

Public Disclosure Authorized

CONFORMED COPY

GRANT NUMBER H460-0-HT

Financing Agreement

(Emergency School Reconstruction Project)

between

REPUBLIC OF HAITI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 8, 2009

Public Disclosure Authorized

GRANT NUMBER H460-0-HT

FINANCING AGREEMENT

AGREEMENT dated April 8, 2009, entered into 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 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 three million four hundred thousand Special Drawing Rights (SDR3,400,000) (“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 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 objective of the Project. To this end, the Recipient shall cause the Project to be entirely carried out by FAES in collaboration with MENFP and 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 — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely that FAES Legislation shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Association, the ability of FAES to perform any of its obligations under this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Subsidiary Agreement shall have been executed on behalf of the Recipient and FAES and shall be binding upon them.
 - (b) Guidelines setting forth the pre-qualification requirements and procedures to be used for the selection of schools under the Project shall have been prepared and adopted by the Recipient, satisfactory to the Association.
- 5.02. The Additional Legal Matter consists of the following, namely that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and FAES and is legally binding upon the Recipient and FAES in accordance with its terms.
- 5.03. 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 September 6, 2010.
- 5.04. 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 VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Minister of Economy and Finance.

6.02. The Recipient's Address is:

Ministère de l'Economie et des Finances
Palais des Ministères
Port-au-Prince
Republic of Haiti
Facsimile: (509) 229 917 32

6.03. 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)	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 assist the Recipient in restoring and improving access to basic education in selected destroyed and/or heavily damaged public primary schools of its territory.

The Project consists of the following parts:

Part 1: Restoring the Supply of Primary Schools

- 1.1. Carrying out investments in education infrastructure consisting of civil works, equipment, and services in support of the rehabilitation, construction, and/or expansion of about 15 primary schools in selected areas of the Recipient's territory, including, *inter alia* and in relation thereto, activities related to community mobilization.
- 1.2. Carrying out investments in education infrastructure consisting of civil works, equipment, and services in support of the construction of temporary emergency shelters in about 5 schools selected under the Project.

Part 2: Reducing and Mitigating the Vulnerability of Educational Infrastructure

- 2.1. Providing support for the preparation and the ensuing adoption and public dissemination of the Recipient's NAPSS.
- 2.2. Building institutional and operational capacity in DGS to enable it to support Project implementation with respect to, *inter alia*: (i) quality assurance and supervision of civil works completed under the Project; (ii) vulnerability reduction of educational infrastructure; and (iii) the elaboration, public consultation and implementation of NAPSS.

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

1. The Recipient shall, during the course of Project implementation, maintain within MENFP, the DGS (*Direction du Génie Scolaire*):
 - (a) staffed with personnel adequate in numbers and having functions and resources at all times satisfactory to the Association; and
 - (b) responsible for the supervision of Part 1 of the Project and the implementation of Part 2.2 of the Project.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project by FAES, the Recipient shall make the proceeds of the Financing available to FAES under a subsidiary agreement between the Recipient and FAES, under terms and conditions approved by the Association, which shall include, *inter alia*, the following (“Subsidiary Agreement”):
 - (a) the requirement that FAES shall remain staffed at all times during Project implementation with personnel adequate in numbers and having functions, qualifications and experience satisfactory to the Recipient and the Association, including a deputy coordinator to be selected in accordance with the provisions of Section III of Schedule 2 to this Agreement;
 - (b) the requirement that FAES shall report to MEF and MENFP on the discharge of its functions and mandate concerning the activities for the Project, on a semi-annual basis;
 - (c) the commitment by FAES that it shall submit annual Project work plans and budget to the Recipient and the Association for their review and approval;
 - (d) the commitment by FAES that it shall furnish during Project implementation, annual audited financial statements of its business activities within six (6) months of the close of the relevant annual fiscal year;

- (e) the details and method of payment of FAES management fees in respect of Project implementation;
 - (f) the commitment of FAES to prepare and adopt within 4 months of the Effective Date of this Agreement, the Operational Manual, including therein the EMF, the RPF and the Procurement Plan, all satisfactory in form and substance to the Association; and
 - (g) the benchmark and monitoring plan to assess FAES's own compliance with its obligations under the Subsidiary Agreement and this Agreement.
2. The Recipient shall exercise its rights and carry its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Implementation Document

1. The Recipient shall cause FAES, not later than 4 months after the Effective Date, to adopt 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 institutional arrangements and 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) a construction manual to guide works under Part 1 of the Project (which manual shall include, *inter alia*, the Environmental Management Framework and the Resettlement Policy Framework, first aid instructions and restriction on the use of child labor);
 - (d) the Procurement Plan in respect of all activities under the Project;
 - (e) the strategy and the detailed plan of activities for the community mobilization;
 - (f) the capacity building and training activities to be carried out under the Project;

- (g) the plan for the monitoring, evaluation and supervision of the Project; and
 - (h) the performance indicators for the Project.
2. The Recipient shall cause and ensure that: (a) the Operational Manual is maintained throughout Project implementation; (b) the Project is carried out in conformity with the Operational Manual; and (c) the Operational Manual is only amended, from time to time, with the Association's prior written consent.
 3. In the event of a conflict between any provision of the Operational Manual and any one under this Agreement, the provisions of this Agreement shall prevail.

D. Other Implementation Arrangements

1. The Recipient shall cause FAES to ensure under Part 1 of the Project that:
 - (a) 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, in accordance with: (i) the applicable provisions of the Operational Manual, including therein, the EMF, the RPF; and (ii) the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient; and
 - (b) 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 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 as of then.

E. Anti-Corruption

The Recipient shall for itself, and shall cause FAES to ensure that the Project is carried out and caused to be carried out in accordance with the provisions of the Anti-Corruption Guidelines.

F. Safeguards

The Recipient shall for itself and shall cause FAES to ensure that the Project is carried out and caused to be carried out in accordance with the EMF and RPF.

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

1. The Recipient shall cause FAES to 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 thirty 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 June 30, 2012.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall cause FAES to maintain in respect of the Project 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 cause FAES to prepare and furnish to the Association as part of the Project Report, not later than thirty days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.
3. The Recipient shall cause FAES to have the Project's Financial Statements audited annually in accordance with the provisions of Section 4.09 (b) of the General Conditions and pursuant to terms and procedures set forth in the OM. Each audit of FAES Project's Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Project Financial Statements for FAES for each such period shall be furnished to the Association not later than four months after the end of each such period, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project.
4. For purposes of Paragraph 3 above, the Recipient shall cause FAES to appoint in respect of the Project, not later than four months after the Effective Date, the independent auditors referred to in Section 4.09 (b) (i) of the General Conditions, selected with terms of reference satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement.

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 Section.
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 Section.
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 goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<u>Procurement Method</u>
(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 written 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.

<u>Procurement Method</u>
(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

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 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:

<u>Category</u>	<u>Amount of the Financing Allocated (expressed in SDR)</u>	<u>Percentage of Expenditures to be Financed (inclusive of Taxes)</u>
(1) Goods, works, consultants’ services, Training and Operating Costs for Part 1 of the Project :		
(a) FAES fees	270,000	100%
(b) Other	2,510,000	100%
(2) Goods, consultants’ services, Training and Operating Costs for Part 2 of the Project:		
(a) FAES fees	70,000	100%
(b) Other	280,000	100%
(3) Refund of Preparation Advance	270,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	3,400,000	

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 December 30, 2011.

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. “DGS” means *Direction du Génie Scolaire*, a department of MENFP (as hereinafter defined) responsible for the management and implementation of civil works related to public assets in educational infrastructure.
5. “Environmental Management Framework” and “EMF” mean the environmental management framework of the Recipient to be adopted as part of the Operational Manual not later than 4 months after the Effective Date, setting forth therein the guidelines and the framework for mitigating potential harmful environmental and social effects of Project implementation.
6. “FAES” means *Fonds d’Assistance Economique et Sociale*, the Recipient’s Fund for Economic and Social Assistance, an entity with legal personality established by decree dated May 28, 1990, published in the Recipient’s official Gazette (“*Le Moniteur*”) of June 03, 1990.
7. “FAES Legislation” means the Recipient’s decree dated May 28, 1990, published in the Recipient’s official Gazette (“*Le Moniteur*”) of June 03, 1990.
8. “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.
9. “MENFP” means *Ministère de l’Education Nationale et de la Formation Professionnelle*, the Recipient’s Ministry of Education and Vocational training.
10. “NAPSS” means the Recipient’s National Action Plan for Safe Schools to be prepared under the Project.

11. “Operating Costs” means, in respect of Categories 1 and 2 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 Project operational manual for the Project referred to in Section I.C.1 of Schedule 2 to this Agreement.
13. “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 and on behalf of the Recipient on March 2, 2009.
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, to be prepared satisfactory to the Association not later than 4 months after the Effective Date, 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 Recipient’s body of policy, action and mitigation measures prepared for the potential resettlement of persons physically displaced and/or having lost assets or income as a result of Project implementation.
17. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement, pursuant to which the Recipient shall make the proceeds of the Financing available to FAES.
18. “Training” means in respect of Categories 1 and 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.

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.”