

**CONFORMED COPY**

**GRANT NUMBER H551-0-HT**

# **Financing Agreement**

**(Infrastructure and Institutions Emergency Recovery Project)**

**between**

**REPUBLIC OF HAITI**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated March 22, 2010**

**GRANT NUMBER H551-0-HT**

**FINANCING AGREEMENT**

AGREEMENT dated March 22, 2010, between REPUBLIC OF HAITI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 the Financing 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 forty one million nine hundred thousand Special Drawing Rights (SDR 41,900,000) (“Grant” or “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 June 15 and December 15 in each year.
- 2.05. The Payment Currency is Dollars.

**ARTICLE III —PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part 1 of the Project through MEF and Parts 2 and 3 of the Project through MTPTC, all in accordance with the provisions of Article IV of the General Conditions.

- 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 — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Condition of Effectiveness consists of the following, namely that the Operational Manual, including therein the Environmental and Social Management Framework, shall have been adopted on behalf of the Recipient satisfactory in form and substance to the Association.
- 4.02. 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 Grant which expire on September 19, 2011.
- 4.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement shall terminate is 20 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'Économie et Finances  
Rue Oswald Durand, No. 104  
Port-au-Prince  
Haiti  
Telephone(s): (509) 35589673/ (509) 37018059  
Email : mefinfo@mefhaiti.gouv.ht

- 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 Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

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 objective of the Project is to support the Recipient in its early sustainable recovery efforts from the effects of the Emergency, through selected interventions aiming at contributing to rebuilding key institutions and infrastructure.

The Project consists of the following parts:

#### **Part 1: Restoration of Key Economic and Financial Functions of the Recipient**

Provision of support pertinent to: (a) enable the reinstatement of MEF's basic functions, such as, *inter alia*, budget execution, including in respect of wages; budget monitoring and control; tax collection; and (b) carry out activities to assist in fully re-establishing, including through relocation or physical structure rehabilitation, and thereafter operationalizing, through, *inter alia*, provision of goods and equipment and technical assistance, key institutions of the Recipient, among which, *inter alia*, the Recipient's Central Bank ("*Banque de la République de Haiti*") ; Procurement Regulatory Agency ("*Commission Nationale des Marches Publics*"); National Statistical Institute ("IHSI"); Ministry of Planning and External Cooperation ("*Ministère de la Planification et de la Coopération Externe*") ; and Auditor General's Office ("*Cour Supérieure des Comptes et du Contentieux Administratif*").

#### **Part 2: Emergency Rehabilitation of Selected Public Infrastructure**

Carrying out: (a) rehabilitation or reconstruction activities in respect of key institutional and transport infrastructure, including roads; bridges; administration buildings; operation of debris management sites through the piloting of sound social and environmental practices; and all studies and supervision activities in connection therewith; (b) strategic studies related, *inter alia*, to infrastructure reconstruction based on specific infrastructure designs intended to increase the resilience of rebuilt infrastructure.

#### **Part 3: Institutional Support, Reconstruction Planning and Project Management**

Provision of support pertinent to: (a) restore the functioning capacity of key institutions of the Recipient's crisis governance framework; (b) carry out planning activities for the short, medium and long-term reconstruction phases, including through the Recipient's Inter-ministerial Commission for Territorial Development ("*Commission Interministérielle pour l'Aménagement du Territoire*"); (c) carry out institutional strengthening activities to include, *inter alia*: finance training, reconstruction urban planning, capacity building in project management, construction supervision, quality assurance, monitoring and reporting, procurement support, and safeguards compliance and streamlining; (d) finance Project management activities, including through the appointment thereto of the Fiduciary Agent; (e) establish and operate an engineering

clearinghouse in MTPTC to manage the technical knowledge deriving from assessments carried out in the Recipient's territory by national and international institutions and thereafter to disseminate good engineering practices and innovative solutions; and (f) assist the Recipient with preliminary basic recovery activities essential to mitigate the Emergency and prepare for restoration activities considered under this Financing.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Institutional and Other Arrangements**

##### **A. Institutional Setting**

1. The Recipient shall, throughout the implementation of the Project, maintain within MEF and within MTPTC, respectively, a Project coordinating unit (“UCP”) and a central implementation unit (“UCE”) both having staff adequate in numbers and with functions and resources at all times satisfactory to the Association, including for each one, a procurement specialist and a financial management specialist, all selected in accordance with the provisions of Section III of Schedule 2 to this Agreement.
2. The Recipient shall, in agreement with the Association, and within 18 months of the Effective Date, take all steps necessary to ensure, upon achieving the building or strengthening of relevant capacity in said units, that the managerial responsibility for Part 1 of the Project to be carried out by MEF and Parts 2 and 3 of the Project to be carried out by MTPTC shall be transferred from the Fiduciary Agent to UCP and UCE respectively, both of which shall thenceforward be responsible for: (a) the effective implementation of the Project, including the procurement, financial management, audit, reporting and monitoring and evaluation in relation thereto; (b) submitting , respectively, annual draft Project work plans and budget to the Association for its prior review and approval; and (c) carrying out further the implementation of the Project, taking into account the Association’s views and recommendations thereon.

##### **B. Implementation Document**

1. The Recipient shall adopt, not later than the Effective Date, an operational manual for the Project, satisfactory in form and substance to the Association, consisting of different schedules, setting forth respectively, rules, methods, guidelines, specific development plans, standard documents and procedures for the carrying out of the Project, including the following:
  - (a) the detailed description of all: (i) institutional arrangements and the list of key infrastructure and key institutions to be considered under this Financing; (ii) Project implementation activities by all parties considered under this Agreement, their sequencing and the prospective timetable and benchmarks in relation thereto;
  - (b) the Project administrative, financial, accounting, auditing, procurement and disbursement procedures, including all relevant standard documents;

- (c) construction guidelines in respect of works under Part 2 of the Project (which shall include, *inter alia*, the Environmental and Social Management Framework including therein resettlement measures in respect of the Project, provisions for erosion control, protection of cultural property, occupational health guidelines, first aid instructions and restriction on the use of child labor);
  - (d) the capacity building and training activities to be carried out for purposes of the Project;
  - (e) the plan for the monitoring, evaluation and supervision of the Project;
  - (f) (i) the detailed flow of funds and financial arrangements for Project implementation including, *inter alia*, the flow of proceeds of the Financing to and from the Fiduciary Agent; and (ii) the review of the documentation provided by the Fiduciary Agent in respect of Project expenditures under this Agreement;
  - (g) the steps of the process for selecting, implementing, monitoring and evaluating each of the civil works for the rehabilitation and /or the reconstruction activities under the Project, including, *inter alia*, the review of proposed bidding document and procurement contracts;
  - (h) the final form of the interim unaudited financial reports and Financial Statements for the Project and the terms of reference for the audits of the Project; and
  - (i) the performance indicators for the Project.
2. The Recipient shall: (a) maintain the Operational Manual throughout Project implementation; (b) take all measures necessary to ensure that the Project is carried out in conformity with the Operational Manual; and (c) only amend the Operational Manual, from time to time, after receiving the Association's prior consent.
3. Except as the Association shall otherwise agree, the Recipient shall not, and shall not cause or allow any of its contracting parties to amend, abrogate, waive or fail to enforce the Operational Manual, the Fiduciary Contract, the ESMF or any respective provisions thereof. In case of any conflict between the terms of this Agreement and those of the above mentioned documents, the terms of this Agreement shall prevail.



**C. Additional Implementation Arrangements**

1. The Recipient shall select and appoint the Fiduciary Agent with terms of reference, qualification and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement to:  
(a) discharge all management and administrative functions under this Financing, including the procurement and financial management aspects thereof; and (b) maintain adequate financial coordination between MEF and MTPTC under the Project.
  
2. The Recipient shall ensure that:
  - (a) all the procurement of works under the Project, is carried out in accordance with the provisions of Section III of Schedule 2 of this Agreement, the Procurement Guidelines, and the Operational Manual;
  
  - (b) all contractors and consultants providing goods or carrying out works and services under the Project 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 Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the Recipient and the applicable provisions of the Operational Manual;
  
  - (c) all bidding documents and contracts under the Project incorporate the environmental and social standards satisfactory to the Association and provide the Recipient with the right of the Recipient to, *inter alia*, upon the contractor's or consultant's failure to perform any of its obligations under the applicable contract: (i) suspend or terminate the right of any contractor or consultant to receive or use the proceeds of the Financing; and (ii) obtain a refund of all or any part of the amount of the Financing withdrawn and outstanding; and
  
  - (d) for any additional consultancy that shall be required at any time during Project implementation in relation with the preparation of supplemental environmental and/or social 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, the Recipient shall ensure that the terms of reference of and the ensuing report for, any such consultancy shall duly incorporate all pertinent and current Association's operational, fiduciary, environmental or social safeguards requirements in each such respect.

**D. Anti-Corruption**

The Recipient shall ensure, including through MEF and MTPTC that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**E. Safeguards**

The Recipient shall ensure that the Project and its respective parts are carried out by MEF and MTPTC in accordance with the EMSF, as prepared and maintained for the Project, satisfactory at all times to the Association.

**Section II. Project Monitoring, Reporting, Evaluation**

**A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of Part 1 of the Project carried out by MEF and Parts 2 and 3 thereof carried out by MTPTC and prepare through MEF and MTPTC respectively Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association and set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty five days after the end of the period covered by such report.
2. 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 December 30, 2013.

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

1. The Recipient shall through MEF and MTPTC maintain 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 forty five days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association, to be furnished to the Association not later than forty-five days after the end of each calendar quarter.
3. The Recipient shall have the Financial Statements for Part 1 of the Project implemented by MEF and Parts 2 and 3 of the Project implemented by MTPTC, audited in accordance with the provisions of Section 4.09 (b) of the General

Conditions. Each audit of the Financial Statements for Part 1 of the Project implemented by MEF and Parts 2 and 3 of the Project implemented by MTPTC, shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

4. For purposes of Paragraph 3 above, the Recipient shall, not later than three months after the Effective Date, ensure that the independent auditor referred to in Section 4.09 (b) (i) of the General Conditions is appointed with terms of reference satisfactory to the Association and selected in accordance with the provisions of Section III of Schedule 2 to this Agreement.

### **Section III. Procurement**

#### **A. General**

1. **Goods, Works and Non-consultant services.** All goods, works and Non-consultant 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 Schedule.
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 Schedule.
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. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and Non-consultant services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consultant services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and Non-consultant services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b><u>Procurement Method</u></b>
(a) National Competitive Bidding, subject to using Standard Bidding Documents agreed with the Association
(b) Shopping, subject to using Standard Request for Quotations agreed with the Association
(c) Direct Contracting, subject to the Association's prior consent
(d) Force account, in accordance with paragraph 3.8 of the Procurement Guidelines
(e) Procurement from United Nations Agencies, in accordance with paragraph 3.9 of the Procurement Guidelines

**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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b><u>Procurement Method</u></b>
(a) Quality-Based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Selection based on Consultant's Qualifications
(e) Single Source Selection, subject to the Association's prior written consent
(f) Procedures for the selection of Individual Consultants

**D. Review by the Association of Procurement Decisions**

1. Except as the Association shall otherwise determine by notice to the Recipient, all contracts shall be subject to Prior Review by the Association.
2. The Procurement Plan shall set forth all contracts under this Financing. In the event of a conflict between any provision of the Procurement Plan and any one under this Agreement, the provisions of this Agreement will prevail.

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

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with: (a) the provisions of Article II of the General Conditions; (b) this Section; and (c) such additional instructions as the Association 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 Association and as made applicable to this Agreement pursuant to such instructions) to: (i) repay the Preparation Advance in accordance with Section 2.07 of the General Conditions; and (ii) finance 100 % of Eligible Expenditures.
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, Non-consultant services , consultants’ services and Operating costs for Part 1 of the Project	6,440,000	100%
(2) Goods, works Non- consultant services and consultants’ services for Part 2 of the Project	22,510,000	100%
(3) Goods, works, Non-consultant services , consultants’ services and Operating costs for Part 3 of the Project	3,220,000	100%
(4) Refund of Preparation Advance	9,650,000	Amount payable pursuant to Section 2.07 of the General Conditions
(5) Unallocated	80,000	
<b>TOTAL AMOUNT</b>	<b>41,900,000</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, except that withdrawals up to an aggregate amount not to exceed SDR 6,440,000 equivalent may be made for payments made prior to this date but on or after February 1, 2010 for Eligible Expenditures.
2. The Closing Date is June 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. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “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.
4. “Emergency” means the extraordinary event of limited duration which was caused by the occurrence of a 7.0 magnitude earthquake in selected parts of the Recipient’s territory and which brought about unprecedented physical, social and economic damage to the Recipient and its population.
5. “ESMF” and “Environmental and Social Management Framework” mean the framework of policies, actions and measures of the Recipient to be adopted as part of the Operational Manual not later than the Effective Date, setting forth the guidelines for mitigating potential harmful environmental and social (including resettlement) effects of Project implementation.
6. “Fiduciary Agent” means an individual or firm contracted under the Project to discharge the financial and procurement management functions under the Project.
7. “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.
8. “MEF” means *Ministère de l’Economie et des Finances*, the Recipient’s Ministry of Economy and Finance and for purposes of this Agreement and depending on the context, the “UCP” or *Unité de Coordination de Projet*, the Project implementing unit within said ministry.
9. “MTPTC” means *Ministère des Travaux Publics, des Transports et de la Communication*, the Recipient’s Ministry of Public Works, Transport and Communication, and for purposes of this Agreement and depending on the context, the *Unité Centrale d’Exécution*, the Project implementing unit within said ministry.

10. Non-consultant services” means in respect of Categories 1, 2 and 3 in the table of Section IV.A.2 of Schedule 2 to this Agreement, services to be contracted for the carrying out of activities related to geographic surveys and mapping within the land-planning framework.
11. “Operating costs” means, in respect of Categories 1 and 3 of the table in Section IV.A.2 of Schedule 2 to this Agreement, the incremental expenses incurred on account of Project implementation, including office equipment and supplies, reasonable commercial banking charges and fees, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, *per diem* and supervision costs and salaries of locally contracted employees.
12. “Operational Manual” and “OM” mean the manual containing all guidelines and directives to be followed throughout Project implementation, as referred to in Section I.B.1 of Schedule 2 to this Agreement.
13. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
14. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 18, 2010 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.
15. “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 January 26, 2010 and on behalf of the Recipient on January 27, 2010.
16. “Resettlement Action Framework” and “RAF” means the framework of actions prepared and adopted as part of the ESMF for the resettlement of people potentially displaced on account of Project implementation and included in the ESMF.



## **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 but not later than the Closing Date as set forth in Section IV.B.2 of Schedule 2 to the Financing Agreement 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 (1) of Section 6.02 is modified to read as follows:

*“Section 6.02. Suspension by the Association*

... (1) *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.”