CONFORMED COPY

The Honourable V. Nazim Burke
Minister of Finance, Economy, Planning, Energy,
Foreign Trade and Cooperatives
Ministry of Finance
Financial Complex, The Carenage
St. George’s
GRENADA W.I.

Re: GRENADA: Technical Assistance Project
EC Grant No. TF099140

Excellency:

In response to the request for financial assistance made on behalf of Grenada ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by the Commission of the European Communities under the Grenada Technical Assistance Trust Fund (TF071138), proposes to extend to the Recipient a grant in an amount not to exceed four hundred sixty five thousand Euros (465,000) ("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"). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

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effective as of the date of countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within thirty (30) days after the date of signature of this Agreement by the World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.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By p.p. Christina Malmberg Calvo
Françoise Clottes
Director
Caribbean Country Management Unit
Latin America and the Caribbean Region

AGREED:

GRENADA

By: /s/ V. Nazim Burke
Authorized Representative

Title: Minister for Finance

Date: May 10, 2011

Enclosures:


(2) Disbursement Letter of even date herewith, 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 31, 2010 (“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) “Bureau of Standards” means the Recipient’s Bureau established and operating pursuant to the Standards Act No. 6 of 1989.

(b) “Customs” means the Recipient’s Customs and Excise Department.

(c) “GIDC” means the Recipient’s Industrial Development Corporation.

(d) “IRD” means the Recipient’s Internal Revenue Department.

Article II

Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to assist the Recipient in the implementation of a focused reform agenda to: (a) improve the efficiency and effectiveness of customs; (b) improve the efficiency of tax administration and decrease transaction costs of paying taxes and consequently increase tax compliance; (c) modernize investment promotion; and (d) enhance its support to the export sector through improving access to trade information and strengthening the capacity of the Bureau of Standards to provide conformity assessment and quality assurance. The Project consists of the following parts:

**Part I: Customs Modernization**

(a) Development and implementation of an improved Customs’ systems and procedures; (b) upgrading of its information technology; and (c) capacity building of Customs’ management and staff, all through the provision of goods and technical assistance.

**Part II: Tax Administration Modernization**

Provision of technical assistance to IRD staff to: (a) improve the organization and management of the IRD; (b) improve taxpayers’ registration and services; (c) improve tax compliance; (d) strengthen tax collection, enforcement and control; and (e) upgrade information technology within the IRD.
Part III: Investment Strategy

Modernization of investment promotion through: (a) the preparation and implementation of an investment promotion strategy; and (b) the establishment of an investment facilitation network.

Part IV: Implementation of Export Strategy

Enhancement of the Recipient’s export sector through: (a) the establishment of a trade information network; and (b) the provision of technical assistance in the areas of certification and testing for staff to strengthen the Conformity Assessment System of the Recipient’s Bureau of Standards.

Part V: Project Management

Operation of a small Project Coordinating Unit to carry out the implementation and administration of the Project, including, *inter alia*, financial, accounting, disbursement and procurement management, and the preparation of Project reports (including audits).

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 revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Donor Visibility and Visit. (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Commission of the European Communities’ support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Commission of the European Communities to visit any part of the Recipient’s territory for purposes related to the Project.

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and 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 the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

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

(i) Improved clients’ perception of service quality and clearance time.

(ii) Improved clients’ perception of service quality and percentage of non-filers.
(iii) Improved investors’ perception of service delivery from the Recipient’s GIDC.

(iv) New trade information system being used by, and satisfying to, importers and exporters.

(v) Rate of conformity assessments and number of quality assurance certificates for exports.

(vi) Improved clients’ perception of service delivery from the Bureau of Standards.

(c) The Recipient shall 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 six 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 not later than forty five (45) days after the end of each calendar quarter, covering the quarter, 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. Each such 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 World Bank not later than four (4) months after the end of such period.

2.06. **Procurement**

(a) **General.** All goods, and 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:

(i) Section I (excluding paragraph 1.18) of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in January 2011 (“Procurement Guidelines”), in the case of goods; and


(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 Procurement Guidelines, or the Consultant Guidelines, as the case may be.
(c) **Particular Methods of Procurement of Goods**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of National Competitive Bidding.

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods: (A) Shopping; and (B) Direct Contracting.

(d) **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: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection; (F) Selection of Individual Consultants; and (G) Sole Source Procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions**

Goods awarded on the basis of Direct Contracting and contracts for Consultants’ services awarded on the basis of Sole Source selection shall be subject to the World Bank’s Prior Review. Except as the World Bank shall otherwise determine by notice to the Recipient, all other contracts shall be subject to Post 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) 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:
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, except that withdrawals up to an aggregate amount not to exceed ninety three thousand Euros (€93,000) equivalent may be made for payments made prior to this date but on or after May 1, 2010.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2011.

### 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 Minister of Finance.

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

Ministry of Finance  
Financial Complex  
The Carenage, St. Georges  
Grenada, W.I.

Facsimile:  
(473) 440-4115

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

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

Cable: INDEVAS  
Telex: 248423 (MCI) or 1-202-477-6391  
Facsimile: 64145 (MCI)