement, when it shall mean the period beginning on (and including) the applicable Disbursement Date and ending on the date immediately before the next following Interest Payment Date.

### **LIBOR**

For any Interest Period, the London interbank offered interest rate (expressed as an annual percentage) for loans with a maturity of six (6) months, denominated in Dollars, calculated by the ICE Benchmark Administration (“IBA”) (or by any other person which takes over administration of such rates) as set forth on the relevant pages of Reuters Service (or appropriate successor) currently display page LIBOR01, Bloomberg Financial Market Service (or appropriate successor) currently display page BBAM, or on any other similar information system of international repute which publishes the corresponding rates, (each a “Screen Rate”) at 11:00 a.m. (London time) two (2) Business Days prior to the commencement of such Interest Period; for the sole purpose of determining LIBOR in accordance with this definition, “Business Day” means a day on which commercial banks are generally open to settle payments in New York City, United States of America, and on which banks are open for foreign exchange transactions in the interbank market in London, United Kingdom. If for any reason whatsoever, a Screen Rate for LIBOR is not available on the interest rate determination date, (whether permanently or temporarily), CAF shall notify the Borrower and, in its stead, shall determine LIBOR for said date by calculating the arithmetic mean of the offered rates which it has received on or about 11:00 am (New York time) two (2) Business Days prior to the commencement of such Interest Period, for loans in Dollars by one or more New York prime banks selected by CAF at its discretion; for the sole purpose of determining LIBOR in accordance with this definition in the exclusive event that quotes are obtained on or about 11:00 am (New York time), “Business Day” means a day on which commercial banks are generally open to settle payments in New York City, United States of America. In all events in which a Screen Rate is not available on an Interest Rate Determination Date, CAF’s arithmetic calculations shall be rounded upwards, if necessary, to the nearest four (4) decimal places. All LIBOR determinations shall be made by CAF, and shall be conclusive absent manifest error.

### **Parties**

CAF and the Borrower.

### **Special Conditions**

The Special Conditions of this Loan Agreement.

- 1.2 All capitalized terms used in this Loan Agreement and defined in the Special Conditions shall have the meaning ascribed thereto.

- 1.3 Terms importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders.
- 1.4 The headings and short descriptions used for the individual Articles and Sections of this Loan Agreement have no legal significance and do not affect its interpretation.
- 1.5 A reference to an Article, Section, paragraph, party or Annex is a reference to that Article, Section, paragraph, party or Annex to this Agreement, unless otherwise specified.
- 1.6 Phrases such as “satisfactory to”, “approved by”, “acceptable to”, “as determined by”, “at the discretion of”, and phrases of similar import authorize and permit CAF to approve, disapprove, determine, act or decline to act in its sole discretion.
- 1.7 Unless otherwise expressly stated in this Loan Agreement: (i) all references to days shall mean calendar days, (ii) all terms shall be counted in calendar days, (iii) all terms ending in a non-Business Day or a non-existent day shall be considered ended on the first Business Day immediately thereafter, provided that if such following Business Day corresponds to a different fiscal year, the term shall be considered ended in the last Business Day of the previous fiscal year.
- 1.8 No course of dealing and no failure or delay by CAF in exercising, in whole or in part, any power, remedy, discretion, authority or other right under this Loan Agreement shall waive or impair, or be construed to be a waiver of or an acquiescence in, such or any other power, remedy, discretion, authority or right under this Loan Agreement, or in any manner preclude its additional or future exercise.

## **SECTION 2. Loan Agreement**

CAF agrees to lend, and the Borrower agrees to borrow, use the funds of, and repay, the Loan, in accordance with the terms and conditions set forth in this Loan Agreement. The Parties further agree that CAF may, at any time, request the Borrower to provide all documents and information as determined by CAF to validate if the funds disbursed under the Loan have been used in accordance with the provisions of this Loan Agreement.

## **SECTION 3. Disbursement Modalities**

CAF may make the Disbursements requested by the Borrower, directly or through the Executing Agency, by means of one or more of the following modalities:

(a) **Direct Transfers**

Transferring to the Borrower the funds to which it is entitled under this Loan Agreement to the account and place duly agreed in writing by the Parties in

accordance with CAF's internal policies for Disbursements, provided that such direct transfers shall be made only in amounts of not less than Five Hundred Thousand Dollars (US\$500,000.00) each.

**(b) Transfers to Third-parties**

Making payments, on behalf of and in agreement with the Borrower, to third-parties, as previously authorized by CAF in writing, provided that such payments shall be made only in amounts of not less than Five Hundred Thousand Dollars (US\$500,000.00) each.

**(c) Other Modalities**

Utilizing any other modality as the Parties may agree upon in writing.

The Parties further agree that: (i) all amounts referred to in this Section 3 may be unilaterally amended by CAF in accordance with its internal policies, and (ii) any banking expenses that may be charged by a third party in connection with the Disbursement modalities set forth above shall be borne by the Borrower.

**SECTION 4. Period for Requesting Disbursements**

Disbursements of the Loan may only be requested by the Borrower and made by CAF within the Availability Period set forth in Article 3 of the Special Conditions. Upon expiration of the Availability Period: (i) the Borrower may not request any further Disbursement nor fulfill any pending conditions precedent for Disbursement, and (ii) CAF will be entitled to cancel any outstanding and not disbursed funds under the Loan by sending to the Borrower a written communication to that effect. Notwithstanding the above, the Borrower may deliver to CAF a duly justified request for an extension of the Availability Period no later than thirty (30) days prior to the expiration of such Availability Period, which CAF may accept or reject at its own discretion.

**SECTION 5. Conditions Precedent to Disbursements**

In addition to any specific terms agreed in the Special Conditions, the Disbursements of the funds of the Loan shall be subject to the fulfillment of the following requirements to CAF's satisfaction:

**(a) Conditions precedent to the first Disbursement:**

- (i)** CAF shall have received a legal opinion, to CAF's satisfaction, which establishes, with citations of the pertinent constitutional, legal, and regulatory provisions, that the obligations undertaken by the Borrower and/or the Executing Agency, as the case may be, under this Loan Agreement, are legal, valid and enforceable, and that the Borrower's representative executing this Loan Agreement is duly authorized to validly

oblige the Borrower under the terms hereof. Such opinions shall also refer to any other legal question that CAF may deem relevant; and

- (ii) The Borrower, directly or through the Executing Agency, shall have designated one or more officials to represent it in all acts relating to the implementation of this Loan Agreement and shall have furnished CAF with authentic copies of the signatures of said representatives. Should two or more officials be designated, the designation shall indicate whether such officials may act separately or must act jointly.

(b) Conditions precedent to all Disbursements:

- (i) the Borrower, directly or through the Executing Agency, shall have submitted in writing or by electronic means, in such form and condition as may be specified by CAF from time to time, a disbursement request in accordance with the applicable Disbursement modality, and, in support thereof, shall have delivered to CAF such pertinent documents and other background materials as CAF may have required;
- (ii) the Borrower, directly or through the Executing Agency, shall have opened and shall maintain open one or more bank accounts in a financial institution to which CAF may make the Disbursements;
- (iii) None of the circumstances described in Section 14 of these General Conditions shall have occurred.

**SECTION 6. Interest**

- (a) Interest Rate: Interest on the Loan shall be determined in accordance with the following terms:
  - (i) Interest shall accrue on the principal amount of the Loan outstanding at the rate per annum set forth in the Special Conditions, from the date of the first Disbursement until the date in which the Loan has been fully repaid. For the avoidance of doubt, interest shall also accrue and be payable during the Grace Period.
  - (ii) Interest shall be calculated in relation to the number of calendar days elapsed on the basis of three hundred sixty (360) days per year.
  - (iii) Interest shall be determined by CAF for each relevant Interest Period and paid by the Borrower on each Interest Payment Date.
  - (iv) CAF shall notify the Borrower of the rate of interest applicable for each Interest Period in accordance with CAF's internal policies and, in the absence of manifest error, shall be conclusive and binding on the Borrower.

- (b) **Default Interest:** If the Borrower fails to make: (i) any payment of principal or interest with respect to the Loan, or (ii) any other payment with respect to the Loan provided for in this Loan Agreement, on or before its due date as specified in this Loan Agreement (whether at stated maturity or otherwise) or, if not so specified, as notified by CAF to the Borrower; the Borrower shall pay the default interest rate set forth in the Special Conditions, in accordance with the following terms:
- (i) Default interest shall accrue, in respect of the amount of the payment due and unpaid, from its due date and up to the date of actual payment (both before and after an arbitral award, if any).
  - (ii) Default interest shall be calculated in relation to the number of calendar days elapsed on the basis of three hundred sixty (360) days per year.
  - (iii) No formal prior notice or demand of the default interest shall be necessary to be due and payable. If not demanded, it shall be payable on each Interest Payment Date after the default or failure.
  - (iv) Upon the occurrence of a default or failure in payment, CAF will be entitled to recalculate the interest rate applicable to the principal amount of the Loan due and unpaid, by using the highest 6-month LIBOR interest rate published within the period beginning on the maturity date of the unpaid obligation and the date of its actual payment plus the margin set forth in Article 8 of the Special Conditions.

#### **SECTION 7. Expenses**

No later than thirty (30) days upon receiving a written request from CAF, the Borrower shall pay or reimburse CAF, or pay to any third persons as instructed by CAF, the amount of all fees and expenses incurred by CAF (and duly evidenced) in connection with the negotiation, preparation, signing and execution of this Loan Agreement and any other documents relating to the Loan Agreement which may be later executed. Such fees and expenses may include but are not limited to: (i) legal counsels, (ii) external consultants, (iii) travel, (iii) surveys, (iv) appraisals, (v) notaries, (vi) public registries, (vii) tariffs, (viii) taxes, (ix) stamps, (x) transfers of funds to, or for the account of, the Borrower. The Borrower shall also reimburse CAF any fees and expenses which CAF may have incurred in reserving or in enforcing its rights pursuant to this Loan Agreement.

#### **SECTION 8. Place of Payments**

All payments due under this Loan Agreement shall be made at the principal office of CAF in the city of Caracas, Bolivarian Republic of Venezuela, or in the accounts and/or places which CAF designates for this purpose by written notification to the Borrower.

#### **SECTION 9. Application of Payments**

All payments made by the Borrower to CAF shall be allocated in the following order: (i) expenses, (ii) fees, (iii) default interest, if applicable (iv) interest due on payment date, and (v) to the amortization of installments of principal due under the Loan.

**SECTION 10. Prepayments**

The Borrower may only prepay one or more of the outstanding installments of principal under the Loan, if: (i) the prepayment is made on an Interest Payment Date following the first (1) year from the date of entry into force of the Loan Agreement and the end of the Grace Period, (ii) CAF has received and accepted a written irrevocable prepayment request delivered by the Borrower no later than forty-five (45) days in advance, (iii) the prepayment amount is equal to one (1) or a multiple of the installments of principal of the Loan, (iv) after the prepayment is made, no amounts (including principal, interest, fees and expenses) shall remain due and unpaid under the Loan, and (v) the Borrower concurrently pays to CAF: (a) any losses or expenses incurred by CAF in connection with the early termination of the Loan Agreement, supervision of the Programme and any others arising from the prepayment, as determined by CAF, and (b) the applicable prepayment fee in accordance with the following chart:

<b>Year of Prepayment</b> <i>(to be calculated from the date of entry into effect of the Loan Agreement)</i>	<b>Prepayment Fee</b> <i>(to be determined as a percentage of the prepayment amount)</i>
2 – 3	2.50%
3 – 4	1.75%
4 – 5	1.00%
+ 5	0.50%

In the event that the prepayment does not cover the entire outstanding principal amount of the Loan, the prepayment shall be applied to the outstanding amortization installments in reverse order of maturity. CAF will determine the prepayment fee and any additional payable amounts under the Loan Agreement and inform the Borrower with fifteen (15) days prior notice.

**SECTION 11. Taxes**

The Borrower undertakes to ensure that all payments of principal, interest, fees, and any other payment for expenses or costs required under this Loan Agreement shall be made without any deduction or restriction whatsoever, exempt from any tax, fee, duty, tariff, or

charge established or that may be later established by the laws of the Country or under any other applicable jurisdiction. In the event that the Borrower is required by law or for any other reason to make deductions or withholdings from any payments, then it shall pay any such necessary additional amounts to CAF so that the net amount remaining after any withholding or deduction corresponds to the amount which would have been payable had no such deductions or withholdings been made.

The Borrower further agrees that all taxes, charges, public duties, costs and expenses incurred and due in connection with the execution, amendment or enforcement of this Loan Agreement and any other documents relating thereto as well as the rights arising therefrom shall be borne by the Borrower.

#### **SECTION 12. Renunciation of Part or the total amount of the Loan**

The Borrower may renounce, by delivering to CAF a written notice at least fifteen (15) days in advance, its right to utilize any part of the Loan funds which has not been disbursed before the receipt of the notice, provided that no amounts may be subject to renunciation if already committed by CAF for the issuance of a letter of credit, transfer to third parties or under any other Disbursement modality agreed pursuant to Section 3 of these General Conditions. The Borrower shall bear all financial losses and expenses incurred by CAF in connection with such renunciation.

The renunciation of part or of the total amount of the Loan will not entitle the Borrower to the reimbursement of any portion of the Finance Fee or Evaluation costs.

#### **SECTION 13. Adjustment of Amortization Schedule**

Based on the actual amount effectively disbursed to the Borrower during the Availability Period and subject to any potential renunciation, suspension or cancellation of the Loan, CAF will proportionally adjust the amounts of the outstanding installments and deliver to the Borrower an updated amortization schedule.

#### **SECTION 14. Suspension of Disbursements**

CAF, by written notice to the Borrower, may suspend Disbursements if any of the following circumstances occurs and so long as said circumstance continues:

- (a) Delay in the payment of any sums owed by the Borrower to CAF for principal, interest, fees, expenses, or for any other reason, under this Loan Agreement or any other agreement entered into between CAF and the Borrower.
- (b) Default by the Borrower or the Executing Agency to use the funds of the Loan in accordance with Article 2 of the Special Conditions.
- (c) Default by the Borrower or the Executing Agency of any other obligation set forth in this Loan Agreement or in any other agreement entered into with CAF.



- (d) Withdrawal of the Borrower as shareholder of CAF.
- (e) If CAF determines, in accordance with its internal policies, that the Borrower and/or the Executing Agency, prior to or after the execution of this Loan Agreement, have provided CAF with any untrue or false information, or omitted to provide relevant information in connection with the Programme.
- (f) If the use of any goods, products and materials to be financed hereunder, as well as any activities to be executed by the Borrower or the Executing Agency will contravene the Country's applicable laws, including environmental and social regulations, or any other terms and conditions set forth in this Loan Agreement.
- (g) Upon the occurrence of any force majeure or act of god events (howsoever defined) which prevent the Parties from fulfilling the obligations assumed hereunder.

#### **SECTION 15. Termination and Acceleration**

CAF may terminate this Loan Agreement with respect to the part of the Loan not yet disbursed or may declare the entire outstanding principal balance of the Loan or a portion thereof immediately due and payable, together with interest, fees and expenses accrued up to the date of actual payment if: (i) any of the circumstances set forth in paragraphs (a), (b) or (d) of the preceding Section 14 occur; (ii) any of the circumstances set forth in paragraphs (c), (f) or (g) of the preceding Section 14 occur and continues for more than thirty (30) days; or (iii) the information referred to in paragraph (e) of the preceding Section 14, or the clarifications or additional information presented by the Borrower or the Executing Agency, if any, are not satisfactory to CAF. To that effect, CAF will deliver a written notice to the Borrower, without need of any formal notice or commencing any court or arbitration proceedings.

Notwithstanding the above, upon the occurrence of the default circumstance set forth in paragraph (b) of Section 14, CAF may, instead of accelerating the Loan, request the Borrower to return the amount of the funds disbursed and used in contravention to Article 2 of the Special Conditions, together with all accrued interest thereunder, which shall be repaid by the Borrower to CAF within the following three (3) Business Days.

#### **SECTION 16. Disbursements not affected by suspension or acceleration.**

The provisions of Sections 14 and 15 shall not affect any amounts of funds already committed by CAF for the issuance of a letter of credit, transfer to third parties or under any other Disbursement modality agreed pursuant to Section 3 of these General Conditions.

#### **SECTION 17. General provisions for the execution of the Programme**

The Borrower, directly or through the Executing Agency, undertakes to execute the Programme and use the funds of the Loan with due diligence and in accordance with sound

financial and technical practices and in accordance with the plans, specifications, estimated costs, budgets, regulations, and other documents approved by CAF. The Borrower further agrees that its obligations shall be fulfilled to the satisfaction of CAF.

The Borrower will be jointly and severally liable for the obligations assumed by the Executing Agency under this Loan Agreement (including its respective Annexes), the terms of each disbursement request and any other documents agreed in connection thereof.

#### **SECTION 18. Other conditions applicable to the Loan funds**

The funds of the Loan shall be used exclusively for the purposes set forth in this Loan Agreement, unless CAF has otherwise agreed in writing with the Borrower or the Executing Agency upon receiving all corresponding approvals and permits issued by competent authorities.

Notwithstanding the above, the Borrower and/or the Executing Agency shall not use the funds of the Loan to finance: (i) the acquisition of land or capital stock, (ii) the payment of taxes and tariffs, (iii) customs expenses, (iv) company incorporation expenses, (v) the payment of interest during construction, (vi) military equipment and expenses, and (vii) others established or which may be later established by CAF.

The goods and services to be financed with the funds of the Loan shall only be destined for achieving the Programme, and neither the Borrower nor the Executing Agency may sell, transfer, or create any liens or encumbrances on them without CAF's prior written consent.

#### **SECTION 19. Modifications and increases of the estimated cost of the Programme**

Any significant modification in the plans, specifications, estimated costs, budgets, regulations or other documents that CAF has approved, as well as any substantial change in the procurement proceedings and the agreements for the acquisition of goods or services which may be funded with the funds devoted to the execution of the Programme, shall require the written consent of CAF.

If during the execution of the Programme an increase in the estimated cost of the Programme (as specified in Annex B) takes place, the Borrower shall contribute, directly or through the Executing Agency, in a timely and efficient manner, all of the funds in addition to those of the Loan which may be necessary for the complete and uninterrupted execution of the Programme. Upon the occurrence of such event, the Borrower undertakes to inform and provide to CAF all the information and documents which may be required by CAF.

#### **SECTION 20. Special Instructions**

The Borrower undertakes to comply with all the instructions and requirements received from CAF and arising from the agreements entered into by CAF with the financial institutions providing total or partial funding for the Loan. The Borrower also authorizes

CAF to share with such financial institutions any available information (whether of confidential nature or not) in connection with this Loan Agreement and the Programme.

## **SECTION 21. Procurement of goods, works, consulting and related services**

For the acquisition of goods estimated to cost Five Hundred Thousand Dollars (US\$500,000.00) or more, and for the procurement of works and related services in amounts estimated to cost Two Million Dollars (US\$2,000,000.00) or more, the Executing Agency shall carry out an international public bidding procedure. For the acquisition of goods estimated to cost less than Five Hundred Thousand Dollars (US\$500,000.00) and the procurement of works and related services in amounts estimated to cost less than two million Dollars (US\$2,000,000.00), the Executing Agency shall apply procedures previously authorized by CAF in writing.

For the procurement of consulting services estimated to cost Two Hundred Fifty Thousand Dollars (US\$250,000.00) or more, the Executing Agency shall carry out an international public bidding procedure. For the procurement of consulting services estimated to cost less than Two Hundred Fifty Thousand Dollars (US\$250,000.00), the Executing Agency shall apply procedures previously authorized by CAF.

When carrying out international public bidding procedures the Executing Agency shall widely broadcast tender notices, avoiding restrictions in connection with the origin of the goods or services, or any others which may prevent or affect the competitiveness and transparency of the bidding procedure.

The Executing Agency shall in a timely manner inform CAF of: (i) the dates on which the bid or tender for the procurement of goods, works and related services or for retaining consultants will be opened, (ii) the awards to be granted as a result of the bid or tender, (iii) the agreements to be executed with the person or persons awarded with a contract, and (iv) the origin of the goods to be supplied by the persons awarded with the contract.

In special cases arising from technical reasons, duly evidenced and justified by the Borrower or the Executing Agency, CAF may waive the requirement for an international public bidding procedure.

## **SECTION 22. Records, inspections and reports**

The Borrower agrees to, directly or through the Executing Agency, maintain records, permit inspections, and submit reports and financial statements in accordance with accounting principles acceptable to CAF. The Borrower's books and records shall substantiate: (i) all payments made with the Loan funds, and (ii) the financial and operational aspects of the Programme and of each project or activity executed under the Programme.

The Borrower shall authorize CAF to review all books and records related to the Programme until all amounts due under this Loan Agreement have been repaid in full.

### **SECTION 23. Supervision**

CAF may establish all the supervision procedures which it may deem necessary to ensure the normal execution of the Programme and all projects and activities thereunder.

The Borrower and the Executing Agency shall grant access to all experts and representatives sent by CAF to supervise the projects and activities to be executed under the Programme; and to review the books, records and any additional documents related thereto.

### **SECTION 24. Reports**

In addition to the reports set forth in Article 5 of the Special Conditions, the Borrower and/or the Executing Agency, as appropriate, shall furnish all other reports requested by CAF, within the periods that the Parties may agree for each case, in connection with: (i) the use of the Loan funds, (ii) the procurement of goods, works and related services, and the retaining of consultants, and (iii) the execution of the Programme.

### **SECTION 25. Notice of adverse circumstances**

The Borrower, directly or through the Executing Agency, shall inform CAF immediately upon having knowledge of: (i) any circumstance or situation which in the opinion of the Borrower or the Executing Agency shall prevent or affect the achievement of the objectives of the Programme or the execution of the provisions set forth in this Loan Agreement, and (ii) any amendment to the applicable laws and regulations affecting the Borrower and/or the Executing Agency, in relation to the achievement of the objectives of the Programme and the execution of the provisions set forth in this Loan Agreement.

CAF may adopt all the remedies which it may deem appropriate in accordance with the terms of this Loan Agreement if, at its discretion, the circumstances or amendments to the applicable laws and regulations described above may cause a material adverse effect on the Borrower, the Executing Agency, the Programme, or all of the above.

### **SECTION 26. Assignments**

This Loan Agreement binds and benefits the respective successors and assignees of the Parties, except that the Borrower may not assign, transfer, or otherwise dispose, in any manner whatsoever, any of its rights or obligations under this Loan Agreement without the prior written consent of CAF. CAF may assign, transfer, participate or otherwise dispose of all or a portion of its rights and obligations under this Loan Agreement. In case of assignment of the entire Loan Agreement, CAF shall notify the Borrower in writing within thirty (30) days from the date of such assignment, and the assignee shall assume all the rights and obligations of CAF under the Loan Agreement in the same terms agreed by CAF with the Borrower. Participation may be granted by CAF in respect of either outstanding Loan balances or amounts of the Loan that are still undisbursed at the time of entering into

the participation agreement. Any assignment or delegation in violation of this Section 26 shall be void.

## **SECTION 27. Arbitration**

Any arbitration to be entered into between the Parties shall be subject to the following provisions:

General provisions: All disputes arising out of or in connection with this Loan Agreement (including without limitation any dispute concerning the existence, validity, interpretation, performance or termination of this Agreement), which cannot be settled amicably by negotiation between the Parties, shall be finally resolved and settled by arbitration conducted in accordance with this Section 27 and the Arbitration Rules of UNCITRAL (*United Nations Commission on International Trade Law*).

Composition of the Arbitration Tribunal: The Arbitration Tribunal shall be composed of three members to be appointed in the following manner: one by CAF, another by the Borrower, and a third, hereinafter called the "Chairman", by direct agreement between the Parties or through their respective arbitrators.

Initiation of the Procedure: In order to submit the controversy to arbitration, the claimant party shall address to the other party a written communication setting forth the nature of the claim, the satisfaction or compensation that it seeks, and the name of the arbitrator it appoints. The party receiving such communication shall, within forty-five (45) days, notify the adverse party of the name of the person it appoints as arbitrator.

Convening of the Tribunal: The arbitration Tribunal shall be convened in the city of Lima, Republic of Peru, on the date designated by the Chairman, and, once convened, shall meet on the dates which the Tribunal itself shall establish.

### Procedure:

- (a) The Tribunal shall be competent to hear only the matters in controversy. It shall adopt its own procedures and may on its own initiative designate whatever experts it considers necessary. In any case, it shall give the Parties the opportunity to make oral presentations.
- (b) The Tribunal shall proceed *ex aequo et bono*, basing itself on the terms of this Contract, and shall issue an award even if either party should fail to appear or present its case.
- (c) The award shall be in writing and shall be adopted with the concurrent vote of at least two members of the Tribunal. It shall be handed down within approximately sixty (60) days from the date on which the Chairman is appointed, unless the Tribunal determines that, due to special and unforeseen circumstances, such period should be extended. The award shall be notified to the Parties by means of a communication signed by at least two members of the Tribunal, and shall be

complied with within thirty (30) days from the date of notification. The award shall be final and will not be subject to any appeal.

**Costs:** The fees of each arbitrator shall be paid by the party that appointed him and the fees of the Chairman shall be paid by both Parties in equal proportion. Prior to the convening of the Tribunal, the Parties shall agree on the remuneration of the other persons who, by mutual agreement, they deem should take part in the arbitration proceedings. If such agreement is not reached in a timely manner, the Tribunal itself shall determine the compensation that may be reasonable for such persons under the circumstances. Each party shall defray its own expenses in the arbitration proceedings, but the expenses of the Tribunal shall be borne equally by the Parties. Any doubt regarding the division of costs or the manner in which they are to be paid shall be determined, without appeal, by the Tribunal.

**Notification:** All notifications relative to the arbitration or to the award shall be made in the manner provided in this Loan Agreement. The Parties waive any other form of notification.

#### **SECTION 28. Authorized Representatives**

The Borrower, directly or through the Executing Agency, shall deliver to CAF the names and signatures of the persons that will represent it as authorized representatives in connection with all actions related to this Loan Agreement, duly certified by a person authorized for such purpose and communicated in accordance with the provisions of Article 14 of the Special Conditions.

The Borrower and the Executing Agency shall also notify to CAF any changes in the names of each of their authorized representatives. Until CAF receives notification of any appointment of authorized representatives of the Borrower and the Executive Agency, the persons signing this Loan Agreement will be considered as the only authorized representatives.

#### **SECTION 29. English or Spanish Language**

All documents to be furnished or communications to be given or made under this Loan Agreement or any of the other related documents shall be in English. To the extent that the original of any such document or communication is in a language other than English, it shall be accompanied by a translation into English certified by an authorized representative of the party delivering such document or communication.

## ANNEX B

### PROGRAM DESCRIPTION – AGREED POLICY MATRIX

#### Policy Based Loan to Support Trinidad and Tobago’s Medium Term Fiscal Consolidation Strategy, 2015-2020

##### A. Objective of the Programme

The objective of the Programme is to support the Republic of Trinidad and Tobago in implementing its strategy of medium-term fiscal consolidation. In particular, the Programme will provide budget support resources for fiscal years 2017 and 2018 with the aim to minimize the negative impact of external shocks from oil price decline, and to moderate the recessive impact of procyclical measures on economic growth to be triggered by the fiscal consolidation strategy. In order to meet these goals, the Programme will work on four (4) areas which include a group of public policy actions established in the Agreed Action Plan Matrix presented below.

The specific objectives of the Programme are:

- To support the improvement of non-energy fiscal revenues;
- To revise specific subsidies for transportation;
- To strengthen the management of selected state enterprises; and
- To increase the efficiency of particular social programmes

##### B. Description and Components

The programme’s resources are distributed within the framework of two components:

Component 1: Budget Support for fiscal years 2017-2018. It includes financial resources for budget support to: (a) assist and complement the actions established in the medium-term fiscal strategy of the Government of the Republic of Trinidad and Tobago (GORTT), and; (b) mitigate the recessionary effects of the fiscal consolidation strategy.

Component 2: Administration. It covers the Evaluation Costs and the Loan Financing Fee.

##### C. Agreed Policy Matrix

The following chart sets forth the Agreed Action Plan Matrix between CAF and the Executing Agency -- the Ministry of Finance. The matrix is presented in two (2) tranches associated with each programmed disbursement of the loan.

<b>Objectives</b>	<b>Actions</b>	<b>Verification instrument</b>	<b>Tranche</b>
To promote fiscal policy sustainability	<ul style="list-style-type: none"> <li>Define a multiyear primary balance target</li> </ul>	Medium-term macro-economic framework <sup>1</sup> .	I
To increase non-energy fiscal revenues	<ul style="list-style-type: none"> <li>VAT reform initiative</li> </ul>	Finance Act No. 1 and Legal Notice No. 17 of January 2016 stating the changes in rates and scope of VAT reform initiative.	I
	<ul style="list-style-type: none"> <li>Property Tax measures</li> </ul>	Transcript of the Cabinet Minutes with the GORTT's decision on the implementation of the 2009 Property Tax Act.	I
	<ul style="list-style-type: none"> <li>New Gambling Bill and Regulations</li> </ul>	Transcript of the Cabinet Minutes approving the legal and regulatory framework for the gambling sector.	I
To strengthen the management of selected State Enterprises	<ul style="list-style-type: none"> <li>Identify risk and opportunities in order to improve the efficiency of state enterprises</li> </ul>	Transcript of the Cabinet Minutes establishing a Committee on State Enterprises	I
To revise taxes and reduce subsidies on	<ul style="list-style-type: none"> <li>Align domestic fuel prices for transportation in accordance with</li> </ul>	Legal Notices amending relevant Acts relating to: i) domestic fuel prices, and ii) the new tax	I

<sup>1</sup> On a confidential agreement if required. Either an Offering Memorandum for an international bond issuance or an internal document prepared by the Ministry of Finance would satisfy the condition.



transportation	international market prices <ul style="list-style-type: none"><li>• Increase taxation on luxury vehicles</li></ul>	rates for luxury vehicles.	
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<b>Objectives</b>	<b>Actions</b>	<b>Verification instrument</b>	<b>Tranche</b>
To promote fiscal policy sustainability	<ul style="list-style-type: none"> <li>Define a multiyear primary balance target</li> </ul>	Final Report on fiscal measures implemented during 2016; and preliminary report for 2017. <sup>2</sup>	2
To increase non-energy fiscal revenues	<ul style="list-style-type: none"> <li>New Gambling Bill and Regulations</li> </ul>	<p>Terms of reference for hiring a consultancy for a new gambling regulation design.</p> <p>Draft of the Gambling Control Bill, laid in Parliament.</p> <p>Transcript of Cabinet Minutes approving the recruitment of a transition team.</p>	2
	<ul style="list-style-type: none"> <li>New Tax Policy Unit</li> </ul>	Organization Chart of the Tax Policy Unit.	2
To enhance a higher efficiency of public expenditure	<ul style="list-style-type: none"> <li>A new Procurement policy</li> <li>Reviewing the GATE programme</li> </ul>	Transcript of Cabinet Minutes reconstituting the implementation team for the new procurement policy.	2
		A report with results and recommendations	

<sup>2</sup> The Ministry of Finance will define the specific indicators to be included in this report.

		presented by the GATE Reform Committee.	
To strengthen the management of selected State Enterprises	<ul style="list-style-type: none"> <li>To identify risk and opportunities in order to improve the efficiency of state enterprises</li> </ul>	Report by the Government's appointed committee with recommendations and policy guidelines for State Enterprises	2

#### **D. Cost and financing**

The amount of this Policy Based Loan is up to three hundred million dollars of the United States of America (US\$300,000,000.00), aimed at financing the activities described above, under the strategic lines of Trinidad and Tobago's Medium Term Fiscal Consolidation Strategy, 2015-2020.

The tentative disbursement schedule is as follows in US\$ million:

<b>Third Quarter 2017</b>	<b>2017</b>	<b>TOTAL</b>
150	150	300
50%	50%	100%

