

Public Disclosure Authorized

OFFICIAL DOCUMENTS

GRANT NUMBER D3790-HT

Financing Agreement

(Fiscal and Social Resilience Development Policy Financing)

between

REPUBLIC OF HAITI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the REPUBLIC OF HAITI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Recipient’s maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to fourteen million three hundred thousand Special Drawing Rights (SDR 14,300,000) (“Financing”).
- 2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.03. The Payment Dates are January 15 and July 15 in each year.
- 2.04. The Payment Currency is Dollar.
- 2.05. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. For purposes of Section 10.05 (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 (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its Minister of Economy and Finance.
- 6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

Ministère de l'Économie et des Finances
Palais des Ministères
5, Avenue Charles Sumner
Port-au-Prince
Republic of Haiti; and

- (b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
(+509) 229-91732	cabinet@mef.gouv.ht

- 6.03. For purposes of Section 11.01 of the General Conditions: (a) The Association's address is:

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

- (b) the Association's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423 (MCI)	1-202-477-6391	aabreu@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF HAITI

By



Authorized Representative

Name: Ronald G. Decembre

Title: Minister of Economy and Finance

Date: 21 Sept. 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Anabela Abreu

Title: Country Director for Haiti

Date: 21 Sept. 2018

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

A. Actions Under the Program. The actions to be taken by the Recipient under the Program include the following:

1. **Strengthen Fiscal Management**

- (a) To improve the collection of customs revenue, the Recipient has installed the ASYCUDA in the Recipient's customs administration offices and industrial parks, as evidenced by the Recipient's Ministry of Economy and Finance letter to the Association dated August 14, 2018.
- (b) To strengthen control over tax expenditures, the Recipient's Ministry of Economy and Finance has published on its website the amount of tax expenditures arising from customs and tax exemptions, disaggregated by economic sector, for the past five (5) years (2012, 2013, 2014, 2015, 2016 and 2017), as evidenced by the Recipient's Ministry of Economy and Finance letter to the Association dated August 16, 2018.
- (c) To generate savings from improved cash management, the Recipient has expanded the coverage of the Treasury Single Account by consolidating existing individual bank accounts held by entities and agencies within the administrative jurisdiction of the Recipient's central government into said Treasury Single Account, as evidenced by the Recipient's Ministry of Economy and Finance letter to the Association dated August 14, 2018.

2. **Enhance the Efficiency of Social Spending**

- (a) To improve the efficiency of social programs, the Recipient has designated its Ministry of Social Affairs and Labor as the institution responsible for the consolidation of the registries managed by the Fund for Social and Economic Assistance (*Fonds d'Assistance Économique et Sociale*) and the United Nations Development Programme (UNDP) into the Unified Beneficiary Registry (*Registre Unique du Beneficiaire*), as evidenced by the Recipient's Prime Minister letter to the Ministry of Social Affairs and Labor dated September 14, 2017.
- (b) To stabilize education financing and improve transparency and accountability in the allocation of resources in the education sector, the Recipient has enacted a law establishing the National Education Fund (*Fonds National d'Éducation*) with a mandate, institutional and

governance structures, and operating rules, as evidenced by the Recipient's Law dated August 17, 2017 and published in the Recipient's Official Gazette on September 22, 2017.

- (c) To increase the supply of programs benefiting vulnerable groups, the Recipient has submitted to its Parliament, for approval thereof, draft legislation establishing and regulating the operations of the National Solidarity Fund for the Integration of People with Disabilities (*Fonds de Solidarité Nationale pour l'Intégration des Personnes Handicapées*), as evidenced by the Recipient's Council of Ministries letters to the Chamber of Deputies dated March 12, 2018 and the Senate dated March 13, 2018.

Section II. Availability of Financing Proceeds

A. General. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

B. Allocation of Financing Amounts. The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Financing Allocated (expressed in SDR)
Single Withdrawal Tranche	14,300,000
TOTAL AMOUNT	14,300,000

C. Withdrawal Tranche Release Conditions

No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient and (b) with the adequacy of the Recipient's macroeconomic policy framework.

D. Deposit of Financing Amounts

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:

- (a) the Recipient shall open, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain the following two dedicated accounts on terms and conditions satisfactory to the Association: (i) a dedicated account in Dollars ("Foreign Currency Dedicated Account"); (ii) a dedicated account in Haitian Gourdes ("Local Currency Dedicated Account"); and

- (b) all withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Dedicated Account. Upon each deposit of an amount of the Financing into the Foreign Currency Dedicated Account, the Recipient shall deposit an equivalent amount into the Local Currency Dedicated Account.
- 2. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the Foreign Currency Dedicated Account; (b) the details of the account to which the Haitian Gourdes equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient's budget management systems; and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Account.
- E. Audit.** Upon the Association's request, the Recipient shall:
 - 1. have the Dedicated Accounts audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
 - 2. furnish to the Association as soon as available, but in any case, not later than four months after the date of the Association's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association and
 - 3. furnish to the Association such other information concerning the Dedicated Accounts and their audit as the Association shall reasonably request.
- F. Closing Date.** The Closing Date is June 30, 2020.

APPENDIX

Section I. Definitions

1. "ASYCUDA" or "Automated System for Customs Data" means a software customs management system that manages customs and trade procedures online.
2. "Dedicated Accounts" means both the Foreign Currency Dedicated Account and the Local Currency Dedicated Account."
3. "Foreign Currency Dedicated Account" means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
4. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Development Policy Financing", dated July 14, 2017.
5. "Haitian Gourdes" means the Recipient's local currency.
6. "Local Currency Dedicated Account" means the account referred to in Part D.1(b) of Section II of Schedule 1 to this Agreement.
7. "National Education Fund" means the Recipient's fund which objective is to manage the Recipient's earmarked revenues to finance education related expenses.
8. "Program" means the Program of objectives, policies, and actions set forth or referred to in the letter dated August 16, 2018 from the Recipient to the Association declaring the Recipient's commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the Program's objectives.
9. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.
10. "Single Withdrawal Tranche" means the amount of the Financing allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
11. "Treasury Single Account" means the Recipient's bank account, or set of linked bank accounts, all held in the Recipient's Central Bank, through which the Recipient processes its cash income.

12. "Unified Beneficiary Registry" means the registry within the Recipient's Ministry of Social Affairs and Labor of all households and individuals benefiting from social, donor-funded and State sponsored programs.