The Honourable Allen M. Chastanet  
Prime Minister  
Minister of Finance, Economic Growth,  
Job Creation, External Affairs and Public Service  
Office of the Prime Minister  
5th Floor Grahem Louisy Administrative Building  
Waterfront, Castries, Saint Lucia

Re: Saint Lucia: CTF Project Preparation Grant No. TF0A5667  
Renewable Energy Sector Development Project

Dear Prime Minister:

In response to the request for financial assistance made on behalf of Saint Lucia ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided under the Clean Technology Fund (CTF), proposes to extend to the Recipient a grant in an amount not to exceed nine hundred fifty three thousand United States Dollars (USD 953,000) ("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 above-mentioned 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 regarding this Agreement are limited to the amount of funds made available to it by the Donor[s] under the above-mentioned 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.

1818 H Street NW · Washington, DC 20433 USA
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.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION

By Tahseen Sayed Khan
Country Director, Caribbean
Latin America and the Caribbean Region

AGREED:
SAINT LUCIA

By

[Signature]

Authorized Representative

Name
Allen Chastanet

Title
Prime Minister

Date: 12 November 2018

Cc:

Mr. Benjamin Emmanuel, Cabinet Secretary - Office of the Prime Minister;
Mr. Stephenson King, Minister for Infrastructure, Ports, Energy and Labour. Ministry of Infrastructure, Ports, Energy and Labour;
Mr. Ivor Daniel, Permanent Secretary, Department of Infrastructure, Ports and Energy;
Mr. Philip Dalsou, Permanent Secretary, Department of Economic Development, Transport and Civil Aviation;
Ms. Cointha Thomas, Permanent Secretary, Department of Finance; and,
Mr. Barrymore Felicien, Deputy Permanent Secretary, Department of Infrastructure, Ports, and Energy.

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017
(3) 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.

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.

(a) "DIPE" means the Department of Infrastructure, Ports and Energy within the Ministry of Infrastructure, Ports, Energy and Labour.

(b) "Operating Costs" means reasonable and necessary incremental expenses incurred by PIU with respect to Project implementation, management and monitoring, communication, editing, printing and publication, translation, vehicle operation and maintenance, bank charges, office rentals, utilities, equipment and supplies.

(c) "PCU" means the Project Coordination Unit established within the Ministry of Economic Development, Housing, Urban Renewal, Transport and Civil Aviation which shall initially carry out the Project’s procurement, disbursement and financial management functions in coordination with the PIU.

(d) "PIU" means Project Implementation Unit, established within DIPE and referred to in Section 2.03 of this Agreement.

(e) "RAP" means the Resettlement Action Plan developed for the proposed Project.

(f) "RESD Project" means the Renewable Energy Sector Development Project.


(h) "Training" means the reasonable costs associated with the training, and workshop participation of personnel involved in Project activities, including the cost of travel and subsistence for training, and workshop participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course, workshop preparation and implementation (but excluding costs of consulting services).
Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to assist the Recipient to prepare the RESD Project. The Project consists of the following parts:

PART 1: Provide technical and financial advisory assistance to enhance the technical capacity of the Recipient through facilitating the procurement of an exploration management consultant ("EMC").

PART 2: Provide technical assistance support for the establishment and capacity building of the PIU and ongoing capacity building of the PCU for Project management, including: (a) carrying out workshops, stakeholder consultations, public awareness campaigns, road shows, investor outreach and provision of investor outreach materials; (b) carrying out technical studies to support project preparation; and (c) providing technical, financial, legal and transaction advisory services for the Project preparation; (d) carrying out on-the-job training and mentorship to build capacity for project management; and (e) recruitment of PIU staff, including project manager, fiduciary staff, safeguards staff, communications, etc..

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 PIU within DIPE in coordination with 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 and as of July 1, 2016, ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. Institutional and Other Arrangements: (a) The Recipient shall:

(a) establish and maintain the PIU within DIPE, throughout the period of implementation of the Project, with functions, staffing and sufficient resources, satisfactory to the World Bank.

(b) utilize the existing PCU to undertake the financial management, procurement, and safeguards activities of the Project, until such time that the PIU is determined to have adequate capacity to manage these activities in form and substance satisfactory to the World Bank, after which time the responsibility to undertake these functions will transfer to the PIU.

(c) maintain the PIU and PCU with adequate resources and professional staff in adequate numbers and with experience, qualifications and expertise satisfactory to the World Bank, for the day-to-day implementation of the Project.

(d) procure and utilize the services of an EMC to provide the technical and exploration oversight for the exploration development program, in form and substance satisfactory to the World Bank.

(e) ensure that the terms of reference for any consultancies related to technical assistance activities under 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 Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance activities.
2.04. **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 Donor's 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 Donor(s) to visit any part of the Recipient's territory for purposes related to 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 the indicators acceptable to the World Bank. 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 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, through the PCU until such responsibilities are transferred to the PIU as described in Section 2.03(b), 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, through the PCU until such responsibilities are transferred to the PIU as described in Section 2.03(b), ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five days (45) after the end of each calendar quarter, covering said quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall, through the PCU until such responsibilities are transferred to the PIU as described in Section 2.03(b), 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 Recipient. 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.

2.08. **Procurement**

All non-consulting services and consulting 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 the “World Bank Procurement Regulations for IPF Borrowers” dated November 2017 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated June 20, 2018 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with 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 “Disbursement Guidelines for Investment Project Financing”, dated February 2017, 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 CTF Project Preparation Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ services including Audit, and Training</td>
<td>857,700</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Operating costs</td>
<td>95,300</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>953,000</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 this Agreement.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is September 30, 2020.

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 Minister of Finance and Minister of Infrastructure, Ports, Energy and Labour.

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

Ivor M. Daniel
Permanent Secretary
Department of Infrastructure, Ports and Energy
Union, Castries, Saint Lucia, West Indies
Tel: 1(758)468 4306/4304
Mobile: 1(758)7202026
Fax: 1(758)450 2181
Email: idaniel@gosl.gov.lc
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  
International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

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