

**CONFORMED COPY**

**GRANT NUMBER H526-0-HT**

# **Financing Agreement**

**(Additional Financing for the Transport and Territorial Development Project)**

**between**

**REPUBLIC OF HAITI**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated December 16, 2009**

## **FINANCING AGREEMENT**

Agreement dated December 16, 2009, entered into between REPUBLIC OF HAITI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement) (“Agreement”). 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 grant in an amount equivalent to seven million six hundred thousand Special Drawing Rights (SDR7,600,000) (“Financing”) to assist in financing the project described in Schedule 1 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 Payment Dates are January 15 and July 15 in each year.
- 2.05. The Payment Currency is Dollars.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its sustained commitment to the objective of the Project. To this end, the Recipient, through MTPTC, shall continue to carry out under this Financing, the following:
  - (a) Part 1.1; Part 3; and Part 4 of the Project; and

- (b) the coordination of the overall Project implementation, in accordance with the provisions of Article IV of the General Conditions.
- 3.02. 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 —EFFECTIVENESS; TERMINATION**

- 4.01. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Association’s approval of the Financing which expire on June 8, 2011.
- 4.02. 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 V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient’s Representative is its Minister of Economy and Finance.
- 5.02. The Recipient’s Address is:

Ministère de l’Economie et des Finances  
Palais des Ministères  
Port-au-Prince  
Republic of Haiti

Facsimile: (509) 22 99 17 32

- 5.03. The Association’s Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS	248423 (MCI)	1-202-477-6391
Washington, D.C.		

AGREED at the District of Columbia, United States of America, as of the day and year first above written.

**REPUBLIC OF HAITI**

**By /s/ Raymond Joseph**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By /s/ Yvonne M. Tsikata**

**Authorized Representative**

## SCHEDULE 1

### Project Description

The Project maintains as its objective to assist the Recipient in: (i) lowering the marketing costs for small producers by piloting a territorial development approach focused on the Selected Micro-regions; and (ii) rebuilding selected infrastructure in areas of the Recipient's territory struck by natural disasters.

The Project consists of the following activities ascribed to Part 1.1; Part 3; and Part 4 of the Original Project, as set forth below:

#### **Part 1: Improvement of Key Transport Corridors**

Enhancing key transport infrastructure in the Recipient's territory through:

- 1.1. improvement of the two transport corridors of *Carrefour La mort – St. Raphael* and *Forêt des Pins – Anse-à-Pitre*, totaling about 100 kilometers, through the carrying out of civil works and the provision of technical advisory services in relation thereto; and
- 1.2. carrying out priority civil works and providing related technical advisory services on the two transport corridors for:
  - (a) emergency road maintenance;
  - (b) mechanized road maintenance, including the re-profiling and grading of gravel roads; and
  - (c) routine road maintenance and all technical advisory services needed to establish and capacitate the community-based micro-enterprises expected to perform said activities, including the monitoring and supervision of the works performed.

#### **Part 2: Territorial Development**

Fostering new initiatives for the development of productive investments able to promote rural growth through:

- 2.1. the provision of: (a) support for the territorial planning process leading to the identification of priority investments by, *inter alia*, TCDs; and (b) specific technical advisory services and support for institutional strengthening in respect of all relevant actors, participants and stakeholders in this process; and

- 2.2. the provision of support for: (a) the identification and preparation of investment proposals; and (b) the implementation of Subprojects through the provision of grants therefor.

**Part 3: Project Administration, Monitoring and Evaluation**

Ensuring optimal execution of Project activities by providing support for the Project's:

- 3.1. administration, including the acquisition of goods in relation thereto;
- 3.2. monitoring and evaluation, including the environmental management and the impact evaluation in relation thereto; and
- 3.3. efficient implementation, through the building of relevant capacity in all participants thereto, including the Executing Agencies and their relevant regional offices.

**Part 4: Post-Natural Disaster Reconstruction of Selected Infrastructure**

Supporting the rehabilitation of selected infrastructure damaged by the occurrence of natural disasters through the carrying out of:

- 4.1. design and studies for civil works to repair damaged infrastructure, including the technical advisory services related to the monitoring and supervision of the civil works being carried out; and
- 4.2. civil works to: (a) rehabilitate selected transport infrastructure damaged by natural disasters; and (b) protect roads from erosion, including slope stabilization works.

**SCHEDULE 2****Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

The Recipient shall maintain all the institutional arrangements set forth in the Original Financing Agreement with respect to MTPTC's implementation of the Project.

**B. Implementation Documents**

1. (a) The Recipient, through MTPTC, shall carry out the Project in accordance with the Current Operational Manual consisting of different schedules setting forth the rules, methods, guidelines, specific development plans, standard documents and procedures to be followed and maintained for the carrying out of the Project under this Financing.
- (b) Specifically, the Recipient shall ensure that:
  - (i) all of the procurement of goods and works under the Project be carried out in accordance with the provisions of Section III of Schedule 2 to this Agreement, the Procurement Guidelines, and the Current Operational Manual; and
  - (ii) all contractors and consultants providing goods or carrying out works and services under the Project shall carry out their activities under the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the ESMF, the RPF and the Anti-Corruption Guidelines applicable to recipients of Loan proceeds other than the Recipient, and the applicable provisions of the Current Operational Manual.
2. In the event that any provision of the Current Operational Manual shall conflict with any provision of this Agreement, the terms of this Agreement shall prevail.
3. The Current Operational Manual shall only be amended from time to time in consultation with, and after approval of, the Association.

**C. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**D. Safeguards**

1. The Recipient shall ensure that the Project and its respective parts are carried out in compliance with the ESMF.
2. The Recipient shall ensure further that the terms of reference of any consultancy work that may be required during Project implementation in relation with the preparation of additional environmental studies or mitigation measures, actions and policies under the ESMF or any advice associated therewith and to be financed out of the proceeds of this Financing shall duly incorporate any and all pertinent and up to date Association-financed Project operational requirements in each such respect, as shall be deemed satisfactory to the Association.

**Section II. Project Monitoring, Reporting and Evaluation****A. Project Reports**

1. The Recipient shall maintain the same arrangements for Project monitoring, reporting and evaluation as are set forth in the Original Financing Agreement.
2. The performance indicators under which the progress of the Project shall be monitored and evaluated shall be updated for purposes of this Financing and set forth in the Current Operational Manual.
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 January 31, 2014.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain and 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, for its respective Parts of the Project, maintain all arrangements related to the preparation and submission to the Association of interim unaudited financial reports for the Project as are set forth in the Original Financing Agreement.



3. The Recipient shall maintain all arrangements related to the carrying out of audits for: (a) the consolidated Financial Statements in respect of the Original Project; and (b) the separate Financial Statements in respect of the Project, all in accordance with the provisions of Section 4.09 (b) of the General Conditions, and as further set forth in the Original Financing Agreement.

### **Section III. Procurement**

#### **A. General**

1. **Goods and Works.** All goods and works required for the Project under this Agreement and to be financed out of the proceeds of the Financing shall be procured in accordance with Section I of the Procurement Guidelines (as defined in the Appendix hereto) and with the provisions of the Original Financing Agreement.
2. **Consultants' Services.** All consultants' services required for the Project under this Agreement and to be financed out of the proceeds of the Financing shall be procured in accordance with Sections I and IV of the Consultant Guidelines (as defined in the Appendix hereto) and with the provisions of the Original Financing Agreement.
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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### **B. Review by the Association of Procurement Decisions**

The Procurement Plan reflecting the arrangements under this Financing shall set forth all contracts, including those which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

### **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 Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b><u>Category</u></b>	<b><u>Amount of the Financing Allocated (expressed in SDR)</u></b>	<b><u>Percentage of Expenditures to be Financed</u></b>
(1) Goods, works and consultants’ services for:		
(a) Part 1.1 of the Project	4,730,000	100%
(b) Part 1.2 of the Project	0	100%
(2) Goods, works and consultants’ services (including for Subprojects) for:		
(a) Part 2.1 of the Project	0	100%
(b) Part 2.2 of the Project	0	100%
(3) Goods and consultants’ services for Part 3 of the Project	150,000	100%
(4) Goods, works and consultants’ services for Part 4 of the Project	2,690,000	100%
(5) Unallocated	30,000	
<b>TOTAL AMOUNT</b>	<b>7,600,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is July 30, 2013.

**APPENDIX****Section I. Definitions**

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “BMPAD” means *Bureau de Monétisation des Programmes d’ Aide au Développement*, an entity of the Recipient for the administration of foreign aid and the management of development projects financed through such aid, established by Law of the Recipient dated December 27, 2007 and published in the Recipient’s official gazette “*Le Moniteur*” on January 04, 2008.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
5. “Current Operational Manual” means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement, updated on October 15, 2009 for purposes of this Financing.
6. “Environmental and Social Management Framework” and “ESMF” mean the environmental management framework of the Recipient *incorporated in the Current Operational Manual* as a schedule thereto, disclosed to the general public on February 03, 2006, and updated for purposes of this Financing on December 15, 2008, and which sets forth the guidelines, procedures, and all the detailed elements to be considered and addressed for mitigating potential harmful effects of Project implementation, including the Resettlement Policy Framework ( as hereinafter defined).
7. “Executing Agencies” means collectively MTPTC, FER (both as hereinafter defined) and BMPAD or successor entities to any one among them, as shall be deemed satisfactory by the Association.
8. “FER” means *Fonds d’Entretien Routier*, the Recipient’s road maintenance fund established by Law of the Recipient, dated December 18, 2002 and published in the Recipient’s official gazette “*Le Moniteur*” on July 24, 2003, as referred to in Section 3.01(c) of the Original Financing Agreement.

9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
10. “MTPTC” means *Ministère des Travaux Publics, Transports et Communications*, the Recipient’s Ministry of Public Works, Transport and Communications.
11. “Original Financing Agreement” means the financing agreement for a transport and territorial development Project between the Recipient and the Association, dated April 18, 2006, (Grant No. H213-0-HA) as amended to the date of this Agreement.
12. “Original Financing” means the financing provided for the implementation of the Original Project under the Original Financing Agreement.
13. “Original Project” means the Project described in the Original Financing Agreement.
14. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
15. “Procurement Plan” means the Recipient’s procurement plan for the Project, under this Financing, dated October 21, 2009 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
16. “Resettlement Policy Framework” and “RPF” mean the resettlement policy framework prepared by the Recipient in respect of persons potentially displaced on account of Project implementation and disclosed to the general public on February 03, 2006, as updated for purposes of this Financing on December 15, 2008.
17. “Selected Micro-regions” means the micro-regions of *Dondon-St. Raphaël* and *Thiotte-Anse-à-Pitres*, respectively, as described further in the Current Operational Manual.

18. “Subproject” means either:
- (a) a productive infrastructure investment that is aligned with the Project’s development objective, determined eligible under the Current Operational Manual and whose preparation and ensuing implementation will be financed out of the proceeds of the Original Financing; or
  - (b) a safeguard-related investment able to mitigate possible adverse effects of the Project, determined eligible under the Current Operational Manual and whose preparation and ensuing implementation will be financed out of the proceeds of the Original Financing; or
  - (c) any other productive investment, as well as any other environmental and social investment for which only the costs of identification and preparation thereof will be financed out of the proceeds of the Original Financing, all as referred to in Part 2.2 of Schedule 1 to this Agreement.
19. “TCD” means *Table de Concertation Départementale*, the Recipient’s departmental discussion roundtable addressing issues of territorial planning.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (l) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (l) *Ineligibility.* The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.