June 3, 2011

CONFORMED COPY

Hon. Stephenson King
Prime Minister and Minister for Finance
Office of the Prime Minister
Gredam Louisy Administrative Building
Waterfront, Castries
Saint Lucia

Re: IDA Credit No. 4871-LC (Saint Lucia –Hurricane Tomas Emergency Recovery Project)
Additional Instructions: Disbursement Letter

Excellency:

I refer to the Financing Agreement between the International Development Association (the “Association”) and Saint Lucia (the “Recipient”) for the above-referenced project, dated June 3, 2011. The Financing Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of IDA Financing 4871-LC (“Financing”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Financing is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Financing:

- Advance
- Direct Payment
- Reimbursement

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the Association.
II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) should be furnished to the Association at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank  
1818 H Street, N.W.  
Washington, DC 20433  
United States of America  
Attention: Mrs. Françoise Clottes, Country Director

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed Applications, together with supporting documents to the address indicated below:

The World Bank  
1818 H Street, N.W.  
Washington, DC 20433  
United States of America  
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4.) The Association may permit the Recipient to electronically deliver to the Association, Applications (with supporting documents) through the Association’s Client Connection, web-based portal. The option to deliver Applications to the Association by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices (“Tokens”) from the Association for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the Association agrees, the Association will provide the Recipient with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Device in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Tokens”) provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for Direct Payment and Reimbursement is United States Dollars (US$) 500,000 equivalent.
(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated.
- **Currency of Designated Account (subsection 5.4):** United States Dollars.
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Bank of Saint Lucia Limited.
- **Ceiling (subsection 6.1):** Forecast for two quarters as provided in the quarterly Interim Financial Report.

III. Reporting on Use of Financing Proceeds

(i) **Supporting Documentation (section 4).** Supporting documentation should be provided with each Application as set out below:

- **For reporting eligible expenditures paid from the Designated Account:**
  - Interim Financial Report in the form attached (Attachment 4); and
  - List of payments against contracts that are subject to the Association’s Prior Review, in the form attached (Attachment 5).

- **For requests for Direct Payment:**
  - Records evidencing eligible expenditures, (e.g., copies of receipts, supplier invoices).

- **For requests for Reimbursement:**
  - Interim Financial Report in the form attached (Attachment 4); and
  - List of payments against contracts that are subject to the Association’s Prior Review, in the form attached (Attachment 5).

(ii) **Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3).** Quarterly.

IV. Other Disbursement Instructions

The Project may submit an Application for retroactive financing based on a list and category of expenditures agreed upon during Project negotiations. All supporting documents for such expenditures must be verified by the Internal Auditors of the Government of Saint Lucia and by the PCU Coordinator, certifying that the expenditures were incurred for the intended purpose and to address the damage caused by Hurricane Tomas before the Application is submitted to the Association. This verification should be sent to the Association together with the Application.
V. Other Important Information


If you have not already done so, the Association recommends that you register as a user of the Client Connection website (http://clientconnection.worldbank.org). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the Association by email at clientconnection@worldbank.org.

If you have any queries in relation to the above, please contact us at loalcr@worldbank.org using the above Project Name and financing number as a reference.

Yours sincerely,

By /s/ Françoise Clottes
Director
Caribbean Country Management Unit
Latin America and the Caribbean Region

Attachments

1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
5. Form of Payments Against Contracts Subject to the Association’s Prior Review

Prepared by: Miguel-Santiago Oliveira, CTRFC

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Niels Holm-Nielsen, LCSUW