

**CONFORMED COPY**

**GRANT NUMBER H237-0-HA**

# **Financing Agreement**

**(Second Economic Governance Technical Assistance Project)**

**between**

**REPUBLIC OF HAITI**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated April 27, 2007**

**GRANT NUMBER H237-0-HA**

**FINANCING AGREEMENT**

AGREEMENT dated April 27, 2007, 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 one million four hundred thousand Special Drawing Rights (SDR 1,400,000) (“Grant”) 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 May 15 and November 15 in each year.
- 2.05. The Payment Currency is Dollars.

**ARTICLE III —PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through UCP 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. 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 Grant which expire on December 20, 2007.
- 4.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient 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’Economie et des Finances  
Palais des Ministères  
204 rue Monseigneur Guilloux  
Port-au-Prince  
Republic of Haiti  
Facsimile:

(509) 299 17 42/43

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

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

REPUBLIC OF HAITI

By /s/ Leon Charles

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Caroline Anstey

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to assist the Recipient in strengthening further its institutional capacity in the area of public sector resource management and achieving improved responsiveness to its citizens' needs and demands.

The Project consists of the following parts:

#### **Part 1: Financial Resource Management**

- 1.1. The carrying out, through the provision of technical advisory services, equipment and training programs for selected staff of MEF and the Executing Agencies of: (a) follow up activities in respect of the design and implementation of basic budgetary procedures and functions, including in a program-oriented and results-linked format; and (b) an evaluation of the initial results of the new budgetary procedures.
- 1.2. The implementation of, and further adjustment to, the plan for the improvement of CSCCA's performance as an ex-post public auditing body.
- 1.3. The provision of support for the operation of the CNMP, including through reinforced institution-building, the development of training programs in standardized procurement procedures for sector procurement staff and the subsequent elaboration of related standardized documents.

#### **Part 2: Human Resource Development**

Further advancing the Recipient's capacity to develop its human resource base through the provision of technical advisory services and training and the acquisition of equipment for:

- 2.1. (a) the assessment and continued implementation of the Recipient's legal framework on civil service and central administration organization; and (b) the development of procedures for personnel selection, performance evaluation and incentive structures in relation thereto;
- 2.2. (a) the building of capacity in human resource management information for the HRU/BPM to enable it to monitor human resource needs, policy and programs; (b) the development of working relations between the HRU/BPM and sector human resource departments, including those leading to their strengthening; and

(c) the provision of assistance by HRU/BPM to other agencies in developing plans to meet current and future personnel requirements, including through the use of information and communication technology tools for, *inter alia*, the creation of a single public employees' database and a uniform set of personnel records; and

- 2.3. the building of institutional capacity for human resources management in BPM and human resources offices of other selected Recipient's public agencies with a view to assist in the design and spearheading of a longer-term civil service reform.

Part 3: Development of MEF Capacity for Strategic Monitoring of Sector Policy through Sector Ministries' Tracking of Service Delivery

Developing MEF and MPCE's capacity for strategic monitoring of sector outputs and policy through:

- 3.1. the provision of support specifically for the office of economic studies of MEF to assist in creating methodologies for linking recurrent and investment budgets to ensure order in government priorities;
- 3.2. the identification of Selected Agencies to participate in pilot assessments of their current practices, needs and capabilities in monitoring civil service delivery; and
- 3.3. the provision of technical advisory services and equipment for the development of procedures for tracking service delivery in the Selected Agencies.

Part 4: Anti-corruption and Civil Society Engagement

Continue strengthening transparency of all public transactions and operations through:

- 4.1. the further enhancement of ULCC's capacity for anti-corruption programming, detection and sanctioning, including through the continuance of the preparation of a modernized legal framework in relation thereto; and
- 4.2. the provision of training to improve the performance of the mechanisms for monitoring economic governance by civil society.

Part 5: Communication, Donor Coordination and Project Management

Ensuring optimal efficiency of Project implementation through the provision of continued support to UCP for further implementation of: (a) communication mechanisms and strategies needed to disseminate the contents of the Recipient's reform program and ensure wider ownership thereof among the public; (b) Donor coordination activities in the economic governance area; and (c) management, coordination and monitoring activities in respect of the Project, including through the organization of meetings of Project-responsible staff of Executing Agencies.

## SCHEDULE 2

### Project Execution

#### Section I. Institutional and Other Arrangements

##### A. Institutional Arrangements

1. The Recipient shall:
  - (a) maintain at all times during the implementation of the Project, a Project coordinating unit (UCP):
    - (i) with staff: (A) adequate in numbers and with functions and resources at all times satisfactory to the Association; including a director, a financial management specialist and a procurement specialist, all to be selected, whenever needed during Project implementation, in accordance with the provisions of Section III of this Schedule; and (B) whose respective employment contracts may only be terminated in consultation with and after approval of the Association;
    - (ii) responsible for the effective implementation of the Project, including procurement, financial management, audit, and monitoring and evaluation in relation thereto; and
    - (iii) under the administrative authority, and subject to the monitoring and supervision, of MEF to which it will report on a semi-annual basis; and
  - (b) ensure that UCP, through MEF, submits annual Project work plans and budgets to the Association for its review and approval.
2. The Recipient shall establish for purposes of the Project, and maintain throughout Project implementation, a coordinating body (*Comité de Suivi*) responsible for Project oversight and coordination, comprising representatives of UCP and all Executing Agencies, as further set forth in the MEP.

##### B. Implementation Documents

1. (a) The Recipient shall maintain the Project implementation manual (MEP) dated December 15, 2005, found satisfactory in form and substance to



the Association, and setting forth therein the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following:

- (i) the Project administrative, disbursement, procurement, auditing, reporting and financial procedures including standard bidding documents in relation thereto;
  - (ii) the plan for the evaluation, monitoring, and supervision of the Project;
  - (iii) the detailed description of Project activities and their sequencing and the institutional arrangements in respect thereof; and
  - (iv) the Performance Indicators.
- (b) The Recipient shall: (i) maintain the MEP throughout Project implementation; (ii) take all measures necessary to ensure that the Project is carried out in conformity with the MEP; and (iii) amend the MEP, from time to time, only with the Association's prior written consent.
- (c) In the event of any conflict between the provisions of the MEP and any one under this Agreement, the provisions of this Agreement shall prevail.

**C. Other Implementation Arrangements:**

1. For purposes of Section 4.09(b) of the General Conditions, the Recipient shall, through UCP and not later than six (6) months after the Effective Date, appoint in accordance with the provisions of Section III of Schedule 2 to this Agreement, an independent auditor acceptable to the Association, with terms of reference satisfactory to the Association.
2. Not later than three (3) months after the Effective Date, the Recipient shall ensure that UCP carries out an action plan agreed with the Association for the strengthening of its financial management system for the Project.

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

**A. Project Reports**

1. The Recipient, through UCP, shall monitor and evaluate the progress of the Project and prepare 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. Each Project Report shall cover the period of one calendar semester,

and shall be furnished to the Association not later than forty five (45) 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 January 15, 2010.

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

1. The Recipient shall, through UCP, maintain or 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, through UCP, prepare and furnish to the Association, as part of the Project Report and not later than forty five (45) 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.
3. The Recipient, through UCP shall, for purposes of Section I.C.1 of this Agreement, have the Financial Statements for the Project audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each 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 Association not later than four months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works 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 and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. 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.

**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) Selection of Individual Consultants

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

1. The Procurement Plan shall set forth those contracts 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 this Section and such additional instructions as the Association may specify by notice to the Recipient, 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 Grant Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b><u>Category</u></b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Goods and equipment	255,500	100%
(2) Consultants' services, including training	1,067,500	100%
(3) Operating Costs	35,000	100%
(4) Unallocated	42,000	100%
<b>TOTAL AMOUNT</b>	<b><u>1,400,000</u></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 June 30, 2009.

## APPENDIX

### Section I. Definitions

1. “BPM” means *Bureau du Premier Ministre*, the Recipient’s prime minister’s office.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “CNMP” means *Commission Nationale des Marchés Publics*, the Recipient’s National Commission for Public Procurement established and operating pursuant to *décret* of the Recipient dated December 03, 2004.
4. “*Comité de Suivi*” means the coordinating body referred to in Section I.A.2 of Schedule 2 to this Agreement.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
6. “CSCCA” means *Cour Supérieure des Comptes et du Contentieux Administratif*, the supreme administrative court responsible for ex-post audits of the Recipient’s public institutions.
7. “Dollar” and “USD” mean the lawful currency of the United States of America.
8. “Donor” means any country, bilateral or multilateral agency, public or private financial institution, development finance institution or international organization, which is proposing to make, or has made, financing available to the Recipient on a grant basis or under concessional terms to support a development program of the Recipient.
9. “Executing Agency”, in the singular form, means either one among MEF, MPCE, CSCCA, CNMP, HRU/BPM, ULCC and *Comité de Suivi* (all as herein defined), each responsible for implementing or assisting in the implementation of selected activities under the Project, and, in the plural form, all of said entities considered jointly.
10. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
11. “HRU/BPM” means Human Resources Unit, a unit of the Recipient currently located in BPM and responsible for overseeing human resource policy for the public sector.

12. “MEF” means *Ministère de l’Economie et des Finances*, the Recipient’s Ministry of Economy and Finance.
13. “MEP” means *Manuel d’Execution du Projet*, the Project implementation manual referred to in Section I.B.1 of Schedule 2 to this Agreement dated December 15, 2005.
14. “MPCE” means *Ministère du Plan et de la Coopération Externe*, the Recipient’s Ministry of Planning and External Cooperation and, for purposes of Part 3 of this Project, the *direction de l’évaluation et du contrôle* within said ministry.
15. “Operating Costs” means, in respect of Category 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, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, per diem and supervision costs and salaries of locally contracted employees.
16. “Performance Indicators” means the results indicators of Project implementation referred to in Section I.B.(iv) of Schedule 2 to this Agreement.
17. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
18. “Procurement Plan” means the Recipient’s procurement plan for the Project dated May 10, 2006 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.
19. “Selected Agency” means a public sector agency of the Recipient, found eligible to participate in the pilot service monitoring activities set forth under Part 3 of the Project, in accordance with the rules and criteria specified in the MEP.
20. “Training” means, in respect of Category 2 of the table in Section IV.A.2 of Schedule 2 to this Agreement: (a) reasonable travel, room, board and per diem expenditures as incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.
21. “UCP” means *Unité de Coordination du Projet*, the Project coordinating unit established in MEF and referred to in Section I.A.1 of Schedule 2 to this Agreement.
22. “ULCC” means *Unité de Lutte Contre la Corruption*, a unit of MEF responsible for coordinating anticorruption activities in public transactions.

