May 25, 2016

The Honourable Dr. Ralph Gonsalves
Prime Minister and Minister of Finance,
Economic Planning, National Security,
Grenadines Affairs and Legal Affairs
Government of St. Vincent and the Grenadines
Administrative Building
Kingstown
St. Vincent and the Grenadines

Dear Prime Minister:

Re: Saint Vincent and the Grenadines: Solar PV Demonstration and Scale-up Project
SIDS Grant No. TF0A1673

In response to the request for financial assistance made on behalf of Saint Vincent and the Grenadines ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided under the Support for Small Island Developing States ("SIDS") DOCK Support Program Multi-Donor Trust Fund, proposes to extend to the Recipient, a grant in an amount not to exceed six hundred thousand United States Dollars (U.S.$600,000) ("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 from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is 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 its countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Sophie Sirtaine
Director
Caribbean Country Management Unit
Latin America and the Caribbean Region

AGREED:

SAINT VINCENT AND THE GRENADINES

By: [Signature]
Authorized Representative

Name: RALPH E. GONSALVES
Title: PRIME MINISTER
Date: 16/06/2016

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


1.02. 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 shall have the following meanings:

(a) "Operating Costs" means the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of Project implementation, consisting of bank charges, document duplication/printing and travel costs for Project staff for travel linked to the implementation of the Project.

(b) "Project Coordination Unit" or "PCU" means the Project coordination unit maintained within the Recipient’s Ministry of Finance and Economic Planning for the purposes referred to in Section 2.03 to this Agreement.

(c) "PV" means photovoltaics, a method of converting solar energy into direct current electricity.

(d) "Training" means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants' services).

Article II  
Project Execution

2.01. Project Objectives and Description. The objectives of the Project are to: (i) demonstrate the use of commercial scale PV systems in the Caribbean through pilot projects; and (ii) disseminate the results to contribute to future scale-up of such systems. This is a pilot Project and consists of:

Part 1: Establishment of a Commercial Scale Rooftop PV Pilot:

Provision of technical assistance for: (i) solar PV technical support, including to structure and implement ownership and operational arrangements; carry out any necessary feasibility work and design of the system; and draft the technical specifications for the tender documents and to supervise the installation; (ii) dissemination and training activities; and (iii) supervision and management of Project activities and operating costs.
Part 2: Commercial Scale Rooftop PV System:

Supply and installation of commercial rooftop PV systems in public buildings in the Recipient’s territory.

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 the PCU 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. The Recipient shall operate and maintain the PCU, throughout the period of implementation of the Project, with functions, staffing and sufficient resources, satisfactory to the World Bank, including, inter alia: (i) coordination, implementation, and monitoring and evaluation of the Project; (ii) processing of documentation required for disbursement of the Grant proceeds and for procurement activities under the Project; and (iii) preparation and maintenance of records, accounts and financial statements referred to in Section 2.06 of this Annex.

2.04. Donor Visibility and Visit. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

2.05. 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 indicators acceptable to the World Bank. Each Project Report shall cover the period of six months of the Recipient’s fiscal year, and shall be furnished to the World Bank not later than 45 days after the end of the period covered by such report.

(b) 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.

2.06. 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 days after each period of six months of the Recipient’s fiscal year covering the said period, 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 life of the project. The audited Financial Statements shall be furnished to the World Bank not later than six months after the end of the project.
2.07. **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 (and 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**

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

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan:

(A) National Competitive Bidding
(B) Shopping; and
(C) 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, other than Quality- and Cost-based Selection, 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.

(c) 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.

2.08. Ownership Transfer. The Recipient shall not transfer ownership of the PV system purchased with funds from this Grant without the prior review and approval by the World Bank of the agreement by which such ownership transfer is intended to be executed.

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 (inclusive of Taxes). 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) Consulting Services, Training and Operating Costs under Part 1 of the Project</td>
<td>100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods under Part 2 of the Project</td>
<td>500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>600,000</td>
<td></td>
</tr>
</tbody>
</table>

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 April 15, 2018.
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 the Minister of Finance, Planning, Economic Development, Trade, Energy & Cooperatives.

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

Central Planning Division
Ministry of Finance and Economic Planning
P.O. Box 608
Kingstown Administrative Centre
Kingstown
St. Vincent and the Grenadines

Telephone: (784) 457-1343
Facsimile: (784) 457-2943

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