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ESMAP GRANT NUMBER TF0B5992

# **Energy Sector Management Assistance Program Grant Agreement**

**(Renewable Energy Sector Development Project)**

**between**

**SAINT LUCIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION  
acting as administrator of the Energy Sector Management Assistance Program  
Multi-Donor Trust Fund**

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**ESMAP GRANT NUMBER TF0B5992**

**Energy Sector Management Assistance Program Grant Agreement**

AGREEMENT dated as of the Signature Date between SAINT LUCIA (“Recipient”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”), acting as administrator of the Energy Sector Management Assistance Program Multi-Donor Trust Fund.

WHEREAS the Recipient and the Bank, acting as implementing entity of the Clean Technology Fund (“CTF”), intend to enter into a grant agreement (“CTF Grant Agreement”) for the purpose of providing a grant in the amount of eight million five hundred seventy-two thousand United States Dollars (US\$8,572,000) to assist in financing Part 1 of the Project, on terms and conditions set forth in the CTF Grant Agreement.

WHEREAS the Recipient and the International Bank for Reconstruction and Development and the International Development Association (World Bank), acting as administrator of the Canada Clean Energy and Forests Climate Facility Single-Donor Trust Fund intend to enter into a financing agreement (“Canada Clean Energy and Forests Climate Facility Financing Agreement”) for the purpose of providing a financing in the amount of three million seven hundred and ten thousand United States Dollars (US\$3,710,000) to the Recipient to assist in financing Parts 1 and 2 of the Project (as described in Schedule 1 to this Agreement), on terms and conditions set forth in the Canada Clean Energy and Forest Climate Facility Financing Agreement.

WHEREAS the Recipient and the Bank, acting as administrator of the Canada Clean Energy and Forest Climate Facility Single-Donor Trust Fund, intend to enter into a grant agreement (“Gender Equality in the Energy Sector of Small Island Developing States Grant Agreement” or “Canada GE-SIDS Grant Agreement”) for the purpose of providing a grant in the amount of five hundred and fifty thousand United States Dollars (US\$550,000) to the Recipient to assist in financing Part 2 of the Project (as described in Schedule 1 to this Agreement), on terms and conditions set forth in the Canada GE-SIDS Grant Agreement.

WHEREAS the Recipient and the International Development Association (“IDA”) intend to enter into a financing agreement (“Financing Agreement”) for the purpose of providing a Financing in the amount of three million eight hundred and thirty thousand United States Dollars (US\$3,830,000) to assist in financing Parts 1 and 2 of the Project, on terms and conditions set forth in the Financing Agreement.

NOW THEREFORE, the Recipient and the Bank hereby agree as follows:

**Article I**  
**Standard Conditions; Definitions**

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

**Article II**  
**The Project**

- 2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project, through its Department of Infrastructure, Ports, and Transport and cause the Project to be carried out in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article III**  
**The Grant**

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed four million two hundred thousand United States Dollars (\$4,200,000) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV**  
**Additional Remedies**

- 4.01. The Additional Event of Suspension consists of the following, namely that the Recipient has failed to perform any of its obligations under the CTF Grant Agreement, Canada Clean Energy and Forest Climate Facility Financing Agreement, the GE-SIDS Grant Agreement and the Financing Agreement.

**Article V**  
**Effectiveness; Termination**

- 5.01. The Additional Conditions of Effectiveness consist of the following, namely that the CTF Grant Agreement, Canada Clean Energy and Forest Climate Facility Financing Agreement, the GE-SIDS Grant Agreement and the Financing Agreement have been signed and delivered and all conditions precedent to their effectiveness (other than the effectiveness of this Agreement) have been fulfilled.
- 5.02. As part of the evidence to be furnished pursuant to Section 5.01, there shall be furnished to the Bank an opinion or opinions satisfactory to the Bank of counsel acceptable to the Bank or, if the Bank so requests, a certificate satisfactory to the Bank of a competent official of the Recipient, showing that on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.
- 5.03. Except as the Recipient and the Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the Signature Date (the Effectiveness Deadline), unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

**Article VI**  
**Recipient's Representative; Addresses**

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

6.02. For purposes of Section 7.01 of the Standard Conditions:

(a) the Recipient's address is:

Minister for Finance, Economic Development and the Youth Economy  
5<sup>th</sup> Floor, Greaaham Louisy – Administrative Building  
Waterfront, Castries  
Saint Lucia, West Indies; and

(b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
1758 452 6700	pm.sec@govt.lc

6.03. For purposes of Section 7.01 of the Standard Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

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

AGREED as of the Signature Date.

**SAINT LUCIA**

**By**

*Prime Minister Philip J. Pierre*

**Authorized Representative**

**Name:** Prime Minister Philip J. Pierre

**Title:** PRIME MINISTER

**Date:** 01-Jul-2022

**INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT/INTERNATIONAL DEVELOPMENT  
ASSOCIATION**

**acting as administrator of the Energy Sector Management  
Assistance Program Multi-Donor Trust Fund**

**By**

*E. Gail Richardson*

**Authorized Representative**

**Name:** E. Gail Richardson

**Title:** Acting Director, Caribbean

**Date:** 30-Jun-2022

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to inform the Recipient on the viability of its geothermal resource for power generation and strengthen the enabling environment to scale-up clean energy investments with the private sector within the Recipient's territory.

The Project consists of the following parts:

#### **Part 1: Geothermal Exploration Drilling Program**

##### **1.1: Exploration Management**

Support the Recipient to hire the EMC and related ancillary management and planning services to help procure and oversee the Drilling Program on behalf of the Recipient, including, *inter alia*: (a) the preparation of terms of reference for the Drilling Contractor and the preparation of associated bidding documents; (b) review findings from the Pre-Feasibility Study and make final recommendation for the drilling locations; (c) convene stakeholders as needed to guide the implementation of the Drilling Program; (d) perform well testing; (e) finalize the Drilling Report in close cooperation with the Drilling Contractor, the Resource Capacity Report and the Interim Feasibility Study; (f) provide on the job mentorship to local staff to enhance local Project management capacity; and (g) carry out, *inter alia*, topographic and cadastral surveys, geotechnical investigations and land acquisition services, as needed.

##### **1.2: Exploration Drilling**

Support the Recipient to finance the drilling rig, integrated drilling services, civil and infrastructure works to facilitate the integration of geothermal energy in the Recipient's power system through: (a) the Drilling Program including services of a Drilling Contractor to undertake slim holes drilling activities to confirm the quality of geothermal resources through the preparation of a report to be validated by EMC on the quality of the geothermal resource measured against technical indicators; and (b) drilling infrastructure works, including, *inter alia*, access roads, well pads, water supply, as required by the Drilling Program, as pre-identified in the Pre-Feasibility Study and confirmed by the EMC in consultation with the Drilling Contractor.

#### **Part 2: Capacity Building, Technical Assistance, and Market Engagement**

##### **2.1: Project Implementation Support**

Support the Recipient to hire and maintain the PIU in charge of the overall Project management, coordination, oversight, monitoring and evaluation, including technical

inputs, training, capacity-building, safeguards, gender integrating activities, procurement, and financial management services.

## **2.2: Technical Assistance, Capacity Building and Market Engagement.**

Support the Recipient to carry out activities to improve the market conditions for investing in geothermal energy and other forms of renewable energy focusing on, *inter alia*; (a) support to improve the legislative and regulatory framework of the energy sector, including to facilitate the integration of geothermal energy; (b) stakeholder consultations, communications and public awareness support; (c) legal and transaction advisory services related to the future commercial development of geothermal resources; (d) market sounding and engagement activities with potential private sector developers; (e) educational, training and employment opportunities for women in the energy sector; (f) market studies, analysis and community education on the potential for direct use applications of geothermal resources; and (g) additional activities as needed during Project implementation.



## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Institutional and Other Arrangements**

##### **A. Institutional Arrangements.**

1. The Recipient shall vest, at all times during the implementation of the Project, the overall responsibility for the implementation of the Project in the Department of Infrastructure, Ports, and Transport with sufficient resources, decision making capacity, competent staff in adequate numbers and responsibilities, all acceptable to the Bank and as set forth in the Operations Manual.
2. The Recipient, through the Department of Infrastructure, Ports, and Transport shall maintain during the implementation of the Project, the Project Implementation Unit to carry out the Project coordination and management; with sufficient resources, decision making capacity, competent staff in adequate numbers and responsibilities, all acceptable to the Bank and as set forth in the Operations Manual.
3. The Recipient shall hire no later than three (3) months after the Effective Date, hire and thereafter maintain, a Project manager, a procurement specialist, a financial management specialist, an environmental safeguard specialist and a social safeguard specialist to carry out the Project coordination and management within the PIU with adequate capacity, terms of reference and qualifications, all acceptable to the Bank and as set forth in the Operations Manual.

##### **B. Operations Manual.**

1. The Recipient shall:
  - (a) carry out the Project, or/and cause the Project to be carried out, in accordance with the Operations Manual acceptable to the Bank, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following: (i) the detailed description of Project implementation activities and the detailed institutional arrangements of the Project, including staffing plans for the PIU; (ii) the Project administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures; (iii) the monitoring indicators for the Project; (iv) the grievance mechanisms and the code of ethics; (v) the procedural rules for the consultations and reporting of the PIU with the Recipient's Cabinet and Committee of Permanent Secretaries; (vi) land acquisition rules and amounts; (vii) counterpart funds; (viii) conditions,

criteria and details for the reimbursement of the Principal Amount Repayable, including the Completion Period, Maximum Recovery Period, Engagement with Private Developer(s) and the Commissioning of a Power Plant; and (ix) the ESMP, the RPF, the SEP and the ESIA; and

- (b) not amend, suspend, abrogate, repeal or waive any provision of said Operations Manual without the prior written approval of the Bank.
- 2. In case of any conflict between the terms of the Operations Manual and this Agreement, the terms of this Agreement shall prevail.

**C. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of 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 and as of July 1, 2016 (“Anti-Corruption Guidelines”).

**D. Safeguards.**

The Recipient shall:

- 1. implement the Project in accordance with the provisions of the ESMP, RPF, RAP, SEP and the ESIA;
- 2. ensure that all measures for carrying out the recommendations of the ESMP, RPF, RAP, SEP and the ESIA, including details on the roles and responsibilities for land acquisition and resettlement, are taken in a timely manner and that all necessary plans prepared in accordance with said ESMP, RPF, RAP, SEP and ESIA have received the Bank’s written no-objection prior to the start of any works or services;
- 3. ensure that the terms of reference of any consultancy in respect to 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’s Safeguard Policies then in force, as applied to the advice conveyed through such consulting services;
- 4. take all measures to implement the RPF and related plans in a manner and timeframe satisfactory to the Bank and ensure, *inter alia*, that: (a) prior to the carrying out of works which involve resettlement (as determined by the Bank), Affected Persons are compensated at replacement costs, resettled and provided with assistance in accordance with the RPF and RAP, as appropriate; and (b) complaints related to land acquisition and resettlement are addressed in a timely

and adequate manner, as further detailed in the Operations Manual, the RPF and the RAP; and

5. without limitation upon the provisions of paragraph 2 above, if sixty (60) days prior to the Closing Date, the Bank determines that there are safeguards measures and actions which will not be completed by the Closing Date, the Recipient shall: (a) not later than thirty (30) days before the Closing Date, prepare and present to the Bank, an action plan satisfactory to the Bank on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions; and (b) thereafter, carry out, or cause to be carried out (as the case may be), said action plan in accordance with its terms and in a manner acceptable to the Bank.

**E. Annual Work Plans**

1. Without limitation to the obligations set forth in Section I.B above, the Recipient shall, through the Project Implementation Unit, carry out the Project in accordance with Annual Work Plans to be prepared and furnished to the Bank, for its review and approval, not later than October 31 of each calendar year during the implementation of the Project (the first such Annual Work Plan being due one month after the Effective Date), and containing all activities proposed for inclusion in the Project for the next calendar year, including: (a) detailed timetables for the sequencing and implementation of proposed Project activities; (b) types of expenditures required for such activities and a proposed financing plan and sources of funding for such expenditures; and (c) any Operating Costs or Training that may be required under the Project.
2. The Recipient shall afford the Bank a reasonable opportunity to exchange views on each such proposed Annual Work Plan; and, thereafter ensure that the Project is implemented with due diligence during said following calendar year in accordance with such Annual Work Plan as shall have been approved by the Bank.
3. The Annual Work Plans may only be amended from time to time in consultation with, and after approval of, the Bank. In case of any conflict between the terms of the Annual Work Plans and those of this Agreement, the terms of this Agreement shall prevail.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

The Recipient shall ensure that each Project Report is furnished to the Bank not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

**Section III. Withdrawal of Grant Proceeds**

**A. General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consulting services for Part 1 of the Project	4,200,000	100%
<b>TOTAL AMOUNT</b>	<b>4,200,000</b>	

**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 Signature Date.
2. The Closing Date is December 31, 2023.

**Section IV. Other Undertakings**

1. By June 30, 2023, or such other date as the Bank shall agree upon, the Recipient shall: (a) carry out jointly with the Bank, a mid-term review of the implementation of operations under the Project, which shall cover the progress achieved in the implementation of the Project; and (b) following such mid-term review, the Recipient shall act promptly and diligently to take any corrective action as shall be agreed by the Bank.
2. Prior to the start of the Drilling Program, the Recipient shall: (a) publish the updated ESMP, RPF, RAP, SEP and ESIA; and (b) provide satisfactory evidence indicating that it has the land rights required to carry out civil works and drilling under Part 1.2 of the Project; all in form and substance satisfactory to the Bank.

## **APPENDIX**

### **Definitions**

The definitions set out in the Appendix to the Financing Agreement are incorporated herein by reference and apply to the Project, *mutatis mutandis*, with the following modification:

The following definition for the Standard Conditions hereby replaces the definition for the General Conditions:

“Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019.