

June 28, 2018

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

Re: Saint Lucia: Advance Agreement for Preparation of
Proposed Health System Strengthening Project Preparation
Advance No. V2110-LC

Dear Prime Minister:

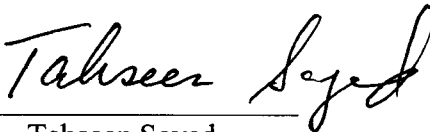
In response to the request for financial assistance made on behalf of Saint Lucia (“Recipient”), I am pleased to inform you that the International Development Association/International Bank for Reconstruction and Development (“World Bank”) proposes to extend to the Recipient an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed one million one hundred twenty thousand United States Dollars (\$1,120,000) (“Advance”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve the accessibility, efficiency, and responsiveness of health service delivery (“Project”), in support of which the Recipient has requested the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within 60 days after the date of

signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By 

Tahseen Sayed
Director, Caribbean
Latin America and the Caribbean Region

AGREED:

SAINT LUCIA

By 
Authorized Representative

Name Allen Chastanet

Title Prime Minister and Minister for Finance

Date: 20 July, 2018

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "World Bank Disbursement Guidelines for Investment Project Financing", dated February 2017.

PPA No.
ANNEX

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility” dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

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, as follows:

- (a) “MOHW” means the Recipient’s Ministry of Health and Wellness or any legal successor thereto;
- (b) “National Healthcare Quality Policy 2016-2026” means the Recipient’s national policy governing the quality of health care;
- (c) “National Health Accounts” or “NHA” means a systematic activity to map the flow of health sector funds around (and sometimes leaking out of) the health system over a defined period of time. The process involves bringing together data from a variety of sources.
- (d) “NHI” means the Recipient’s National Health Insurance system;
- (e) “Public Health Emergency Preparedness and Response” means the Recipient’s capacity to adequately detect and respond to disease outbreaks;
- (f) “Project Implementation Unit” or “PIU” means the project implementation unit to be established within the Ministry of Health and Wellness, to carry out the implementation of the proposed Project;
- (g) “National Project Coordination Unit” or “National PCU” means the main project implementation unit supporting all current World Bank projects in the Recipient’s territory;
- (h) “PBF” or “Performance Based Financing” means financing granted based on the achievement of targets;
- (i) “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, local travel costs and field trip expenses, office rentals, utilities, equipment and supplies; and
- (j) “Training” means the reasonable costs associated with the training, participation of personnel involved in Project activities, including the cost of travel and subsistence for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training course preparation and implementation (but excluding costs of consulting services).

Article II

Execution of the Activities

2.01. *Description of the Activities.* The Activities for which the Advance is provided consist of the following parts:

Part 1: Technical Analysis:

Provision of technical assistance support through (i) reviewing of the public health expenditures in line with the National Health Accounts; (ii) reviewing of the current insurance payment systems and coverage and existing structural mechanisms with potential role in NHI scheme; (iii) reviewing the proposed essential benefits package, costing and actuarial and financial estimates; (iv) carrying out assessment of public health facilities on existing infrastructure, inventory of equipment and supplies, and provision of procedures; (v) revising the design of the PBF pilot, including outreach for primary and secondary prevention in line with the basic benefits package.

Part 2: Implementation Manuals:

Provision of technical assistance support through: (i) developing the implementation manuals and strategies for the Project, including procurement, financial management, monitoring and evaluation, and safeguards; (ii) carrying out baseline study for results framework; and (iv) carrying out social and environmental safeguards assessments for selected project activities.

Part 3: PIU Establishment and Project Implementation:

Provision of technical assistance support to establish a PIU within the MOHWH, including recruitment and training of the PIU personnel for the implementation of the Project; forecasting of operational costs for the preparation of the Project, provision of supplies, equipment, software and daily administration of the PIU.

2.02. *Execution of the Activities Generally.* The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through the National PCU in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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.

2.03. *Institutional and Other Arrangements.* The Recipient shall cause the Activities to be carried out through the existing National PCU currently overseeing the fiduciary guidelines and support implementation of the World Bank financed projects. The Recipient shall maintain the National 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 Advance 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.

2.04. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than 45 days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard 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 under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of the Recipient's fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement**

All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in

accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated July 10, 2017 (“Procurement Plan”) 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 the Advance

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance 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 each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive/exclusive of Taxes)
(1) Goods, non-consulting services, consulting services, Operating Costs and Training under the Activities	1,120,000	100%
TOTAL AMOUNT	1,120,000	

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 countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is February 28, 2019 .

Article IV

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent ($3/4$ of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the World Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) *Refinancing under the Refinancing Agreement:* If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) *Repayment in the absence of a Refinancing Agreement:* If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then:

- (i) if the amount of the Withdrawn Advance Balance does not exceed \$50,000, it shall be repaid by the Recipient to the World Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and
- (ii) if the amount of the Withdrawn Advance Balance exceeds \$50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent ($3/4$ of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

Article V
Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is Minister for Finance.

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

The Permanent Secretary
Ministry of Finance, Economic Affairs, Planning and Social Security
Waterfront
Castries
Saint Lucia

5.03. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

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