Financing Agreement

(Disaster Vulnerability Reduction Project)

between

SAINT LUCIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 16, 2014
CREDIT NUMBER 5493-LC
SCF-PPCR LOAN NUMBER TF017101
SCF-PPCR GRANT NUMBER TF017143

FINANCING AGREEMENT

AGREEMENT dated July 16, 2014, entered into between SAINT LUCIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS: (A) the Recipient and the International Development Association, acting as an implementing entity of the Pilot Program for Climate Resilience (PPCR) under the Strategic Climate Fund (SCF), 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 Recipient 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

(B) the Recipient and the International Development Association, acting as an implementing entity of the SCF, intend to enter into a loan agreement (SCF Loan Agreement) for the purpose of providing a loan in an amount of fifteen million United States Dollars ($15,000,000) (SCF Loan) to the Recipient to assist in financing Parts A and C of the Project on the terms and conditions set forth in the SCF Loan Agreement.

NOW THEREFORE, the Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to twenty six million six hundred thousand Special Drawing Rights (SDR 26,600,000) (variously, "Credit" and "Financing"), to assist in financing Parts A, B, D and E of the project described in Schedule I to this Agreement ("Project").
2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 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 Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient 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 IV of the General 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 Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV—REMEDIES OF THE ASSOCIATION

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 Association, the ability of 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 PPCR Grant Agreement and the SCF Loan Agreement have been executed and delivered and all conditions precedent to the effectiveness
or to the right of the Recipient to make withdrawals under said PPCR Grant Agreement or SCF Loan Agreement (other than the effectiveness of this Agreement) have been fulfilled.

(b) The Recipient has prepared and adopted a Project Operations Manual for Parts A, B and E of the Project, in form and substance satisfactory to the Association.

(c) The Recipient has established the Project Coordination Committee with mandate, composition, functions and resources satisfactory to the Association.

5.02. Without prejudice to the provisions of the General 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 Credit.

5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Minister responsible for finance.

6.02. The Recipient’s Address 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 Association’s Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 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 Johnny
Title: Ambassador of St. Lucia to the U.S.A.

INTERNATIONAL DEVELOPMENT ASSOCIATION

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 Recipient'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 Recipient'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. Implementation Arrangements

A. Institutional Arrangements

1. Project Coordination Committee

(a) The Recipient 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 Association.

(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 Recipient shall maintain, at all times during the implementation of the Project, the NDU within the MoF, with functions, staffing and resources satisfactory to the Association.

(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 Recipient shall maintain, at all times during the implementation of the Project, the PCU within the MoF, with functions, staffing and resources satisfactory to the Association.

(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 I.A.3 of this Schedule, for the purpose of ensuring the prompt and efficient communication of Parts A, B, D and E of the Project, the Recipient shall ensure that 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 Recipient'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 Recipient, through MoF, shall cause SLDB to comply with the provisions of the Subsidiary Agreement.

2. The Recipient, 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 Recipient and the Association and to accomplish the purposes of the Credit.

3. Except as the Association shall otherwise agree, the Recipient 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 Recipient 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 Recipient 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 Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Operations Manual or the CAFF Manual without the prior written agreement of the Association: 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

1. In an event of an Emergency, the Recipient shall: (a) clearly establish a causal relationship between the relevant Emergency and the need to withdraw the proceeds of the Credit allocated to Category (3); and (b) prepare and furnish to the Association a program of activities proposed for financing ("Proposed Action Plan of Activities").

2. The Recipient shall exchange views with the Association on the Proposed Action Plan of Activities, and shall thereafter adopt, and carry out such plan of activities as shall have been agreed with the Association, as such plan may be subsequently revised with the agreement of the Association ("Agreed Action Plan of Activities").

3. Subject to Section I.D.5 of this Schedule 2, an investment activity shall qualify as an Emergency Recovery and Reconstruction Subproject only if:

(a) it is initiated in response to an Emergency, and the Recipient has not rescinded the Natural Disaster Declaration or activation of the National Emergency Management Plan;

(b) it aims to repair or reconstruct streets, roads, bridges, transportation and other infrastructure damaged by the event of Emergency in question, re-establish telecommunications infrastructure, re-establish urban or rural solid waste, water supply and sanitation (including urban drainage) infrastructure damaged by the event of Emergency in question; repair, re-equip, construct or reconstruct homes, schools, clinics, hospitals or works of cultural significance or other communal structures damaged by the event of Emergency in question, slope stabilization; remove and dispose debris resulting from the event of Emergency in question (but only if such removal and disposal is not an end in itself but constitute an
integral part of an infrastructure repair, reconstruction or re-
establishment activity itemized herein); restore the productive assets
damaged by the event of Emergency in question of uninsured low-
income producers; replace, vegetation destroyed by the event of
Emergency in question, or repair or mitigate damage caused by the event
of Emergency to a national natural protected area or buffer zone thereof
(all the above in such a way as to take into account the reasons for the
damage suffered in the disaster and to ensure that the infrastructure re-
establishment through the Emergency Recovery and Reconstruction
Subproject is environmentally sound in a way that reduces its
vulnerability to possible social disasters);

(c) the Association has reviewed and approved the Emergency Recovery and
Reconstruction Subproject prior to such a Subproject's initiation if the
Subproject: (i) is estimated to cost in excess of $750,000 million
equivalent; (ii) would affect or take place in a national or municipal
protected area or buffer zone thereof that has no official management
plan in place; (iii) is estimated to cost in excess of $350,000 equivalent and
involves re-establishment or reconstruction of infrastructure before it
was damaged by the event of Emergency in question; or (iv) is estimated
to cost in excess of $350,000 equivalent and involves repair, re-
establishment or reconstruction of infrastructure in such a way that the
resulting infrastructure would have greater production output capacity
than the original pre-damage infrastructure;

(d) without limitation to the provisions of Section 1.F of this Schedule 2, the
implementation of the Emergency Recovery and Reconstruction
Subproject and/or the terms of reference for any consultancy in respect
of any such activity shall be satisfactory to the Association following its
review thereof and, to that end, the implementation of such an activity
and/or any such terms of reference shall duly comply with the
requirements of the Association's Safeguard Policies then in force; and

(e) the requirements set forth in subparagraphs (a) to (d) of this paragraph
have been met with respect to the Emergency Recovery and
Reconstruction Subproject, and contracts for the execution thereof have
been awarded and signed (and on-site work under such contracts has
commenced) after forty-five (45) calendar days (but no more than one
hundred and eighty (180) calendar days, have passed since the issuance
of the Natural Disaster Declaration or activation of the National
Emergency Management Plan referred to in subparagraph (a) of this
paragraph.
4. On an exceptional basis, the 45 calendar day limit set forth in paragraph 3(e) of this Section, as well as the 180 calendar day limit set forth in said paragraph, may, before the relevant limit expires, be extended in writing by the Association for a particular commencement of any Emergency Recovery and Reconstruction Subproject if the nature of the disaster is such as to justify, in the Association’s opinion, delays in the commencement of such Emergency Recovery and Reconstruction Subproject on-site work (such as when disaster conditions, for example non-receding flood waters, persist on-site long after the issuance of the Natural Disaster Declaration or activation of the National Emergency Management Plan).

5. No Emergency Recovery and Reconstruction Subproject or component thereof may involve any of the activities set forth in the Project Operations Manual.

E. Anti-Corruption

The Recipient 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 Recipient 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 Recipient shall, specifically take the following actions in a manner acceptable to the Association:

   (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 Association 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 Association; 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 Association 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 Association; and (B) the
Recipient has furnished to the Association a report in form and substance satisfactory to the Association, on the status of compliance with the requirements of said resettlement action plan.

2. The Recipient 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 Recipient 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 Recipient 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 Association following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Association’s 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**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association in
support 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 Association 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 4.08 (b) of the General Conditions, the Recipient shall: (a) on or about the date thirty (30) months after the Effective Date, submit to the Association a mid-term report, in such detail as the Association 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 in support of Parts A, B, D and E of the Project, setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and (b) review with the Association the mid-term report, on or about the date one month after its submission to the Association, and thereafter take all measures required to ensure the efficient implementation of the Project and the achievement of its objective, based on the conclusions and recommendations of the mid-term report and the Association’s views on the matter.

3. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project, and related plan required, pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) 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 Financing 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 Financing 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 Association 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.

2.  Other Methods of Procurement of Goods, Works and Non-consulting Services. 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 Association.

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) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association; (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 Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

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

Section IV. **Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association 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 Financing (“Category”), the allocations of the amounts of the Credit 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 Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services,</td>
<td>24,749,000</td>
<td>60%</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>0</td>
<td></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</td>
<td>649,000</td>
<td>100%</td>
</tr>
<tr>
<td>and Emergency Operating Costs for Emergency Recovery and Reconstruction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subprojects under Part D of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Refund of Preparation Advance</td>
<td>1,202,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>26,600,000</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, bank charges under the designated account, office administration costs, utilities, travel and _per diem_, excluding the salaries of the Recipient’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

(c) the term “Training” means the cost associated with the training and workshops approved by the Association, 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 (3) in respect of any given Emergency Recovery and Reconstruction Subproject unless the Recipient has: (i) met the requirement referred to in Section I.D.1 of this Schedule 2; and (ii) the relevant Emergency Recovery and Reconstruction Subproject is included in the Agreed Action Plan of Activities, together with a budget and a financing plan for said subproject, all in form and substance satisfactory to the Association.

2. Without limitation to the provisions of Section B.1 (b) immediately above, if no Emergency has occurred for a period of forty-eight months after the Effective Date, or such later date as the Association shall establish, the Association may, upon request of the Recipient and as the Association may deem appropriate, reallocate the proceeds of the Credit allocated to Category (3) to Category (1).

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

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit 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>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Definitions

1. “Agreed Action Plan of Activities” means the plan of activities referred to in Section I.D.2 of Schedule 2 to this Agreement.


3. “Association’s Safeguard Policies” means the Association’s operational policies and procedures set forth in the Bank’s Operational manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.36, 4.37, 7.50 and 7.60 as said manual is published under www.WorldBank.org/opmanual.

4. “CAFF Manual” means the Recipient’s manual referred to in Section I.C.2 of Schedule 2 to this Agreement.

5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

6. “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.

7. “Climate Adaptation Subproject” means any climate adaptation investment referred to in Part C of the Project.


9. “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.

10. “Eligible Beneficiary” means an approved private sector business or firm, which is registered pursuant to the laws of the Recipient, or an individual living within
the territory of the Recipient, 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.

11. “Emergency” means: (a) for the purpose of Parts A and B of the Project, the natural disaster that occurred within the Recipient’s territory on December 24 and 25, 2013, for which the Recipient issued an 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 Recipient’s territory for which the Recipient has issued a Natural Disaster Declaration or activation of the National Emergency Management Plan.

12. “Emergency Recovery and Reconstruction Subproject” means an investment activity under Part D of the Project, consisting of a combination of works, goods or technical advisory services, aimed at responding to damage caused by an Emergency and meeting the criteria set forth Section I.D.3 through 5 of Schedule 2 to this Agreement.

13. “Environmental Management Framework” or “EMF” means the Recipient’s framework, acceptable to the Association, dated December 2013, and disclosed in-country on January 14, 2014, and in the Association’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.

14. “Environmental Assessment” or “EA” means the Recipient’s report for the Project dated December 2013, and disclosed in-country on January 14, 2014, and in the Association’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.


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

18. "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.


21. "Natural Disaster Declaration" means the declaration of an Emergency by the Recipient pursuant to the Disaster Management Act (Act No. 30 of 2006).

22. "PPCR Grant" means the grant referred to in paragraph A of the preamble to this Agreement.

23. "PPCR Grant Agreement" means the grant agreement referred to in paragraph (A) 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.

24. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on July 2, 2013 and on behalf of the Recipient on July 18, 2013.


26. "Procurement Plan" means the Recipient’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.

27. "Project Coordination Committee" means the committee referred to in Section 5.01(c) of this Agreement, and Section I.A.1 of Schedule 2 to this Agreement.

28. "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.


31. “Project Operations Manual” means the Recipient’s manual referred to in Section I.C.1 of Schedule 2 to this Agreement.

32. “Proposed Action Plan of Activities” means the plan of activities referred to in Section I.D.1 of Schedule 2 to this Agreement.

33. “Resettlement Policy Framework” or “RPF” means the Recipient’s framework, acceptable to the Association, dated December 2013, and disclosed in-country on January 14, 2014, and in the Association’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 Association.

34. “Saint Lucia Development Bank” or “SLDB” means the bank established and operating pursuant to Saint Lucia Development Bank Act (Law No. 12 of 2008), as amended, of the laws of the Recipient and includes any successors thereto.

35. “SCF Loan Agreement” means the loan agreement referred to in paragraph (B) of the preamble to this Agreement, as such loan agreement may be amended from time to time. “SCF Loan Agreement” includes all appendices, schedules and agreements supplemental to the SCF Loan Agreement.

36. “SCF Loan” means the loan referred to in paragraph (B) of the preamble to this Agreement.

37. “SDED” means Sustainable Development and Environment Division within the Recipient’s MoSDEST, or any successor thereto.

38. “Sub-loan” means any loan made out of the proceeds of the SCF Loan to an Eligible Beneficiary to carry out a Climate Adaptation Subproject.

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