Strategic Climate Fund
Pilot Program for Climate Resilience

Loan Agreement
(Disaster Vulnerability Reduction Project)

between

SAINT LUCIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as an Implementing Entity of the Pilot Program for
Climate Resilience under the Strategic Climate Fund

Dated July 16, 2014
STRATEGIC CLIMATE FUND LOAN AGREEMENT

AGREEMENT dated July 11, 2014, entered into between SAINT LUCIA ("Borrower") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting not in its individual capacity but solely in its capacity as an implementing entity of the Pilot Program for Climate Resilience ("PPCR") under the Strategic Climate Fund ("SCF").

WHEREAS: (A) the Borrower and the International Development Association, intend to enter into a financing agreement (Financing Agreement) for the purpose of providing a credit in an amount of twenty six million six hundred thousand Special Drawing Rights (SDR 26,600,000) (the Financing) to the Borrower to assist in financing Parts A, B, D and E of the Project on the terms and conditions set forth in the Financing Agreement.

(B) the Borrower and the International Development Association, acting as an implementing entity of the Pilot Program for Climate Resilience (PPCR) under the Strategic Climate Fund, intend to enter into a grant agreement (PPCR Grant Agreement) for the purpose of making a grant in an amount of twelve million United States Dollars ($12,000,000) (PPCR Grant) to the Borrower to assist in financing Parts A, B and E of the Project on the terms and conditions set forth in the PPCR Grant Agreement; and

NOW THEREFORE, the Borrower and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard 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 Standard Conditions or in the Appendix to this Agreement.
Article II
Loan

2.01. The World Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of fifteen million United States Dollars ($15,000,000 ("Loan"), to assist in financing Parts A and C of the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Loan is funded out of the resources made available to the World Bank as an implementing entity of the SCF. In accordance with Section 3.02 of the Standard Conditions (as defined in the Appendix 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 from the SCF trust fund, and the Borrower's right to withdraw the Loan proceeds is subject to the availability of such funds.

2.04. The Service Charge payable by the Borrower on the Withdrawn Loan Balance shall be equal to one-tenth of one percent (1/10 of 1%) per annum.

2.05. The Payment Dates are May 15 and November 15 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is USD.

Article III
The Project

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Parts A, B, D and E of the Project through the Ministry of Finance, Economic Affairs and Social Security (MoF), and cause Part C of the Project to be carried out by Saint Lucia Development Bank (SLDB) (Project Implementing Entity), all in accordance with the provisions of Article II of the Standard Conditions, the Project Agreement and the Subsidiary Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the World Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.
Article IV
Remedies of the World Bank

4.01. The Additional Event of Suspension consists of the following, namely, that the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely in the opinion of the World Bank, the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

Article V
Effectiveness; Termination

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Financing Agreement and the PPCR Grant Agreement have been executed and delivered and all conditions precedent to the effectiveness of said Financing Agreement and PPCR Grant Agreement or to the right of the Borrower to make withdrawals under any said Agreement (other than the effectiveness of this Agreement) have been fulfilled.

(b) The Subsidiary Agreement has been executed on behalf of the Borrower and the Project Implementing Entity.

5.02. The Additional Legal Matter consists of the following, namely that, the Subsidiary Agreement has been duly authorized or ratified by the Borrower and the Project Implementing Entity, and said Subsidiary Agreement is legally binding upon the Borrower and the Project Implementing Entity in accordance with its terms.

5.03. Without prejudice to the provisions of the Standard Conditions, the Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement, but in no case later than eighteen (18) months after the Association's approval of the Loan.

Article VI
Borrower's Representative; Addresses

6.01. The Borrower's Representative referred to in Section 10.02 of the Standard Conditions is the Minister responsible for finance.
6.02. The Borrower’s Address referred to in Section 10.01 of the Standard Conditions is:

Ministry of Finance, Economic Affairs, Planning and Social Security
3rd Floor Financial Center
Bridge Street
Castries, Saint Lucia

Facsimile:
1-758-452-6700

6.03. The World Bank’s Address referred to in Section 10.01 of the Standard Conditions is:

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

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391
Washington, D.C.
AGREED at the District of Columbia, U.S.A., as of the day and year first above written.

SAINT LUCIA

By

Authorized Representative
Name: Sonia John
Title: Ambassador of St. Lucia to the U.S.A.

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as an Implementing Entity of the Pilot Program for Climate Resilience under the Strategic Climate Fund

By

Authorized Representative
Name: Sophie Sistaine
Title: Director
SCHEDULE 1

Project Description

The objective of the Project is to reduce vulnerability to natural hazards and climate change impacts in the Borrower’s territory.

The Project consists of the following parts:

Part A: Risk Reduction and Adaptation Measures

1. Carrying out of selected structural and non-structural flood and landslide risk reduction, interventions and climate adaptation measures to improve the Borrower’s resilience against current and future climate shocks, including reconstruction of selected critical public infrastructure that was damaged from an event of Emergency, which consists of, inter alia: (a) reinforcement of flood control infrastructure; (b) climate resilience rehabilitation and retrofitting of selected damaged road sections, including drainage improvement, slope stabilization and selected road bridges; (c) retrofitting and climate resilient rehabilitation of selected priority emergency shelters; (d) climate resilient rehabilitation of selected deteriorating water supply infrastructure; (e) retrofitting and rehabilitation of selected schools and health centers; and (f) relevant national plans, policies and strategies, such as an integrated watershed management plan, and climate change public awareness and education strategy, all through the provision of works, technical advisory services, operating costs and acquisition of goods.

2. Carrying out studies, including: (a) development of operational and maintenance plans (including a bridge maintenance plan); (b) risk assessment to support engineering design options, and final detailed design solutions; and (c) integrated hazard and climate analyses to inform Project designs, all through the provision of technical advisory services and acquisition of goods.

Part B: Technical Assistance for Improved Assessment and Application of Disaster and Climate Risk Information in Decision Making

Building institutional capacity for open systems or platforms for creating, sharing, analyzing and using disaster risk and climate change data and information for improved decision making and engineering for risk reduction and climate change adaptation, including: (a) creation of a high resolution digital topographical and bathymetric model for the Recipient; (b) sea level rise modeling and coastal flood and erosion risk mapping; (c) design and deployment of meteorological, hydrological, and sea level rise monitoring networks; (d) deployment of an environmental health surveillance system; and (e) strengthening regional capacity to promote safe and uniform building standards.
and harmonize geospatial data standards in the Eastern Caribbean sub-region, all through the provision of technical advisory services, operating costs, training and acquisition of goods.

**Part C: Climate Adaptation Financing Facility**

Establishing a pilot financing mechanism to promote increased climate resilience under a climate adaptation financing facility (Climate Adaptation Financing Facility or CAFF), including the provision of retail concessional loans (Sub-loans) through the SLDB to eligible households and private firms or businesses (Eligible Beneficiaries), to finance climate adaptation investments to build resilience of assets and livelihoods intended to reduce risks associated with catastrophic hydro-meteorological shocks (Climate Adaptation Subprojects).

**Part D: Contingent Emergency Response**

Carrying out of Emergency Recovery and Reconstruction Subprojects under an agreed action plan of activities (Agreed Action Plan of Activities) designed as a mechanism to implement the Recipient's response to an Emergency.

**Part E: Project Management and Implementation Support**

Strengthening the institutional capacity for Project management and implementation, including: (a) staffing the National Development Unit (NDU) and Project Coordination Unit (PCU); (b) building the technical capacity of said NDU, PCU and the SDED within the MoSDEST; (c) training of NDU, PCU and SDED staff, and strengthening the respective capacity for management, supervision, monitoring and evaluation of specific Project activities; and (d) carrying out technical and Project audits, all through the provision of technical advisory services, training, operating costs and acquisition of goods.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. Project Coordination Committee

   (a) The Borrower shall ensure that the Project Coordination Committee is maintained at all times during the implementation of the Project, with a composition, mandate, and in form and substance satisfactory to the World Bank.

   (b) Without limitation to sub-paragraph (a) immediately above, the Recipient shall ensure that the Project Coordination Committee will be responsible for providing policy guidance to ensure prompt and efficient implementation of the Project, including, inter alia, reviewing progress made towards achieving the Project's objective.

2. Ministry of Finance (MoF); NDU

   (a) The Borrower shall maintain, at all times during the implementation of the Project, the NDU within the MoF, with functions, staffing and resources satisfactory to the World Bank.

   (b) The NDU will be responsible for monitoring and evaluation of activities for Parts A, B, D and E of the Project, in accordance with the provisions of this Agreement and the Project Operations Manual.

3. Project Coordination Unit

   (a) The Borrower shall maintain, at all times during the implementation of the Project, the PCU within the MoF, with functions, staffing and resources satisfactory to the World Bank.

   (b) Without limitation to the provisions of Section I.A.2 of this Schedule, the PCU shall be responsible for day-to-day administration of overall planning, coordination, the technical, fiduciary (i.e., procurement and financial management in coordination with the Ministry of Finance), environmental and social safeguards compliance, coordination, reporting and communication of the activities under Parts A, B, D and E of the Project, all in accordance with the provisions of this Agreement and the Project Operations Manual.
4. **SDED; MoSDEST**

Without limitation to the provisions of Section I.A.2 and 2 of this Schedule, for the purpose of ensuring the prompt and efficient communication of Parts A, B, C and E of the Project, the Borrower shall ensure the NDU and the PCU shall carry out said Parts A, B, D and E of the Project in close coordination with SDED within MoSDEST. To this end, SDED, as the focal point for the Borrower’s climate change issues, shall be responsible for reporting and communicating all activities financed through the SCF Loan, and the PPCR Grant (i.e., Parts A, B, D and E of the Project), respectively, in accordance with the Project Operations Manual.

**B. Subsidiary Agreement**

1. For purposes of carrying out Part C of the Project, the Borrower, through MoF, shall enter into an agreement with SLDB (the Subsidiary Agreement) under terms and conditions which shall have been approved by the World Bank including, *inter alia*, the terms and conditions set forth in Schedule 4 to this Agreement.

2. The Borrower, through MoF, shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the World Bank and to accomplish the purposes of the SCF Loan.

3. Except as the World Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce the Subsidiary Agreement or any provision thereof.

**C. Project Operations Manual; CAFF Manual**

1. The Borrower shall, carry out Parts A, B, D and E of the Project, in accordance with the provisions of the Project Operations Manual, containing detailed arrangements and procedures for Parts A, B, D and E of the Project: (a) institutional coordination and day-to-day execution of Parts A, B, D and E of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) environmental and social safeguard guidelines; (e) monitoring, evaluation, reporting and communication; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for Parts A, B, D and E of the Project.

2. The Borrower shall cause the Project Implementing Entity to carry out Part C of the Project in accordance with the provisions of the CAFF Manual containing detailed arrangements and procedures for Part C of the Project: (a) institutional coordination and day-to-day execution of Part C of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d)
environmental and social safeguard guidelines; (e) monitoring, evaluation, reporting and communication; (f) the eligibility criteria for the Eligible Beneficiaries to draw Sub-loans from the CAFF; (g) the eligibility criteria and detailed procedures for the selection and approval of Climate Adaptation Subprojects to be financed out of the CAFF; and (h) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for Part C of the Project.

3. The Borrower shall not amend, abrogate, waive or fail to enforce any provision of the Project Operations Manual or CAFF Manual without the prior written agreement of the World Bank: provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Operations Manual or the CAFF Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

D. Action Plans for Emergency Recovery and Reconstruction Subprojects under Part D of the Project

The Borrower shall carry out Part D of the Project in accordance with the provisions of Section I.D of Schedule 2 to the Financing Agreement.

E. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

F. Environmental and Social Safeguards

1. The Borrower shall ensure that the Project is carried out in accordance with the Environmental Management Framework (EMF), the Environmental Assessment (EA), the Resettlement Policy Framework (RPF), respectively, including the guidelines, rules and procedures defined in said EMF, EA, and RPF. To this end, the Borrower shall, specifically take the following actions in a manner acceptable to the World Bank:

(a) if an environmental management plan or similar safeguard instrument would be required on the basis of the EMF: (i) such environmental management plan or similar safeguard instrument shall be prepared in accordance with the requirements of the EMF, disclosed locally and furnished to the World Bank for approval; and (ii) if applicable, the pertinent Project activities shall be carried out in accordance with such environmental management plan or similar safeguard instrument as approved by the World Bank; and
(b) if a resettlement action plan would be required on the basis of the Resettlement Policy Framework: (i) said resettlement action plan shall be prepared in accordance with the requirements of the Resettlement Policy Framework, disclosed locally and furnished to the World Bank for approval; and (ii) no works in respect of such Project activities shall commence until: (A) all measures required to be taken under said resettlement action plan have been taken in accordance with the terms of said plan and in a manner acceptable to the World Bank; and (B) the Borrower has furnished to the World Bank a report in form and substance satisfactory to the World Bank, on the status of compliance with the requirements of said resettlement action plan.

2. The Borrower shall ensure that all measures required for carrying out the Environmental Assessment, any environmental management plan or similar safeguard instrument, and any resettlement action plan are taken in a timely manner.

3. The Borrower shall include in the Project Reports referred to in Section II.A of this Schedule adequate information on the implementation of the EMF, the EA, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan, giving details of:

   (a) measures taken in furtherance of the EMF, the EA, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the EMF, the EA, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan; and

   (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of the EMF, the EA, the RPF, any environmental management plan or similar safeguard instrument, and any resettlement action plan.

4. Specific Environmental Covenant for Parts A.2 and B of the Project

The Borrower shall ensure that the terms of reference for any consultancy in respect of any Project activity under Parts A.2 and B of the Project shall be satisfactory to the World Bank following its review thereof, and, to that end, such terms of reference shall duly incorporate the requirements of the World Bank Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.
Section II.  Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Borrower 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 acceptable to the World Bank in respect of Parts A, B, D and E of the Project. Each Project Report shall cover the period of six (6) calendar months, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.

2. Without limitation to the provisions of Section 2.06 of the Standard Conditions, the Borrower shall: (a) on or about the date thirty (30) months after the Effective Date, submit to the World Bank a mid-term report, in such detail as the World Bank shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of the mid-term report, taking into account the monitoring and evaluation activities performed pursuant to Section II.A.1 of this Schedule, and setting out the measures recommended to ensure the efficient carrying out of Parts A, B, D and E of the Project and the achievement of the objective thereof during the period following such date; and (b) review with the World Bank the mid-term report, on or about the date one month after its submission to the World Bank, and thereafter take all measures required to ensure the efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the World Bank’s views on the matter.

3. The Borrower 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 (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Borrower shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower 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.

3. The Borrower shall have its Financial Statements for the Project 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 Borrower. The audited Financial Statements for each such period
shall be furnished to the World Bank not later than six months after the end of
such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-
consulting services required for the Project and to be financed out of the proceeds
of the SCF Loan 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 SCF Loan 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 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.

B. Particular Methods of Procurement of Goods, Works and Non-consulting
Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2
below, goods, works and non-consulting services shall be procured under
contracts awarded on the basis of International Competitive Bidding.

The following methods, other than International Competitive Bidding, may be
used for goods, works and non-consulting services for those contracts specified
in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; (c)
Direct Contracting; and (d) Well-established Private Sector Procurement
Methods or Commercial Practices which have been found acceptable to the
World Bank.

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) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (g) Single Source Procedures for selection of firms; and (h) Single Source Procedures for the Selection of Individual Consultants set forth in paragraph 5.6 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 World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

2. All terms of reference for consultants' services, regardless of contract value, shall be subject to the World Bank's prior review.

**Section IV. Withdrawal of Loan Proceeds**

A. **General**

1. The Borrower may withdraw the proceeds of the Loan 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 Borrower (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 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 Loan ("Category"), the allocations of the amounts of the Loan 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 Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, goods, non-consulting services, consultants’ services,</td>
<td>10,000,000</td>
<td>22%</td>
</tr>
<tr>
<td>Training and Operating Costs for Parts A, B, and E of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Works, goods, non-consulting services, and consultants’ services</td>
<td>5,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>for Climate Adaptation Subprojects under Part C of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Goods, Works, non-consulting services, consultants’ services and</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Emergency Operating Costs for Emergency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recovery and Reconstruction Subprojects under Part D of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>15,000,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of the table set forth immediately above:

(a) the term "Operating Costs" means the incremental expenses incurred on account of Project management, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, bank charges under the designated account, utilities, travel and per diem, excluding the salaries of the Borrower’s civil service;

(b) the term "Emergency Operating Costs" means the incremental expenses incurred by the Recipient for early recovery efforts arising as a result of the impact of an Emergency including, *inter alia*, additional transportation costs (i.e. gasoline and use of other transportation), increased electricity bills for the public sector, staff overtime, and rental of light and heavy machinery (i.e. generators and equipment for removal of debris); and
the term “Training” means the cost associated with the training and workshops approved by the World Bank, 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; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement; or

   (b) under Category (2) in respect of Climate Adaptation Subprojects unless the Project Implementing Entity has: (i) prepared and adopted the CAFF Manual, in form and substance satisfactory to the World Bank; and (ii) implemented the institutional development plan for the CAFF, in a manner acceptable to the World Bank.

2. The Closing Date is December 31, 2019.
## SCHEDULE 3

### Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Loan repayable (expressed as a percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15:</td>
<td></td>
</tr>
<tr>
<td>commencing November 15, 2024 to and including May 15, 2034</td>
<td>1%</td>
</tr>
<tr>
<td>commencing November 15, 2034 to and including May 15, 2054</td>
<td>2%</td>
</tr>
</tbody>
</table>
SCHEDULE 4

Terms and Conditions of the Subsidiary Agreement relating to Part C of the Project

The Subsidiary Agreement shall contain, *inter alia*, the following provisions:

A. The obligation of the Borrower:

1. to promptly disburse to the Project Implementing Entity, the proceeds of the Loan to finance the carrying out of Part C of the Project with due diligence, in accordance with the provisions of this Agreement;

2. to take or permit to be taken all actions to enable the Project Implementing Entity to comply with its obligations referred to in Sections C and D of this Schedule; and

3. to ensure that Part C of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines, and the pertinent provisions of this Agreement.

B. The right of the Borrower to take remedial actions against the Project Implementing Entity in case the Project Implementing Entity shall have failed to comply with any of its obligations under the Subsidiary Agreement (which actions shall previously be agreed with the World Bank), and the pertinent provisions of this Agreement.

C. The obligation of the Project Implementing Entity:

1. to service the repayment of the subsidiary loan in accordance with the repayment schedule, all under terms and conditions similar to the terms and conditions of the Loan procured by the Borrower pursuant to this Agreement, and specifically set forth under a table in the Subsidiary Agreement.

2. to carry out Part C of the Project, in accordance with the provisions of this Agreement, the Project Agreement, the Subsidiary Agreement and the CAFF Manual.

3. to carry out the fiduciary (*i.e.*, financial management and procurement) and monitoring and evaluation aspects of Part C of the Project, including the obligation to: (i) ensure that all goods, works and services to be financed out of the Loan are procured in accordance with the provisions of this Agreement; (ii) ensure that adequate policies and procedures are maintained to enable the Project Implementing Entity to monitor and evaluate, in accordance with indicators acceptable to the World Bank, the progress of Part C of the Project and the achievement of its objective; and (iii) (A) maintain a financial management
system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (B) at the Borrower’s and/or the World Bank’s request, have such financial statements audited by independent auditors acceptable to the Borrower and the World Bank, and promptly furnish the statements so audited to the World Bank.

4. to comply with the provisions of the Anti-Corruption Guidelines in connection with Part C of the Project.

5. not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subsidiary Agreement or any provision of the Subsidiary Agreement, unless previously agreed by the Borrower and the World Bank.

6. to take or permit to be taken all actions to enable the Borrower to comply with the obligations referred to in this Agreement.

D. The following specific obligation of the Project Implementing Entity:

1. With respect to the Sub-loans to be provided to the Eligible Beneficiaries by the Project Implementing Entity under Part C of the Project, the Borrower shall cause the Project Implementing Entity to ensure that:

   (a) each proposal for a Climate Adaptation Subproject is evaluated and approved, in accordance with the criteria and procedures set forth in the Project Operations Manual;

   (b) a lending agreement (Sub-loan Agreement) is executed with each Eligible Beneficiary, under terms and conditions satisfactory to the World Bank, which shall include those set forth in the Project Operations Manual including, inter alia: (i) the obligation of the Eligible Beneficiary to: (A) service the repayment of the pertinent Sub-loan in accordance with an agreed repayment schedule; (B) comply with the provision of the Anti-Corruption Guidelines in connection with a Climate Adaptation Subproject; (C) carry out the pertinent Climate Adaptation Subproject in a manner acceptable to the World Bank, and operate and maintain said Climate Adaptation Subproject, with due diligence and efficiency, and in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices; and (D) take or permit to be taken all actions to enable the Borrower and the Project Implementing Entity to comply with their respective obligations referred to in this Agreement, in the Project Agreement and/or in the Subsidiary Agreement, as the case may be; and (ii) the Project Implementing Entity’s right to take remedial actions against the
respective Eligible Beneficiary in case it shall have failed to comply with
any of its obligations under the Sub-loan Agreement; and

(c) upon approval of a Climate Adaptation Subproject, and prior to the
carrying out of said Climate Adaptation Subproject: (i) carry out any
Climate Adaptation Subproject in accordance with the CAFF Manual,
and if required, prepare any environmental safeguard instrument in
accordance the EMF, and avoid and minimize environmental issues, all
in a form and substance acceptable to the Association; and (ii) ensure
that no proposed Climate Adaptation Subproject shall involve acquisition
of land or involuntary resettlement.

2. The Borrower shall require the Project Implementing Entity to exercise its rights
under each Sub-loan Agreement in such manner as to protect the interest of the
Borrower, the World Bank and the Project Implementing Entity, and to
accomplish the purposes of the Loan. Except as the Borrower and the World
Bank shall otherwise agree, the Project Implementing Entity shall not assign,
amend, abrogate or waive any Sub-loan Agreement or any of its provisions.
APPENDIX

Definitions


2. "CAFF Manual" means the Borrower's manual referred to in Section I.C.2 of Schedule 2 to this Agreement.

3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

4. "Climate Adaptation Financing Facility" or "CAFF" means a revolving facility managed and operated by the Project Implementing Entity to provide financing out of the proceeds of the SCF-PPCR Loan to the Eligible Beneficiaries for financing Adaptation Climate Subprojects.

5. "Climate Adaptation Subproject" means any climate adaptation investment referred to in Part C of the Project.


7. "Displaced Person" means a person who, on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) access to, or right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) business, occupation, work or place of residence or habitat adversely affected; and "Displaced Persons" means, collectively, all such Displaced Persons.

8. "Eligible Beneficiary" means an approved private sector business or firm, which is registered pursuant to the laws of the Borrower, or an individual living within the territory of the Borrower, that is approved by the Project Implementing Entity on the basis of the eligibility criteria set forth in the CAFF Manual, to participate through the CAFF as a recipient of a Sub-loan for the purpose of carrying out a Climate Adaptation Subproject.

9. "Emergency" means: (a) for the purpose of Parts A and B of the Project, the natural disaster that occurred within the Borrower’s territory on December 24 and 25, 2013, for which the Borrower issued the activation the National Emergency Management Plan on December 26, 2014; and (b) for the purpose of
Part D of the Project, the occurrence of a natural disaster or an event of emergency within the Borrower’s territory for which the Borrower has issued a Natural Disaster Declaration or activation of the National Emergency Management Plan.

10. “Environmental Management Framework” or “EMF” means the Borrower’s framework, acceptable to the World Bank, dated December 2013, and disclosed in-country on January 14, 2014, and in the World Bank’s InfoShop on January 14, 2014, setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the Environmental Management Framework.

11. “Environmental Assessment” or “EA” means the Borrower’s report for the Project dated December 2013, and disclosed in-country on January 14, 2014, and in the World Bank’s InfoShop on January 14, 2014, describing the set of avoidance, mitigation, enhancement, monitoring, and institutional measures to be taken under any activity for rehabilitation or construction to avoid, mitigate, offset, or reduce adverse environmental and social impacts to acceptable levels, or to enhance positive impacts.

12. “Financing Agreement” means the financing agreement referred in paragraph (A) of the preamble to this Agreement, as such agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.

13. “MoF” means the Borrower’s Ministry of Finance, or any successor thereto.


15. “National Development Unit” or “NDU” means the unit within the MoF, and referred to in Section I.A.2 of Schedule 2 to this Agreement, or any successor thereto.


17. “NEMO” means the Borrower’s National Emergency Management Office established and operating pursuant to the Disaster Management Act (Act No. 30 of 2006) of the laws of the Borrower, or any successor thereto.
18. "PPCR Grant" means the grant referred to paragraph (B) of the preamble to this Agreement.

19. "PPCR Grant Agreement" means the grant agreement referred to in paragraph (B) of the preamble to this Agreement, as such grant agreement may be amended from time to time. "PPCR Grant Agreement" includes all appendices, schedules and agreements supplemental to the PPCR Grant Agreement.


21. "Procurement Plan" means the Borrower’s procurement plan for the Project, dated April 15, 2014, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

22. "Project Coordination Committee" means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.

23. "Project Coordination Unit" or "PCU" means a coordination unit within the MoF, and referred to in Section I.A.3 of Schedule 2 to this Agreement or any successor thereto.


26. "Project Operations Manual" means the Borrower’s manual referred to in Section I.C.1 of Schedule 2 to this Agreement.

27. "Resettlement Policy Framework" or "RPF" means the Borrower’s framework, acceptable to the World Bank, dated December 2013, and disclosed in-country on January 14, 2014, and in the World Bank’s InfoShop on March 3, 2014, setting forth the modalities for resettlement and compensation of Dislocated Persons, including guidelines for the preparation of the resettlement plans, all under the Project, as the same may be amended from time to time with the agreement of the World Bank.

28. "Saint Lucia Development Bank" or "SLDB" means the bank established and operating pursuant to the Saint Lucia Development Bank Act (Law No. 12 of 2008) as amended, of the laws of the Borrower and includes any successors thereto.
29. "SDED" means Sustainable Development and Environment Division within the Borrower's MoSDEST, or any successor thereto.


31. "Sub-loan" means any loan made out of the proceeds of the Loan to an Eligible Beneficiary to carry out a Climate Adaptation Subproject.

32. "Sub-loan Agreement" means any of the agreements referred to in Section D.1(b) of Schedule 4 to this Agreement.

33. "Subsidiary Agreement" means the agreement referred to in Section I.B.1 of Schedule 2 to this Agreement pursuant to which the Borrower shall on-lend part of the proceeds of the Loan to the Project Implementing Entity for the purpose of carrying out Part C of the Project.