

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4451-LC

# Financing Agreement

(Organisation of Eastern Caribbean States (OECS) E-Government for Regional  
Integration Project)

between

Public Disclosure Authorized

SAINT LUCIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 19, 2008

**CREDIT NUMBER 4451-LC**

**FINANCING AGREEMENT**

AGREEMENT dated December 19, 2008, entered into between SAINT LUCIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association 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 — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one million five hundred thousand Special Drawing Rights (SDR 1,500,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section II of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are February 15 and August 15 in each year.

- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is United States Dollars.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity, in collaboration with the National Focal Point, in accordance with the provisions of the Project Agreement and Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consist of the following:
- (a) The Project Implementing Entity shall have failed to perform any of its obligations under the Project Agreement.
  - (b) The Association shall have suspended in whole or in part the right of any Participating Country to make withdrawals under the corresponding Other Financing Agreement.
  - (c) As a result of events which have occurred after the date of the Financing Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Project Implementing Entity will be able to perform its obligations under the Project Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in paragraphs (a) and (b) of Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

## **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity;
  - (b) All conditions precedent to the effectiveness of the Other Financing Agreements, other than those related to the effectiveness of this Agreement have been fulfilled;
  - (c) The Operational Manual has been adopted by the Project Implementing Entity;
  - (d) The REGU has been established and the Project manager, procurement specialist and Project accountant hired; and
  - (e) The RTC has been established.
- 5.02. The Additional Legal Matter consists of the following, namely that, the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity 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 eighteen (18) months after the Association's approval of the Credit which will expire on November 27, 2009.
- 5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

## **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is its Minister of Finance.

6.02. The Recipient's Address is:

Ministry of Finance  
3rd Floor Financial Center,  
Bridge Street  
Castries, Saint Lucia

Telephone:                      Facsimile:  
1-758 -468-5502              1-758-452-6700

6.03. The Association's Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:                              Telex:                              Facsimile:  
  
INDEVAS                          248423 (MCI)                  1-202-477-6391  
Washington, D.C.

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

**SAINT LUCIA**

**By /s/ Michael Louis**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By /s/ Yvonne Tsikata**

**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to promote the efficiency, quality and transparency of public services in the Participating Countries through the delivery of regionally integrated e-government applications that take advantage of economies of scale.

The Project consists of the following parts:

#### **Part 1. Horizontal E-Government Interventions**

- 1.1 Providing support for updating, harmonizing and implementing e-government policies and strategies across the Participating Countries and providing a framework for regional e-government cooperation activities by:
  - (a) conducting a strategic review and assessment of national and regional e-government strategies and defining a detailed action plan for implementation of same; and
  - (b) developing a monitoring and evaluation framework.
- 1.2 Harmonizing the legal and regulatory frameworks for electronic transactions, focusing on implementation aspects, by:
  - (a) carrying out a gap analysis and supporting the development and implementation of the harmonized legal and regulatory framework; and
  - (b) providing equipment and software for implementation of selected legislation.
- 1.3 Assisting the Participating Countries to improve their e-government standards and architecture and their overall public sector ICT management and investment practices by:
  - (a) assessing current standards and architectures and defining harmonized e-government standards, the interoperability framework and enterprise architectures based on service-oriented architectures;
  - (b) assessing ICT management and investment practices and developing a framework for total cost of ownership analysis and optimization, and identifying potential savings in ICT projects through tools such as a strategy for pooled procurement of software licenses;
  - (c) assisting in the pooled procurement of software licenses on a pilot basis; and

- (d) building capacity on standards, service architecture, open source software and total cost of ownership optimization.
- 1.4 Assessing the current institutional arrangements for e-government project implementation and support in the Participating Countries and providing assistance in strengthening the regional institutional framework for e-government by:
- (a) reviewing the existing regional e-government institutional framework and assessing the options for the improvement of the framework, carrying out strategic institutional design and creating an action plan for the agreed option;
  - (b) providing start-up implementation support for the improved regional e-government institutional framework, including assistance in the establishment of the initial service agreements with Participating Countries, and partnership agreements with international experts from academia, industry and government;
  - (c) providing equipment for start-up implementation;
  - (d) supporting national e-government units, through country-based specialists, and assistance to steering committees, including facilitating periodic revision of strategies and enhancing coordination with donors; and
  - (e) facilitating training and capacity building at national levels.
- 1.5 Supporting the development of harmonized national identification systems as a core shared service to be used throughout all e-government platforms and integrated with other key information systems at the national and regional level, where appropriate, by:
- (a) carrying out a needs assessment for national identification systems in the Participating Countries and an evaluation and simplification of processes in government registries, including designing a multipurpose identification system and interoperability framework;
  - (b) implementing the multi-purpose identification system, including developing the necessary software;
  - (c) providing implementation assistance in core user agencies, and progressive extension to other government areas;
  - (d) carrying out pooled procurement of the necessary equipment and national identification cards; and

- (e) facilitating training and consensus building.

## Part 2. Vertical E-Government Interventions in Public Finance

- 2.1 Upgrading the existing core public financial management systems, to provide improved services and information to government agencies and the public and to avoid duplication of work in a context of scarce human resource capacity by:
  - (a) providing technical assistance to beneficiary agencies, *inter alia*, in the Participating Countries to support implementation and results monitoring;
  - (b) preparing a gap analysis relating to the Participating Countries' financial management needs and the public financial management system capabilities;
  - (c) developing and upgrading the human resources, budgeting, accounting and financial reporting modules and databases, developing and implementing comprehensive, results-oriented budget classifications and designing standard financial reporting formats;
  - (d) developing a user-friendly interface linking the public financial management systems with the tax and customs systems;
  - (e) developing a user-friendly web-based public information system;
  - (f) preparing an operations manual for the public financial systems and training the personnel involved in its use; and
  - (g) financing a maintenance contract for the public financial management systems.
  
- 2.2 Developing an on-line registration and electronic filing subsystem to interface with the tax administration system by:
  - (a) providing technical assistance to beneficiary agencies, *inter alia*, in the Participating Countries to support implementation and results monitoring;
  - (b) designing, developing and implementing the on-line registration and e-filing system;
  - (c) preparing a tax administration system user manual and training the personnel involved in its use; and
  - (d) financing a maintenance contract for the tax administration system.



- 2.3 Creating a regional customs information sharing network by:
- (a) providing technical assistance to beneficiary agencies, *inter alia*, in the Participating Countries to support implementation and results monitoring;
  - (b) harmonizing the collection and aggregation of trade data including implementing special modules in the customs systems to permit, *inter alia*, exchange of cargo manifests;
  - (c) upgrading the customs systems to include, *inter alia*, an electronic filing module to interface with all existing customs systems and any necessary linkages from the customs systems to the public financial management and the tax administration systems;
  - (d) preparing a customs system user manual and training the personnel involved in its use; and
  - (e) financing a maintenance contract for the customs systems.
- 2.4 Establishing a regional public procurement system including a regional electronic procurement platform by:
- (a) supporting the design and implementation of an action plan for pooled procurement among the Participating Countries;
  - (b) developing a regional e-procurement platform and transactional system for competitive tendering;
  - (c) upgrading and integrating the systems of the regional pharmaceutical procurement service; and
  - (d) applying pooled procurement and the regional e-procurement platform to other goods and services.
- 2.5 Assisting in the implementation of regional pilot projects in social and productive sectors, particularly the health sector, by:
- (a) carrying out a regional e-government pilot project in the health sector including the design and implementation of a regional health management information system; and
  - (b) carrying out preparatory activities or complementary support to e-government initiatives in other social and productive sectors.

Part 3. Project Management

- 3.1 Supporting the establishment of the Regional E-Government Unit (“REGU”) by:
- (a) providing staff positions including those of Project manager, Project accountant and procurement specialist to the REGU;
  - (b) providing office space and equipment and other operating costs including the conduct of annual audits; and
  - (c) supporting community outreach and public awareness efforts.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. (a) The Recipient shall maintain, throughout Project implementation, the e-government Unit under the Recipient's Ministry of Public Service and Human Resource Development as the national focal point with functions and responsibilities, satisfactory to the Association, including, *inter alia*, management of the technical and logistical aspects of the Project at the national level such as overseeing the work plan, coordinating with the relevant ministries and departments and preparing terms of reference and technical specifications.  
  
(b) At all times throughout the implementation of the Project, the National Focal Point shall be staffed in adequate numbers with qualifications and experience, satisfactory to the Association for the purposes of the Project.
2. The Recipient shall maintain, throughout Project implementation, a national e-government or ICT steering committee with membership, functions and responsibilities satisfactory to the Association, including, *inter alia*, providing guidance on policy to the National Focal Point related to the implementation of the Project.

##### B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association ("Subsidiary Agreement").
2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

##### C. Anti-Corruption

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

**Section II. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association 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 Financing (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, consultants’ services, Training and Operating Costs for the Project	1,500,000	100%
<b>TOTAL AMOUNT</b>	1,500,000	

For the purposes of this Schedule, the term:

- (a) “Training” means the reasonable non-consultant expenditures incurred by the Recipient in connection with the carrying out of training activities (including workshops, conferences and seminars) under the Project, including travel costs, per diem of trainers, facilitators and stakeholders, and training materials.
- (b) “Operating Costs” means the sundry recurrent expenses, excluding salaries, directly related to the performance of Project activities, excluding salaries, including the expenses related to the RTC, office space, travel costs, office supplies and the cost of audits.

**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 \$240,000 equivalent may be made for payments made up to a year prior to this date but in no case before June 2, 2008 for Eligible Expenditures.
2. The Closing Date is June 30, 2012.

### SCHEDULE 3

#### Repayment Schedule

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each February 15 and August 15:	
commencing August 15, 2018 to and including February 15, 2028	1.25%
commencing August 15, 2028 to and including February 15, 2043	2.5%

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

## APPENDIX

### Definitions

1. “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.
2. “Category” means a category set forth in the table in Section II of Schedule 2 to this Agreement.
3. “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.
4. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
5. “ICT” means information and communications technologies.
6. “National Focal Point” means the entity, referred to in paragraph 1(a) of Section I.A of Schedule 2 of this Agreement, designated by the Recipient to act as the coordinator at the national level responsible for the implementation of the Project.
7. “OECS Member States” means the regional grouping of States that includes the following members: Antigua and Barbuda, Commonwealth of Dominica, Grenada, Saint Lucia, Saint Kitts and Nevis and Saint Vincent and the Grenadines.
8. “Operational Manual” means the manual for the operation of the Project referred to in Section I.B of the Schedule to the Project Agreement, as the same may be amended from time to time.
9. “Other Financing Agreements” means agreements entered into between each of the Participating Countries (other than the Recipient) and the International Development Association for the financing of the OECS E-Government for Regional Integration Project.
10. “Participating Country” means any of the OECS Member States that are participating in the Project. “Participating Countries” means collectively all such countries.

11. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
12. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 25, 2008 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.
13. “Project Implementing Entity” means the Organisation of Eastern Caribbean States Secretariat which is established pursuant to the Treaty establishing the Organisation of Eastern Caribbean States (Treaty of Basseterre, 1981) signed on June 18, 1981.
14. “REGU” means the regional e-government unit referred to in paragraph 2 of Section I.A of the Schedule to the Project Agreement.
15. “RTC” means the regional project technical committee referred to in paragraph 1 of Section I.A of the Schedule to the Project Agreement.
16. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.