The Honourable Prime Minister Gaston Browne
Prime Minister and Minister of Finance
Economy and Public Administration
Government of Antigua and Barbuda
New Government Office Complex
Queen Elizabeth Highway
St. John
Antigua and Barbuda

Re: Antigua and Barbuda: IDF Grant for a Roadmap to Improve Water & Energy Services
IDF Grant No. TF017417

Dear Prime Minister:

In response to the request for financial assistance made on behalf of Antigua and Barbuda ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") proposes to extend to the Recipient a grant from the World Bank's Institutional Development Fund ("IDF") in an amount not to exceed three hundred twenty thousand United States Dollars (U.S.$320,000) ("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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 30 days after the date of signature of this Agreement by the World Bank,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 BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Sophie Sirtaine
Director

Caribbean Country Management Unit
Latin America and the Caribbean Region

AGREED:

ANTIGUA AND BARBUDA

Lennox Weston

Authorized Representative

Name: Lennox Weston
Title: Minister of State, Ministry of Finance & Corporate Governance
Date: February 06, 2016

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, 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 February 15, 2012 ("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) "APUA" means the Antigua Public Utilities Authority.

(b) "MOF" means the Recipient's Ministry of Finance & Corporate Governance or any successor thereto.

(c) "Operational Manual" means the Project operational manual referred to in Section 2.03 (b) of this Agreement, as the same may be amended, from time to time, in a manner satisfactory to the World Bank.

(d) "PMU" means the Project Management Unit established within the MOF for the World Bank-financed Public and Social Sector Transformation Project, loan number 8269-AG, and referred to in Section 2.03(a) of this Annex.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to support the Recipient's efforts to modernize and improve the delivery of basic services provided by the APUA in the water and energy sectors. The Project consists of the following parts:

**Part I: Comprehensive Assessment of the APUA**

(a) Developing a detailed work program and assessment methodology to conduct a comprehensive assessment of APUA as described under paragraph (b) below through, *inter alia:* (i) the creation of a task team; (ii) collection of data and carrying out of a desk review of existing information; and (iii) consultations with APUA staff.

(b) Carrying out a comprehensive assessment of APUA through interviews and workshops with key stakeholders, as well as a desk review to analyze the various functions of APUA, among others:

(i) Governance and management review through human resources and management audits, as well as the assessment of the legal and institutional framework in which APUA operates.

(ii) Operational Efficiency review through assessing loss reduction and quality of service delivery.
(iii) Financial Sustainability review through a tariff study and revenue assessment, including other new revenue streams.

**Part II: Development of a Strategic Plan for APUA**

(a) Identifying options for possible recommendations on governance and management aspects, operational efficiency and financial sustainability.

(b) Developing a methodology to evaluate and prioritize the recommendations made under paragraph (a) above using a participatory decision-making approach.

(c) Drafting a strategic plan for APUA which identifies: (i) overall objectives and indicators; (ii) proposed activities; (iii) an implementation strategy and an estimate of required resources; (iv) organizational arrangements; and (v) training and technical assistance needs.

**Part III: Capacity Building in Water and Energy Utility Modernization**

Building capacity of APUA staff and MOF officials by conducting knowledge exchange activities on utility modernization with key stakeholders and international experts and drafting and disseminating main conclusions of knowledge exchange activities.

**Part IV: Grant Audit**

Carrying out one independent 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 through MOF 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. **Institutional and Other Arrangements.** For purposes of carrying out the Project, the Recipient, through MOF, shall:

(a) Operate and maintain the Project Management Unit (PMU), which is established within the MOF, and has a team consisting of at least a project coordinator and specialists in areas of financial management, procurement and communication.

(b) Ensure proper and necessary coordination with APUA on all Project activities, including, but not limited to, technical support required for the implementation of the Project.

(c) Prepare and maintain throughout Project implementation an operational manual (“Operational Manual”) satisfactory in form and substance to the World Bank, therein setting forth rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following:
5

(i) the detailed description of: (A) Project activities; and (B) institutional arrangements in respect thereof;

(ii) the administrative, financial, accounting, auditing, procurement and disbursement procedures for the implementation of the Project including the relevant standard documents; and

(iii) the plan for the monitoring, evaluation and supervision of the Project including the performance indicators.

(d) The Operational Manual may only be amended from time to time in consultation with, and after approval of, the World Bank. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

2.04. Project Monitoring, Reporting and Evaluation.

(a) The Recipient, through MOF, shall monitor and evaluate the progress of the Project and, prepare and submit Project Reports on quarterly basis in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of 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) percentage of APUA's managers and relevant stakeholders who are satisfied with the quality, functionality and application of the assessment of APUA;

(ii) number of recommendations from the strategic plan incorporated in the APUA business plans;

(iii) percentage of participants in a knowledge transfer activities survey with an increased understanding of utility reform.

(c) The Recipient, through MOF, 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, through MOF, shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

The Recipient, through MOF, shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later
than 45 month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient, through MOF, 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 goods, non-consulting services and consultants' 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:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Consultant Guidelines”) in the case of consultants' services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services. Goods and non-consulting services shall be procured under contracts awarded on the basis of Shopping.

(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 for those assignments which are specified in the Procurement
Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. 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) 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants' Services, and Training</td>
<td>320,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>320,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

For the purposes of this Section, the term “Training” means the expenditures, excluding consultants' services, incurred by the Recipient for: (i) the rental of training facilities and equipment; (ii) production, publication and acquisition of technical publications, brochures and other printed or electronic materials; (iii) the organization of in-country workshops, including logistics, meals and administrative costs in relation to such workshops; and (iv) air tickets, lodging and per diem of participants.

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 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 & Corporate Governance
Parliament Drive
St. John's
Antigua, W.I.

Facsimile:
1-268-462-1622
1-268-462-5093

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