

**CONFORMED COPY**

**CREDIT NUMBER 4871-LC**

# **Financing Agreement**

**(Hurricane Tomas Emergency Recovery Project)**

**between**

**SAINT LUCIA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated June 3, 2011**

**CREDIT NUMBER 4871-LC**

**FINANCING AGREEMENT**

AGREEMENT dated June 3, 2011, 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 nine million seven hundred thousand Special Drawing Rights (SDR 9,700,000) (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 IV 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 June 15 and December 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 Dollar.

**ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of 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 — TERMINATION**

- 4.01. 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 approval by the Association of the Credit, which period will expire on September 10, 2012.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is the Recipient's Minister responsible for finance.
- 5.02. The Recipient's Address is:

Prime Minister and Minister for Finance  
Office of the Prime Minister  
Graham Louisy Administrative Building  
Waterfront, Castries  
Saint Lucia

Facsimile:  
1-758-452-6700

- 5.03. 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 Washington, D.C.	248423 (MCI)	1-202-477-6391

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/ Françoise Clottes**

**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to support the recovery and reconstruction of the Recipient in the aftermath of Hurricane Tomas.

The Project consists of the following parts:

#### Part A: Support for Early Recovery

Supporting the early recovery of the Recipient's key economic sectors from the impact of Hurricane Tomas, through the provision of goods, technical advisory services and Emergency Operating Costs.

#### Part B: Institutional Strengthening and Hazard and Risk Analysis

Strengthening the institutional capacity at the national level including, the Ministry of Finance, Economic Affairs and National Development (MoF), the Ministry of Housing, Urban Renewal and Local Government (MoHULG), the Ministry of Physical Development and Environment (MoPDE), and the NEMO to, *inter alia*: (a) evaluate and integrate natural hazard and climate change risks reduction into national development policy and decision making process using geo information; (b) carry out various risk assessments and impact evaluation studies in highly affected areas and specific sectors; and (c) review the National Disaster Management Plan and improving disaster management capacity.

#### Part C: Reconstruction and Rehabilitation of Damaged Critical Public Infrastructure

Carrying out of selected reconstruction and rehabilitation activities of damaged infrastructure in the Recipient's transport, health and education sectors.

#### Part D: Project Management and Monitoring Support

Strengthening and developing the institutional capacity of the Project Coordination Unit (PCU) for Project management and execution, including procurement, financial management, monitoring and supervision of Project activities, through the acquisition of goods, provision of technical advisory services, training, and operating costs.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

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

##### **1. Project Coordination Unit**

The Recipient, through the Ministry of Finance, Economic Affairs and National Development (MoF), shall maintain, throughout the implementation of the Project, a Project coordination unit (the Project Coordination Unit (PCU)) with composition, functions and responsibilities acceptable to the Association, as set forth in Section I.A.2 immediately below and in the Operations Manual.

2. (a) Without limitation to the provisions of Section I.A.1 of this Schedule, the Recipient shall ensure that the PCU established within the MoF is maintained at all times during the implementation of the Project with staffing and resources satisfactory to the Association, for the purpose of ensuring the prompt and efficient overall coordination, monitoring, reporting, evaluation, communication, and overall guidance of Project activities, including the supervision of the participating ministries, departments and agencies (Participating MDAs) in the implementation of the Project.
- (b) Without limitation to the provisions of sub-paragraph (a) immediately above, the PCU shall be responsible for: (i) overall planning, implementation, coordination, monitoring, evaluation, reporting and communication of the activities under the Project; and (ii) the technical, fiduciary (*i.e.*, financial management and procurement), environmental safeguard compliance, and monitoring and evaluation aspects of the Project, all in accordance with the provisions of this Agreement and the Operations Manual.

##### **3. Participating MDAs**

- (a) Without limitation to the provisions of Section A.1 and A.2 of this Schedule, the Recipient shall ensure that the Ministry of Housing, Urban Renewal and Local Government (MoHULG), the Ministry of Physical Development and Environment (MoPDE) and NEMO are maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the Association, for the purpose of ensuring the prompt and efficient implementation of Part B of the Project, in accordance with the Operations Manual.

- (b) Without limitation to provisions of Section A.1 and A.2 of this Schedule, the Recipient shall ensure that the Ministry of Education and Culture (MoE), the Ministry of Health, Wellness, Family Affairs, and National Mobilization, Human Services and Gender Relations (MoH), the Ministry of Communications, Works, Transport and Public Utilities (MCW), the Ministry of Housing, Urban Renewal and Local Government (MoHULG), are maintained at all times during the implementation of the Project with functions, staffing and resources satisfactory to the Association, for the purpose of ensuring the prompt and efficient implementation of Part C of the Project, in accordance with the Operations Manual.
- (c) The Recipient shall ensure that the respective Participating MDAs referred to under subparagraphs (a) and (b) immediately above, provide as may be required, technical support to the PCU for the respective Project activities under their responsibility.

**B. Implementation Arrangements**

**1. Operations Manual**

The Recipient shall, ensure that the Project is carried out in accordance with the arrangements, procedures and guidelines set out in the Operations Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree, shall not amend, abrogate, waive or fail to enforce any provision of the Operations Manual without the prior written agreement of the Association.

**C. Anti-Corruption**

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

**D. Environmental and Social Safeguards**

- 1. Without limitation to the provisions of Section 4.01 (b) of the General Conditions (referring to the obligation of the Recipient to ensure the carrying out in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices), the Recipient shall: (a) prepare, adopt and disclose, in form and substance satisfactory to the Association, the Environmental and Social Screening and Assessment Framework (ESSAF) and the Resettlement Policy Framework (RPF); and (b) ensure that the Project is carried out in accordance with the ESSAF and the RPF.

To this end, the Recipient shall, in a manner satisfactory to the Association take the following actions:

- (i) prior to commencement of any works under said Part C of the Project:
  - (A) prepare, in form and substance satisfactory to the Association, an environmental management plan or similar environmental safeguard instrument, and/or a resettlement action plan, if required;
  - (B) thereafter, except as otherwise agreed with the Association, submit the said environmental management plan or similar environmental safeguard instrument, and/or said resettlement plan (as the case may be), to the Association for review and approval;
  - (C) subsequently, adopt and disclose, in a manner acceptable to the Association, said environmental management plan or similar environmental safeguard instrument, and/or said resettlement action plan (as the case may be); and
  - (D) immediately thereafter, implement said environmental management plan or similar environmental safeguard instrument, and/or resettlement action plan (as the case may be), all in accordance with their terms and in a manner acceptable to the Association; and
- (ii) Except as the Association shall otherwise agree in writing, the Recipient shall not amend or waive, or permit to be amended or waived, any provision of any environmental management plan or similar environmental safeguard document, or any resettlement plan.

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

**A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty five days after the end of the period covered by such report.



2. On or about the date eighteen (18) months after the Effective Date, the Recipient shall undertake in conjunction with the Association, the Participating MDAs, a comprehensive mid-term review of the Project during which it shall exchange views generally on all matters relating to the progress of the Project, the performance by the Recipient of its obligations under this Agreement and the performance by the Participating MDAs pursuant to the Operations Manual, having regard to the performance indicators referred to in paragraph 1 immediately above.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association as part of the Project Report after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have the Project's Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

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

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following methods, other than International Competitive Bidding, may be used for goods and works for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding; (c) Shopping; and (d) Direct Contracting.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality Based Selection; (b) Selection under a Fixed Budget; (c) Selection based on Consultants' Qualifications; (d) Least-Cost Selection; (e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (f) Sole Source Procedures for selection of firms; and (g) Sole Source Procedures for the Selection of Individual Consultants set forth in paragraph 5.4 of the Consultant Guidelines.

**D. Review by the Association of Procurement Decisions**

1. The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.
2. All terms of reference for consultants' services, regardless of contract value, shall be subject to the Association's prior review.

**Section IV. 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><u>Category</u></b>	<b><u>Amount of the Credit Allocated (expressed in SDR)</u></b>	<b><u>Percentage of Expenditures to be Financed (inclusive of Taxes)</u></b>
(1) Goods, consultants’ services and Emergency Operating Costs under Part A of the Project	970,000	100%
(2) Goods, works, consultants’ services, Training and Operating Costs under Parts B, C and D of the Project	8,730,000	100%
<b>TOTAL</b>	9,700,000	

For the purpose of this Section IV.A.2:

- (a) the term “Training” means the cost associated with the training and workshops approved by the Association, for reasonable expenditures (other than expenditures for consultants’ services), including: (i) travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses; and
- (b) the term “Operating Costs” means the incremental expenses incurred on account of Project management, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel and *per diem*, excluding the salaries of the Recipient’s civil service.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section:
  - (a) 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 SDR 970,000 equivalent may be made for payments made prior to this date but on or after October 30, 2010, for Eligible Expenditures under Category (1); or
  - (b) under Category (1), unless the Recipient has presented to the Association, evidence satisfactory to the Association, indicating compliance with eligibility criteria established in the Operational Manual for financing of Eligible Expenditure under said Category (1).
2. The Closing Date is March 31, 2014.

### SCHEDULE 3

#### Repayment Schedule

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each June 15 and December 15:	
commencing June 15, 2021 to and including December 15, 2030	1.25%
commencing June 15, 2031 to and including December 15, 2045	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. “Affected Person” means a person, or group of persons who, on account of the execution of Part C of the Project, experience direct adverse economic and social impacts caused by the involuntary taking of land resulting in: (a) relocation or loss or shelter; (b) loss of assets or access to assets, totally or partially; or (c) loss of income sources or means of livelihood, whether or not such person must move to another location, and “Affected Persons” means more than one Affected Person.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
5. “Emergency Operating Costs” means the incremental expenses incurred by the Recipient for early recovery efforts arising as a result of the impact of the Hurricane Tomas including, *inter alia*, additional transportation costs (*i.e.* gasoline and use of other transportation), increased electricity bills for the public sector, staff overtime, and rental of light and heavy machinery (*i.e.* generators and equipment for removal of debris).
6. “Environmental and Social Screening Assessment Framework” or “ESSAF” means the Recipient’s framework acceptable to the Association, setting forth the modalities for environmental and social screening and procedures/actions for the preparation and implementation of environmental assessments and management plans under Part C of the Project, and such term includes all schedules and annexes to the ESSAF.
7. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
8. “Hurricane Tomas” means the nineteenth named storm and twelfth hurricane of 2010 Atlantic hurricane season, which impacted upon a number of the Eastern Caribbean Islands including the Recipient.

9. “Ministry of Communications, Works, Transport and Public Utilities” and “MCW” means the Recipient Ministry responsible for communications or any successor thereto.
10. “Ministry of Education and Culture” and “MoE” means the Recipient Ministry responsible for education or any successor thereto.
11. “Ministry of Finance, Economic and National Development” and “MoF” means the Recipient Ministry responsible for finance or any successor thereto.
12. “Ministry of Health, Wellness, Family Affairs, and National Mobilization, Human Services and Gender Relations” and “MoH” means the Recipient Ministry responsible for health or any successor thereto.
13. “Ministry of Housing, Urban Renewal and Local Government” and “MoHULG” means the Recipient Ministry responsible for housing or any successor thereto.
14. “Ministry of Physical Development and Environment” and “MoPDE” means the Recipient Ministry responsible for environment or any successor thereto.
15. “National Disaster Management Plan” means the Recipient’s plan for management of natural disasters contained in a document titled, “Saint Lucia National Emergency Management Plan” as authorized by the Recipient’s Cabinet on August 2, 2007, May 7, 2009 and September 2009, and revised in January 2010.
16. “NEMO” means the Recipient’s National Emergency Management Office established and operating pursuant to the Disaster Management Act (Act No. 30 of 2006) of the laws of the Recipient, or any successor thereto.
17. “Operations Manual” means the Recipient’s manual, in form and substance satisfactory to the Association, referred to in Section I.B.1 of Schedule 2 to this Agreement, and containing or referring to detailed arrangements and procedures for the implementation of the Project, including: (i) capacity building activities for sustained achievement of the Project’s objectives; (ii) disbursement and financial management; (iii) institutional administration, coordination and day-to-day execution of activities of the Project; (iv) monitoring, evaluation, reporting, information, education and communication; (v) procurement; and (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as such manual may be amended and supplemented from time to time, with the prior written approval of the Association, and such term includes all schedules and annexes to said manual.

18. “Participating MDAs” means the Recipient’s ministries, departments and agencies participating in the Project, and specifically the MCW, the MoE, the MoHULG, MoH, MoPDE and NEMO, each separately having the responsibility for implementing specified activities under Parts B and C of the Project as set forth in Section I.A.3 of Schedule 2 to this Agreement.
19. “Project Coordination Unit” or “PCU” means the coordination unit within MoF, and referred to in Section I.A.1 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Association.
20. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 and May 2010.
21. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 7, 2011, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
22. “Resettlement Policy Framework” or “RPF” means the Recipient’s framework acceptable to the Association, setting forth the modalities for resettlement and compensation of Affected Persons, including guidelines for the preparation of the resettlement plans under the Project.