

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
Washington, D.C. 20433
U.S.A.(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS**CONFORMED COPY FOR PUBLIC DISCLOSURE**

August 30, 2010

Sir K. Dwight Venner
Governor Eastern Caribbean Central Bank
P.O. Box 89
Basseterre
St. Kitts
West Indies

**Re: OECS: Strengthening Institute of the Chartered Accountants
of the Eastern Caribbean Project
IDF Grant No. TF096673**

Dear Governor:

In response to the request for financial assistance made on behalf of the Eastern Caribbean Central Bank ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") proposes to extend to the Recipient, for the benefit of: Antigua and Barbuda, Commonwealth of Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St Vincent and the Grenadines ("Member Countries"), a grant from the World Bank's Institutional Development Fund ("IDF") in an amount not to exceed four hundred fifty five thousand Dollars (U.S.\$455,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within sixty (60) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Even if this Agreement has become effective pursuant to the previous paragraph, it shall terminate if it has not been implemented or has not disbursed any funds before November 30, 2010 unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Very truly yours,

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By p.p. David Warren
Yvonne M. Tsikata
Director
Caribbean Country Management Unit
Latin America and the Caribbean Region

AGREED:

EASTERN CARIBBEAN CENTRAL BANK

By: /s/ K. Dwight Venner
Authorized Representative

Name: K. Dwight Venner

Title: Governor

Date: September 27, 2010

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008.
- (2) Disbursement Letter dated August 30, 2010, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

Article I

Standard Conditions; Definitions

1.01. *Standard Conditions.* The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 1, 2008 (“Standard Conditions”) constitute an integral part of this Agreement.

1.02. *Definitions.* Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms have the following meanings:

(a) “Eastern Caribbean Central Bank” means the bank established and operating pursuant to the Agreement Establishing the Eastern Caribbean Central Bank signed on July 5, 1983, and the enactment of implementing legislation by the participating governments, which include Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and Anguilla.

(b) “ICAEC” and “Institute” mean Institute of Chartered Accountants of the Eastern Caribbean, a professional accountancy body representing accountants in the Eastern Caribbean created pursuant to the Institute of Chartered Accountants of the Eastern Caribbean Agreement dated November 2000.

(c) “ICAEC Council” means the Council appointed under the rules made pursuant to Article 5 (1) of the Institute of Chartered Accountants of the Eastern Caribbean Agreement.

(d) “IFRS” means International Financial Reporting Standards, the internationally developed and accepted standards for financial management and accounting.

(e) “OECS” means the Organization of Eastern Caribbean States, which is established under the Treaty establishing the Organization of Eastern Caribbean States (Treaty of Basseterre, 1981) signed on June 18, 1981.

(f) “Project Countries” means Antigua and Barbuda, Commonwealth of Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St Vincent and the Grenadines, all members of OECS, and participating in the Project.

(g) “PSC” means Project Steering Committee, the committee referred to in paragraph 2.03 (a) of this Agreement.

Article II

Project Execution

2.01. ***Project Objective and Description.*** The objective of the Project is to develop institutional and professional capacity in the areas of accounting and auditing in the Project Countries, thus enhancing the sustainable growth of the private sector. The Project consists of the following parts:

Part I: Building Institutional Capacity of the Institute of Chartered Accountants of the Eastern Caribbean

(a) (i) Development of a long-term business plan (including, *inter alia*, detailed recommendations on the Institute's organizational structure, its linkage with the Project Countries' governments and sub-regional organizations) to: (A) identify the Institute priority focus areas; (B) set-out the revenues and resources required to carry out its responsibilities; and (C) determine options for fulfilling these needs; and (ii) carrying out of a workshop to discuss the completed plan and endorse its implementation.

(b) (i) Design of an operations manual describing a quality assurance model of accounting and auditing practices to be used for local needs and conditions, methodological support for the implementation of the quality assurance review procedures; and (ii) provision of training for selected practitioners (accountants and auditors).

(c) (i) Design of a continuing professional development program including recommendations for its implementation to meet local needs; (ii) preparation of a training curriculum including training materials for selected courses; and (iii) carrying out of a train-the-trainers and pilot training course in one of the Project Countries.

Part II: Development and Delivery of the IFRS-Focused Training Module

(a) Development of the OECS-focused IFRS training program, including, *inter alia*, the program's description, methodology and materials for its implementation.

(b) Implementation of the IFRS training program through the provision of training to selected practitioners.

Part III: Grant Audit

Carrying out an audit of the activities supported by the Grant.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (c) this Article II.

2.03. ***Institutional and Other Arrangements.*** For purposes of carrying out the Project, the Recipient shall:

(a) establish and maintain at all times during Project implementation a Project steering committee (PSC) comprising, *inter alia*, representatives of the Recipient, ICAEC, members from the public practice and officials of the Project Countries, all with terms of reference and functions satisfactory to the World Bank. The PSC shall be responsible for overall Project oversight; and

(b) appoint a Project coordinator and a lead technical consultant with terms of reference and functions satisfactory to the World Bank, whose functions shall include, *inter alia*, providing support to the Recipient in the areas of procurement, financial management, auditing and accounting.

2.04. ***Project Monitoring, Reporting and Evaluation.*** (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank's request, prepare Project Reports, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover such period as shall be indicated in the World Bank's request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) Long-term business plan and continuing professional development model are reviewed and endorsed by the ICAEC Council.

(ii) At least two (2) chapters of the ICAEC plan follow-up training activities, utilizing assistance of the newly trained accountants.

(c) The Recipient shall, upon the World Bank's request, prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than five months after the Closing Date.

2.05. ***Financial Management.*** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. ***Procurement***

(a) General. All services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in Sections I (excluding paragraph 1.24) and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 (“Consultant Guidelines”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Consultant Guidelines.

(c) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection; and (F) Selection of Individual Consultants.

(d) Review by the World Bank of Procurement Decisions. Except as the World Bank shall otherwise determine by notice to the Recipient, all contracts shall be subject to Prior Review by the World Bank.

Article III Withdrawal of Grant Proceeds

3.01. ***Eligible Expenditures***. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

| Category | Amount of the Grant Allocated (expressed in USD) | Percentage of Expenditures to be Financed (inclusive of Taxes) |
|---|---|---|
| (1) Consultants' Services including audit | 349,580 | 100% |
| (2) Training | 105,420 | 100% |
| TOTAL AMOUNT | 455,000 | |

For the purposes of this Section, the term "Training" means: (a) reasonable travel, room, board and per diem expenditures incurred by trainees and/or participants in connection with their participation in training and/or workshops; (b) training or workshop facility rentals; and (c) training and workshop material preparation, acquisition, reproduction, printing and distribution expenditures.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three years after the date of countersignature of this Agreement by the Recipient.

Article IV Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Governor.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

P.O. Box 89
Basseterre
St. Kitts
West Indies

Telex:
(869) 465-2537

Facsimile:
(869) 465-9562

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391