The Honourable Dr. Kenny D. Anthony
Prime Minister and Minister for Finance,
Economic Affairs, Planning and Social Security
3rd Floor, Financial Centre Building
Bridge Street
Castries
Saint Lucia

Re: Saint Lucia: Geothermal Resource Development Project
GEF Grant No. TF018581

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 ("World Bank"), acting as Implementing Agency of the Global Environment Facility (GEF), proposes to extend to the Recipient a grant in an amount not to exceed one million United States Dollars (U.S.$1,000,000) ("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 GEF trust fund for which the World Bank receives periodic contributions from the donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the GEF trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Acting as Implementing Agency of the Global Environment Facility

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

AGREED:
SAINT LUCIA

By: __________________________________________
Authorized Representative

Name: KENNY D. ANTHONY

Title: PRIME MINISTER AND MINISTER OF

Date: DEC 19, 2014

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.


Article I
Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions, in this Agreement and in this Section 1.02:

(a) "Ministry of Energy" means the Recipient’s Ministry of Sustainable Development, Energy, Science and Technology, or any successor thereto.

(b) "MOF" means the Recipient’s Ministry of Finance, Economic Affairs, Planning and Social Security, or any successor thereto.

(c) "PCU" means the Project Coordination Unit, established within the Department of Planning and National Development, MOF and referred to in Section 2.03 of this Agreement.


Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to provide support to the Recipient to make an informed decision regarding geothermal exploration and development in Saint Lucia by undertaking key preparatory activities. The Project consists of the following parts:

(a) Providing support to the Recipient to carry out upstream geothermal resource development including through, inter alia: (i) mapping activities, surveys and tests to advance surface level reconnaissance; (ii) preparing environmental and social assessments, including gathering of baseline data and supporting stakeholder consultations; (iii) technical advice and a pre-feasibility assessment; and (iv) Project management assistance.

(b) Providing transaction and regulatory support for geothermal resource development including through, inter alia, negotiation support and assistance with the review and revision of the legal framework related to geothermal power.

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 Ministry of Energy with the assistance of the PCU in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.
2.03. **Institutional and Other Arrangements.** (a) The Recipient shall operate and maintain the PCU, throughout the period of implementation of the Project, with functions, staffing and sufficient resources, satisfactory to the World Bank, including, *inter alia*: (i) coordination, implementation, monitoring and evaluation of the Project; (ii) processing of documentation required for disbursement of the Grant proceeds and for procurement activities under the Project; and (iii) preparation and maintenance of the records, accounts and financial statements referred to in Sections 2.05 of this Annex.

(b) For purposes of carrying out the Project, the Ministry of Energy shall enter into a memorandum of understanding (MOU) with the PCU, through the MOF, to make the necessary administrative, operational and procedural arrangements, satisfactory to the World Bank, to ensure the PCU’s support for the implementation of the Project.

(c) The Recipient shall 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. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of six months of the Recipient’s fiscal year, and shall be furnished to the World Bank not later than forty-five days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five days after each period of six months of the Recipient’s fiscal year, covering said period, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. 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.

2.06. **Procurement.**

(a) **General.** All goods, non-consulting services, and consultants’ services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(ii) Section I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 and revised in July 2014 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) The provisions of this Section, as the same may be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services.

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

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

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.
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 “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 100% of Eligible Expenditures consisting of Goods, Non-consulting services, Consultants’ services, Operating Costs and Training and Workshops (inclusive of Taxes).

For the purposes of this Section 3.01, the term:

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

(ii) “Operating Costs” means the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of Project implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, freight charges, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants’ services and salaries of officials of the Recipient’s civil service).

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:

(a) for payments made prior to the date of countersignature of this Agreement by the Recipient; and

(b) in respect of expenditures under the Project financed from the Co-financing Agreement referred to in Section 4.01 of this Annex.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is January 31, 2017.

Article IV
Additional Remedies

4.01. Additional Event of Suspension. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of, namely: (i) the agreement (“Co-financing Agreement”) between the Recipient and the International Development Association, acting as administrator of grant funds provided under the SIDS DOCK Support Program Trust Fund (“Co-financier”) providing for financing in an amount equivalent to $1,000,000 (“Co-financing”) to assist in financing the Project, has failed to become effective within ninety (90) days from the
signature of this Agreement by the Recipient ("Co-financing Deadline"), or such later date as the World Bank has established by notice to the Recipient; provided, however, that the provisions of this paragraph shall not apply if the Recipient establishes to the satisfaction of the World Bank that adequate funds for the Project are available from other sources on terms and conditions consistent with its obligations under this Agreement; (ii) Subject to sub-paragraph (iii) of this paragraph: (A) the right to withdraw the proceeds of the Co-financing has been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Co-financing Agreement; (iii) Sub-paragraph (ii) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the World Bank that: (A) such suspension, cancellation, termination was not caused by the failure of the recipient of the Co-financing to perform any of its obligations under the Co-financing Agreement; and (B) adequate funds for the Project are available from other sources on terms and conditions consistent with the Recipient’s obligations under this Agreement.

Article V
Recipient’s Representative; Addresses

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister responsible for finance.

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

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

   Facsimile:

   1-758-452-6700

5.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

   International Bank for Reconstruction and Development
   1818 H Street, N.W.
   Washington, D.C. 20433
   United States of America

   Cable: INTBAFRAD
   Washington, D.C.

   Telex: 248423 (MCI) or 64145 (MCI)

   Facsimile: 1-202-477-6391