

Diletta Doretti

Acting Director, Caribbean
Latin America and the Caribbean Region

02-Jul-2024

The Honourable Camillo Gonsalves
Minister of Finance, Economic Planning,
and Information Technology
4th Floor, Administrative Center
Bay Street, Kingstown
Saint Vincent and the Grenadines

Re: St. Vincent and the Grenadines
Omnibus Amendment to Financing Agreements to introduce the Rapid
Response Option

Dear Minister Gonsalves:

We refer to the financing agreements between St. Vincent and the Grenadines and the International Development Association (“Association”) in respect of the financing listed in Annex 1 to this letter (“Financing Agreements”). We also refer to our recent discussions regarding the incorporation of the Rapid Response Option (RRO) approved by the World Bank Board of Directors on February 1, 2024 in the Financing Agreements.

In view of the above, and to establish the RRO for a CERP, the Association proposes to amend the Financing Agreements in accordance with Annex 2 to this letter.

All other terms and conditions of the Financing Agreements shall remain in full force and effect.

Please confirm your agreement with the foregoing by signing and dating this amendment letter in the space provided below.

The provisions set forth in this amendment letter shall become effective as of the date of the countersignature.

Sincerely,

Diletta Doretti

Diletta Doretti
Acting Director, Caribbean
Latin America and the Caribbean Region

AGREED:

ST. VINCENT AND THE GRENADINES

By: *Camillo M. G.*

Name: Camillo M. Gonsalves

Title: Minister of Finance

Date: 04-Jul-2024

Enclosures:

Annex 1: List of Financing Agreements

Annex 2: Amendments to Financing Agreements

cc: Mr. Edmond Jackson, Director General, Finance and Planning, Ministry of Finance, Economic Planning, Sustainable Development, and Information Technology
Mr. Ricardo Frederick, Director of Planning, Ministry of Finance, Economic Planning, Sustainable Development, and Information Technology
Ms. Marcelle Edwards-John, Deputy Director of Economic Planning, Ministry of Finance, Economic Planning, and Information Technology
Ms. Katharine Rechico, Executive Director, The World Bank Group
Mr. Christopher Sinckler, Alternate Executive Director, The World Bank Group
Mr. Ranse Langrin, Advisor to the Executive Director, The World Bank Group

ANNEX I

List of Financing Agreements

Financing No.	Project Name	Signature Date
IDA 62640-SV	OECS MSME Guarantee Facility Project	Spetmber 28, 2018
IDA 6691-VC	Caribbean Digital Transformation Project	July 29, 2020
IDA 7113-VC	OECS Data for Decision Making Project	June 4, 2022
IDA 7006-VC	Volcanic Eruption Emergency Project	December 3, 2021
IDA 7089-VC	Unleashing the Blue Economy of the Caribbean Project	September 17, 2022
IDA 7552-VC	Additional Financing for the Unleashing the Blue Economy of the Caribbean Project	June 30, 2024
IDA 6481-VC	OECS Regional Health Project	October 24, 2019
IDA 6732-VC	Additional Financing for the OECS Regional Health Project	August 26, 2020

ANNEX II

Amendments to General Conditions applicable to Credits

1. In paragraph [4]¹ of the Appendix, the term “Amortization Schedule” is modified to read as follows:

“[4]. “Amortization Schedule” means the schedule for repayment of principal amount specified in the Financing Agreement for purposes of Sections 3.05 and 3.10.”

2. In paragraph [57] of the Appendix, the term “Financing Payment” is modified to read as follows:

“[57]. “Financing Payment” means any amount payable by the Recipient to the Association pursuant to the Financing Agreement, including (but not limited to) any amount of the Withdrawn Credit Balance, the Service Charge, the Interest Charge, any deferred amount pursuant to the Financing Agreement and any interest thereon, the Front-end Fee, the Commitment Charge, any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, any Unwinding Amount payable by the Recipient, and any refund of the Withdrawn Grant Balance payable by the Recipient, as applicable.”

3. The following definitions of new terms are inserted in the Appendix as paragraphs [120-127], respectively:

“[120]. “CRDC” or “Climate Resilient Debt Clause” means a mechanism established in the Financing Agreement allowing the eligible Recipient to defer certain payments of principal and/or interest (and other Credit charges) during a Deferral Period upon occurrence of an Eligible Event.

[121]. “CRDC Terms and Conditions” means the Climate Resilient Debt Clause terms and conditions, as issued and revised from time to time, by the Bank and the Association, in effect at the time of the Payment Deferral request.

[122]. “Deferral Period” means the period of up to 24 (twenty-four) months, during which the Payment Deferral is activated pursuant to the provisions of the Financing Agreement.

¹ References to the sections here and the remainder of the document are to references to the relevant provisions in the General Conditions for IDA Financing Investment Project Financing, dated December 14, 2018 (Last revised on July 15, 2023). Amended terms apply to the corresponding equivalent provisions in the General Conditions of other vintages as applicable, with appropriate adjustment to their terminology or enumeration. To account for such differences in terminology or enumeration, references herein are placed in brackets.

[123]. “Eligible Event” means (i) an earthquake; and/or (ii) a tropical cyclone affecting the Recipient, corresponding to the parameters established by the Association in the CRDC Terms and Conditions, which may constitute a Payment Deferral Trigger.

[124]. “Interest Payment Deferral” means a one-time temporary deferral of payment of Interest and other applicable Credit charges during a Deferral Period, requested by the Recipient, and activated by the Association pursuant to the provisions of the Financing Agreement.

[125]. “Payment Deferral” means a Principal Payment Deferral and/or Interest Payment Deferral, requested by the Recipient and activated by the Association pursuant to the provisions of the Financing Agreement.

[126]. “Payment Deferral Triggers” means the set of primary and secondary triggers based on the Eligible Events established by the Association in the CRDC Terms and Conditions, which, upon verification by the Association in accordance with the CRDC Terms and Conditions, serve as the basis for an activation of a Payment Deferral.

[127]. “Principal Payment Deferral” means the one-time temporary deferral of repayments of the Withdrawn Credit Balance during a Deferral Period, requested by the Recipient, and activated by the Association pursuant to the provisions of the Financing Agreement.”

Amendments to Financing Agreements²

1. Relevant Sections of the Financing Agreements relating to the repayment obligations of the Recipient are modified to read as follows:

“[2.07]. Except as provided in Section [2.08] below, the principal amount of the Credit shall be repaid in accordance with Section [3.05³/3.10⁴] of the General Conditions and Schedule [3] to this Agreement.”

2. Article [II] of the Credit Agreements are modified by adding new Sections at the end, in accordance with the applicable numbering sequence, as follows:

“[2.--]. (a) Upon occurrence of an Eligible Event and issuance of a government declaration of national emergency, the Recipient may request the Association to activate:
(i) the Principal Payment Deferral in respect of a portion or all of the Withdrawn Credit

² References to the sections here and the remainder of the document are to references to the relevant provisions in the Financing Agreements model as of the date of this amendment. Amended terms apply to the corresponding equivalent provisions in the individual Financing Agreements as applicable, with appropriate adjustment to their terminology or enumeration. To account for such differences in terminology or enumeration, references herein are placed in brackets.

³ Applicable to IDA Concessional Financing Credits.

⁴ Applicable to IDA Non-concessional Financing Credits.

Balance; and/or (ii) Interest Payment Deferral; for the Deferral Period, provided that such request shall be made no earlier than in respect of the first Principal Payment Date and no later than the fifth anniversary prior to the final maturity of the Credit. Such request and any activation shall be made in accordance with the CRDC Terms and Conditions in effect at the time of the submission of the request, the provisions of which are hereby incorporated by reference and form an integral part of this Agreement. The activation of the Payment Deferral may occur only once during the term of the Credit.

(b) At the time of requesting the Principal Payment Deferral pursuant to the provisions of paragraph (a) of this Section 2.0[8], the Recipient may also request repayment provisions different from those set out in Schedule [3] to this Agreement for a portion or all of the Withdrawn Credit Balance for which Principal Payment Deferral is requested, provided that: (i) the average maturity of the Withdrawn Credit Balance after the Deferral Period equals the original average maturity of such Withdrawn Credit Balance prior to the Principal Payment Deferral request and the final maturity of the Withdrawn Credit Balance after the Deferral Period will not exceed the original final maturity of such Withdrawn Credit Balance prior to the Principal Payment Deferral request; and (ii) such repayment provisions have been agreed between the Recipient and the Association.

(c) Upon verification by the Association of the occurrence of the applicable Payment Deferral Trigger, the Association shall take such actions as necessary to implement the Payment Deferral in accordance with the terms of this Agreement and the CRDC Terms and Conditions. Effective the date of the activation of the Payment Deferral as notified by the Association to the Recipient, the provisions of this Agreement providing for repayment of the proceeds of the Credit, including the provisions of Schedule [3], shall be deemed to have been modified, as applicable. The Association shall notify the Recipient of the applicable financial terms of the Credit, including any revised amortization provisions, if applicable, at the time of the Payment Deferral activation or promptly thereafter.

(d) In the event the Interest Payment Deferral is activated, the Recipient shall pay to the Association interest on any such deferred amount at the rate [which is the sum of rates set forth in Sections [2.04] and [2.05] of this Agreement]⁵ / [set forth in Section [2.05] of this Agreement]⁶ until such time as the deferred amount is fully paid to the Association. Such interest shall accrue from the respective dates when the relevant amounts are deferred after the Interest Payment Deferral is activated and shall be payable on the remaining Payment Dates after the Deferral Period.

(e) The Payment Deferral shall not be activated, if the events specified in Section [8.02 (a)] or [8.06 (a)] of the General Conditions occurs and is continuing, provided, however, that the Payment Deferral, upon its activation, shall not constitute an event described in Sections [8.02 (a)] or [8.06 (a)] of the General Conditions. Furthermore, the Recipient shall continue to pay all applicable and accrued Financing Payments during the Deferral Period, except the amounts that have been deferred pursuant to the activated Payment Deferral as described herein.

⁵ Applicable to IDA Concessional Financing Credits.

⁶ Applicable to IDA Non-concessional Financing Credits.

(f) If the Withdrawn Credit Balance or any interest and other applicable Credit charges, to which the request for Payment Deferral relates, is subject to a Currency Conversion then in effect, the Recipient and the Association shall agree to amend or terminate such Currency Conversion. In the event of an early termination of such Currency Conversion prior to the end of its Conversion Period as a result of the Payment Deferral, the provisions of Section [4.06(b)] of the General Conditions shall apply.”