

CONFORMED COPY

CREDIT NUMBER 4534-GD

Financing Agreement

(OECS Skills for Inclusive Growth Project)

between

GRENADA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 19, 2009

CREDIT NUMBER 4534 -GD

FINANCING AGREEMENT

AGREEMENT dated March 19, 2009, entered into between GRENADA (“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 two million one hundred thousand Special Drawing Rights (SDR 2,100,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 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 US Dollars.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient, through MoE, shall and shall cause GCTVET and NTA, to 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 — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely that the GCTVET, NTA and the Recipient shall have failed to perform any of their obligations under the Subsidiary Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in 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) that NTA has been established in a manner satisfactory to the Association; and
 - (b) that the Subsidiary Agreement that has been executed on behalf of the Recipient, GCTVET and NTA has become effective.
- 5.02. The Additional Legal Matter consists of the following: namely that the Subsidiary Agreement has been duly authorized or ratified by the Recipient, GCTVET and NTA and is legally binding upon the Recipient, GCTVET and NTA 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, which may in no case be later than the eighteen (18) months after the Association's approval of the Credit which expire on July 14, 2010.

- 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 the Minister for Finance.

- 6.02. The Recipient's Address is:
Ministry of Finance
Financial Complex
The Carenage, St. Georges
Grenada, W.I.

Facsimile:

(473) 440-4115

- 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
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.

GRENADA

By /s/ Patricia Clarke

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Yvonne M. Tsikata

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient to increase the employability of youth through public/private sector partnerships for technical and life skills training that is demand driven.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time, to achieve such objectives:

Part 1: Skills Training for Unemployed Youth

- (a) Supporting the skills training of unemployed youth by providing funds to carry out the following activities:
 - (i) outreach to, and enrollment in the skills training scheme of unemployed youth, private sector employers, and training providers;
 - (ii) submission of proposals to NTA based on the employers' training needs and the training providers capacity to administer training;
 - (iii) evaluation of proposals by the Technical Evaluation Committee and awarding of winning proposals by GCTVET;
 - (iv) matching of enrolled unemployed youth with winning proposals by NTA;
 - (v) life skills and technical training;
 - (vi) traineeships; and
 - (vii) certification of skills.
- (b) Permitting training providers from other OECS members, which meet the eligibility criteria, set forth in the Operational Manual, to compete with training providers from the Recipient's territory to train the Recipient's youth.

Part 2: Improving the Policy Framework for Delivering Training

- (a) Carrying out the necessary steps to introduce and use occupational standards by:
 - (i) acquiring standards endorsed by CARICOM or prevailing international occupational standards;
 - (ii) validating competency standards using industry groups;
 - (iii) providing training and orientation in standards and qualifications to, *inter alia*, training providers, employers, youth and government officials;
 - (iv) assessing and certifying trainees;
 - (v) training a cadre of assessors for certification of trainees;
 - (vi) registering certificates evidencing trainee's qualifications in a qualification databank;
 - (vii) training inspectors to pre-qualify and register training providers; and
 - (viii) assuring the quality of the training providers, including their accreditation.
- (b) Carrying out the following activities that have an impact in the OECS: (i) developing and printing information material; (ii) training of assessors; (iii) collaborating on workshops on standards with experts from CARICOM; (iv) establishing a qualification databank that will be accessible by other OECS members; and (v) conducting an assessment of the labour market's needs.

Part 3: Project Management and Institutional Strengthening

- (a) Assessing and strengthening the capacity of the GCTVET and NTA to establish TVET policy and promoting the adoption of a regional, standards-based occupational framework.
- (b) Carrying out monitoring and evaluations activities, including: (i) the carrying out of tracer studies; (ii) the establishment of a management information system for NTA; and (iii) the design and implementation of an online accreditation registry and certification database.
- (c) Supporting necessary Project management expenditures, including the financing of operational costs and the design and development of a management information system that would be accessible to the project and multiple agencies requiring labor market data for evidence-based planning and decision-making.

- (d) Carrying out a communications campaign to increase public awareness of the Project and encouraging stakeholders, such as unemployed youth, private sector employers, employers' associations and training providers, to participate in the Project.
- (e) Carrying out Project audits.
- (f) Carrying out the following activities that have an impact in the OECS: (i) operating information management systems for monitoring and evaluation that are compatible with those of other OECS members, where possible; (ii) comparing, across the OECS members, the results of the monitoring and evaluation conducted nationally; and (iii) evaluating the impact of the Project across the OECS.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. (i) The Recipient shall, through its MoE, enter into a subsidiary agreement with GCTVET and NTA, under terms and conditions satisfactory to the Association, setting forth their respective roles and responsibilities regarding the implementation of the Project.

(ii) 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 Credit. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.
2. (i) The Recipient shall, throughout the implementation of the Project, maintain, in its Ministry of Finance, a Project coordinating unit with functions and responsibilities, satisfactory to the Association, including *inter alia*, the financial management, procurement and disbursement of the Credit proceeds (specifically, the disbursement of funds to cover training providers' fees and stipends for Trainees during life skills, technical training and traineeship shall be carried out by the PCU, in coordination with NTA).

(ii) At all times throughout the implementation of the Project, the PCU shall be headed by a Project coordinator and assisted by staff in adequate numbers, all with qualifications and experience acceptable to the Association.
3. The Recipient shall submit to the Association for approval, the terms of reference of the key positions of NTA, including: (i) Chief Executive Officer; (ii) Training Support Coordinator; (iii) Quality Assurance Coordinator; and (iv) Standards and Planning Coordinator.
4. The Recipient shall, through its NTA, establish and maintain a technical evaluation committee with membership, functions and responsibilities acceptable to the Association, including *inter alia*; (i) evaluating all proposals submitted by the private sector employers and the training providers for training; (ii) selecting the winning proposals based on pre-defined and published selection criteria; and (iii) recommending those winning proposals to the GCTVET.

5. The Recipient shall cause NTA to enter into agreements with the Beneficiaries under the Project, setting forth their respective roles and responsibilities under the Project, substantially in accordance with the terms of the model Training Agreement, referred to in Section I.B, paragraph 1(h) of this Schedule, including *inter alia*:
- (a) the private sector employer's obligation to pay a stipend to the Trainee during the traineeships, referred to in Part 1(a) (vi) of the Project;
 - (b) the training provider's obligation to carry out training activities in exchange for payment as stipulated in the Operational Manual; and
 - (c) NTA's obligation to:
 - (i) instruct the Recipient, through the PCU, to pay the Unit Cost of Training; and
 - (ii) instruct the Recipient, through the PCU, to pay a stipend to the Trainee during the life skills, technical training and traineeship referred to in Part 1(a)(v) of the Project.

B. Other

1. The Recipient shall carry out the Project in accordance with an operational manual satisfactory to the Association, such manual to include *inter alia*:
- (a) the implementation arrangements, including the roles and responsibilities of the MoE, GCTVET, NTA and the Technical Evaluation Committee as well as the other institutions supporting the implementation of the Project;
 - (b) the criteria for the selection of winning proposals by the Technical Evaluation Committee;
 - (c) the eligibility criteria for Beneficiaries under the Project;
 - (d) the eligibility criteria for youth to receive training under the Project;
 - (e) the procurement procedures, standard bidding documents to be used for each procurement method, as well as model contracts for goods and works procured under the Project;
 - (f) the financial management procedures for the Project;
 - (g) the procedures for carrying out monitoring and evaluation of the Project;

- (h) the model Training Agreement;
 - (i) the rate of co-financing of the Unit Cost of Training that private sector employers are obliged to pay;
 - (j) the terms of remuneration for training providers; and
 - (k) the amount of the stipend that the private sector employers and NTA are obliged to pay Trainees.
2. In the case of inconsistency between any provision of the Operational Manual and this Agreement, the provision of this Agreement will prevail. The Operational Manual may be amended by the Recipient from time to time with the approval of the Association.
 3. The Recipient shall, no later than 90 days after the Effective Date, through its MoE, provide evidence that it has entered into an agreement with: (a) one of the national training institutes in the Caribbean region to license standards that have been endorsed by CARICOM; or (b) an international training institute to license prevailing international occupational standards, in fulfillment of Part 2(a) (i) of the Project.
 4. The Recipient shall, through GCTVET and NTA, review the Unit Cost of Training jointly with the Association once every year and adjust, as necessary, in a manner satisfactory to 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.

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 set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty five days after the end of the period covered by such report.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty five 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 four 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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<u>Procurement Method</u>
(a) National Competitive Bidding
(b) Shopping
(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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) Quality-based Selection
(b) Fixed Budget Selection
(c) Least-Cost Selection
(d) Selection Based on Consultants’ Qualifications
(e) Single-source Selection
(f) Procedures set forth in paragraphs 5.2, 5.3 and 5.4 of the Consultants Guidelines for the Selection of Individual Consultants

D. Review by the Association of Procurement Decisions

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.

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 Financing 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</u>
(1) Goods, works, consultants' services and Operating Costs for the Project	1,120,000	100%
(2) Unit Cost of Training	980,000	100%
TOTAL AMOUNT	2,100,000	

For the purposes of this schedule, the term:

- (a) "Operating Costs" means the reasonable expenditures for Project administration, including the PCU's and specialized staff compensation, office rental, utilities and communication expenses, which would not have been incurred absent the Project.

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 210,000 equivalent may be made for payments relative to Category 1 above, made prior to this date but on or after September 8, 2008.
2. The Closing Date is September 1, 2013.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15:	
commencing February 15, 2019 to and including August 15, 2028	1.25%
commencing February 15, 2029 to and including August 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**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.
2. “Beneficiary” means private sector employer or training provider, as the case may be, all of which meet the criteria set forth in the Operational Manual to participate in the Project.
3. “CARICOM” means Caribbean Community, a regional grouping of states that includes the Recipient, established pursuant to Treaty establishing the Caribbean Community, signed on 4th July 1973.
4. “Caribbean Vocational Qualifications” and “CVQ” means a regional certification system to accredit a standard and uniform delivery of competency-based technical and vocational education, training and certification within the Caribbean, established pursuant to the Memorandum of Agreement Establishing the Caribbean Association of National Training Agencies in November 2003.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “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.
7. “GCTVET” means Grenada Council for Technical and Vocational Education and Training.
8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
9. “MoE” means the Recipient’s Ministry of Education or any successor thereto.
10. “NTA” means the Recipient’s National Training Agency.

11. “OECS” means Organisation of Eastern Caribbean States, a grouping of states established pursuant to the Treaty establishing the Organisation of Eastern Caribbean States, signed on June 18, 1981, that includes the following members: Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Anguilla and the British Virgin Islands.
12. “Operational Manual” means the manual for the operation of the Project referred to in Schedule 2, Section I.B, paragraph 1 of this Agreement, as the same may be amended from time to time.
13. “PCU” means the Project coordinating unit within the Recipient’s Ministry of Finance, referred to in Schedule 2, Section I.A, paragraph 2 of this Agreement.
14. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
15. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 19, 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.
16. “Subsidiary Agreement” means the agreement referred to in Schedule 2, Section I.A, paragraph 1 of this Agreement.
17. “Technical Evaluation Committee” means the technical evaluation committee referred to in Schedule 2, Section I.A paragraph 4 of this Agreement.
18. “Trainee” means an unemployed youth that is receiving or has received training pursuant to Part 1(a) of the Project.
19. “Training Agreement” means any of the tripartite agreements to be entered into among NTA and the Beneficiaries referred to in Schedule 2, Section I.A, paragraph 5 of this Agreement.
20. “TVET” means technical and vocational education and training.
21. “Unit Cost of Training” means the cost of services provided by training providers during the course of life skills and technical training and on-the-job traineeship, including the value of the stipends paid to the Trainee during the life skills and technical training (as of the date of this Agreement, the Unit Cost of Training is \$1,657.71, which amount is amendable pursuant to Schedule 2, Section I.B paragraph 4 of this Agreement).

