

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4852-VC

Financing Agreement

(Hurricane Tomas Emergency Recovery Project)

between

SAINT VINCENT AND THE GRENADINES

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 22, 2011

Public Disclosure Authorized

CREDIT NUMBER 4852-VC

FINANCING AGREEMENT

AGREEMENT dated February 22, 2011, entered into between SAINT VINCENT AND THE GRENADINES (“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 three million three hundred thousand Special Drawing Rights (SDR 3,300,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 U.S. Dollars.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project 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 July 13, 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:

Office of the Prime Minister
Administrative Centre
Kingstown
Saint Vincent and The Grenadines

Facsimile:
(784) 457 2152

- 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 VINCENT AND THE GRENADINES

By /s/ La Celia A. Prince

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Francoise Clottes

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to support the Recipient's efforts to: (i) rehabilitate damaged and vulnerable infrastructure caused by the passage of Hurricane Tomas; and (ii) strengthen the Recipient's ability to analyze location specific risks.

The Project consists of the following parts:

Part A: Rehabilitation of Vulnerable and Damaged Infrastructure

Carrying out the rehabilitation and reconstruction of damaged infrastructure, including, *inter alia*, school buildings and associated school infrastructure, community centers, strengthening a river defense site, stock-piling gabion baskets, and transport infrastructure, through the provision of works, technical advisory services and goods required therefor.

Part B: Institutional Strengthening and Hazard and Risk Analysis

Improving the capacity of the Ministry of Housing, Informal Human Settlements, Lands and Surveys and Physical Planning (MoHILP), and the National Emergency Management Organization (NEMO), for evaluation of natural hazard and climate change risks, through the provision of training to the respective staff of MoHILP and NEMO, provision of technical advisory services and acquisition of goods required therefor.

Part C: Project Management and Implementation Support

Strengthening and developing the institutional capacity of the PSIPMU for Project management and execution, including procurement, financial management and supervision of Project activities, through the acquisition of goods, provision of technical advisory services, training, and operating costs required therefor.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower, through MoFEP, shall maintain, throughout the implementation of the Project, a program management unit (the Public Sector Investment Program Management Unit (PSIPMU)) with composition, functions and responsibilities acceptable to the Association, as set forth in Section I.A.2 immediately below and in the Operations Manual, for purposes of overseeing and coordinating the Project implementation.

2. Public Sector Investment Program Management Unit

(a) Without limitation to the provisions of Section I.A.1 of this Schedule, the Recipient shall ensure that PSIPMU established within the MoFEP 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 Implementing Agencies in the implementation of the Project.

(b) Without limitation to the provisions of sub-paragraph (a) immediately above, the PSIPMU 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. Implementing Agencies

(a) Without limitation to the provisions of Section A.1 and A.2 of this Schedule, the Recipient shall ensure that Ministry of Transport and Works, MoHILP, 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 the Project.

- (b) Without limitation to provisions of sub-paragraph (a) immediately above, the Ministry of Transport and Works shall be responsible for the overall supervision of works under the Project, in accordance with the provisions of this Agreement and the Operations Manual.

B. Implementation Arrangements

1. Operations Manual

The Recipient shall: (a) not later than six months after the Effective Date, prepare and submit the Operations Manual, in form and substance satisfactory to the Association; and (b) thereafter, 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 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) prior to carrying out any works involving rehabilitation and reconstruction activities under Part A of the Project: (i) prepare, adopt and disclose, in form and substance satisfactory to the Association, the Environmental Management Framework, and (ii) thereafter, ensure that any works under Part A of the Project are carried out in accordance with the provisions of said Environmental Management Framework, and, 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 of the Environmental Management Framework;
- (b) ensure, for the purposes of facilitating the carrying out of the activities under Part A of the Project:

- (i) prior to commencement of any works under said Part A of the Project, the preparation of any environmental management plan or similar environmental safeguard instrument, if required by the Association;
- (ii) thereafter, except as otherwise agreed with the Association, the submission of the said environmental management plan or similar environmental safeguard instrument, if any, to the Association for review and approval;
- (iii) subsequently, the adoption and the local disclosure, in a manner acceptable to the Association, of the said environmental management plan, or similar environmental safeguard instrument if any;
- (iv) the implementation of said environmental management plan or similar environmental safeguard instrument, if any, in accordance with their terms and in a manner acceptable to the Association; and
- (v) include in the Project Reports to be furnished to the Association pursuant to the provisions of paragraph 1 of Section II.A of this Schedule 2, a report on the carrying out of the measures required under such environmental management plan or similar environmental safeguard instrument, if any.

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 one month 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 and the Implementing Agencies 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 Implementing Agencies 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 not later than forty five (45) days 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 its 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) National Competitive Bidding; (b) Shopping; and (c) 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:

<u>Category</u>	<u>Amount of the Credit Allocated (expressed in SDR)</u>	<u>Percentage of Expenditures to be Financed (inclusive of Taxes)</u>
(1) Goods, works, consultants' services, Training and Operating Costs under the Project	3,300,000	100%
TOTAL	3,300,000	

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 and by non-consultant training facilitators; (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 implementation, 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, 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 1,320,000 equivalent may be made for payments made prior to this date but on or after October 30, 2010, for Eligible Expenditures under Category (1).
2. The Closing Date is December 31, 2013.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
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

Section I. 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 with the modifications set forth in Section II of this Appendix.
2. “Category” means a category set forth in the table in Section IV 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 and May 2010.
4. “Environmental Management Framework” means an environmental management framework acceptable to the Association, setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental assessments and management plans under Part A of the Project, and such term includes all schedules and annexes to the Environmental Management Framework.
5. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
6. “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.
7. “MoHILP” means the Recipient Ministry of Housing, Informal Human Settlements, Lands and Surveys and Physical Planning, or any successor thereto acceptable to the Association.
8. “Implementing Agencies” means, corporately, MoHILP, Ministry of Transport and Works, and NEMO, each separately having the responsibility for implementing specified activities under Parts A and B of the Project as set forth in Section I.A.3 of Schedule 2 to this Agreement.
9. “MoFEP” means the Recipient’s Ministry of Finance and Economic Planning, or any successor thereto acceptable to the Association.
10. “Ministry of Transport and Works” means the Recipient’s Ministry responsible for works, and any successor thereto.

11. “NEMO” means the Recipient’s National Emergency Management Office established and operating pursuant to the National Emergency Act, 2006 of the laws of the Recipient, or any successor thereto acceptable to the Association.
12. “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.
13. “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.
14. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated December 8, 2010, 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.
15. “Public Sector Investment Program Management Unit” or “PSIPMU” means the coordination unit within MoFEP, and referred to in Section I.A.2 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Association.

Section II. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”