

CONFORMED COPY

GRANT NUMBER H278-0-HA

Financing Agreement

(HAITI Catastrophe Insurance Project)

between

REPUBLIC OF HAITI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 8, 2007

GRANT NUMBER H278-0-HA

FINANCING AGREEMENT

AGREEMENT dated March 8, 2007, 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 six million Special Drawing Rights (SDR6000,000) (“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.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project 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 Events of Suspension (additional to those set forth in the General Conditions) consist of the following:
 - (a) The Participation Agreement is amended, suspended, abrogated, repealed or waived so as to materially and adversely affect, in the opinion of the Association, the ability of the Recipient to benefit fully from the operation of the CCRIF.
 - (b) The Insurance Agreement is amended, suspended, abrogated, repealed or waived so as to materially and adversely affect, in the opinion of the Association, the ability of the Recipient to benefit fully from the operation of the CCRIF.
 - (c) The legal instruments establishing, and/or the regulatory license issued to the CCRIF have been amended, suspended, abrogated, repealed or waived so as to materially and adversely affect, in the opinion of the Association, the ability of the Recipient to benefit fully from the operation of the CCRIF.
 - (d) The CCRIF corporate structure, and/or operational policies have been amended, suspended, abrogated, repealed or waived so as to materially and adversely affect, in the opinion of the Association, the ability of the Recipient to benefit fully from the operation of the CCRIF.
 - (e) The financial condition of, and/or management of, and/or membership in the CCRIF has become of a nature such as to materially and adversely affect, in the opinion of the Association, the ability of the Recipient to benefit fully from the operation of the CCRIF.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness (additional to those set forth in the General Conditions) consist of the following:
- (a) formal registration of the CCRIF as a limited liability company under the laws of the Cayman Islands, owned by a commercial trust also established under said laws;
 - (b) the commitment of at least four members and/or associate members of CARICOM (other than the Recipient) to participate in the CCRIF, as evidenced by: (i) execution of participation agreements, satisfactory to the Association, between each of said members and the CCRIF; and (ii) payment by said members in full, into an escrow account satisfactory to the Association, of their entrance fees to join CCRIF;
 - (c) the commitment of an additional four members and/or associate members of CARICOM to participate in the CCRIF, as evidenced by execution of participation agreements, satisfactory to the Association, between the CCRIF and said additional members (this condition (c) must be satisfied by, *inter alia*, the Recipient); and
 - (d) the opening of a commercial bank account by the CCRIF in an institution, and on terms and conditions, acceptable to the Association.
- 5.02. The Additional Legal Matter consists of the following, namely, that as part of the evidence to be furnished pursuant to Section 8.02 of the General Conditions, the Recipient shall cause the CCRIF to furnish to the association a legal opinion satisfactory to the association showing that the CCRIF has been properly registered and is established as a limited liability company in full compliance with the laws of the Cayman islands.
- 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 eighteen (18) months after the Bank's approval of the Grant which expires on September 8, 2008.
- 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 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) 299 1732

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) 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/ Caroline Anstey

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in participating in the CCRIF for the purpose of reducing the Recipient's financial vulnerability to catastrophic events resulting from hurricanes and earthquakes.

The Project consists of the following parts:

- A. provision of financing for the payment of the Recipient's entrance fee to participate in the CCRIF; and
- B. provision of financing for the payment of the Recipient's annual catastrophic risk insurance premiums for the first three years of the Recipient's participation in the CCRIF.

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

Payment of the CCRIF Entrance Fee and of Annual Premiums. The Recipient shall instruct the Association (by furnishing to the Association in a timely manner, applications for withdrawal from the Recipient's Grant Account) to make direct payments, on behalf of the Recipient, to the CCRIF for amounts due as set forth in the table in Section IV.A.2 of this Schedule. The Recipient shall furnish the applications for withdrawal in adequate time for the Association to make the payments to the CCRIF by their scheduled due dates.

B. Participation Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the CCRIF for the purposes set forth in Part A of Schedule I to this Agreement, pursuant to a participation agreement executed by the Recipient and the CCRIF, under the terms and conditions satisfactory to the Association ("Participation Agreement").
2. The Recipient shall exercise its rights under the Participation 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 Participation Agreement or any of its provisions.

C. Insurance Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the CCRIF for the purposes set forth in Part B of Schedule I to this Agreement, pursuant to an insurance agreement executed by the Recipient and the CCRIF, under the terms and conditions satisfactory to the Association ("Insurance Agreement").
2. The Recipient shall exercise its rights under the Insurance 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 Insurance Agreement or any of its provisions.

D. Anti-Corruption

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

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

The Recipient 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 the indicators agreed with the Association. Each Project Report shall cover the period of two calendar semesters (May 1 through April 30) and shall be furnished to the Association not later than one month after the end of the period covered by such report.

Section III. Procurement**A. General**

1. The CCRIF insurance coverage to be financed out of the proceeds of the Financing shall be procured, as if it were a type of good, 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. **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.

B. Particular Methods of Procurement of Goods

The goods for this Project shall be procured under a contract awarded on the basis of Direct Contracting.

C. 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 Grant Allocated (expressed in SDRs)</u>	<u>Percentage of Expenditures to be Financed (inclusive of Taxes)</u>
(1) Recipient’s entrance fee as described in Part A of the Project	1,700,000	100 %
(2) Recipient’s first, second and third annual insurance premiums as described in Part B of the project	4,300,000	100%
TOTAL AMOUNT	<u>6,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement; and
 - (b) under category (2): (i) CCRIF has received a regulatory license from the Cayman Islands Monetary Authority to issue insurance policies; (ii) CCRIF has adopted operational policies satisfactory to the Association;

and (iii) the Recipient has entered into the Insurance Agreement with CCRIF.

2. The Closing Date is December 31, 2010.

Section V. Other Undertakings

Without limitation to the provisions of Article IV of the General Conditions, the Recipient shall ensure that the Association is promptly informed of any development in the Recipient's legislation, regulations and operations, including the operational policies and procedures that may affect the performance of the Project.

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. “CARICOM” means the Caribbean Community and Common Market established by the Treaty of Chaguaramas, on August 1, 1973, and Revised Treaty of Chaguaramas (establishing the Caribbean Community including the CARICOM Single Market and Economy) on July 5, 2001.
3. “CCRIF” means the Caribbean Catastrophe Risk Insurance Facility, an insurance facility established as a limited liability company under the laws of the Cayman Islands for the purpose of providing catastrophe risk insurance to governments in the Caribbean region.
4. “General Conditions” means the “International Development Association General Conditions for Credits and Grants,” dated July 1, 2005 (as amended through October 15, 2006).
5. “Insurance Agreement” means the agreement referred to in Section I.C of Schedule 2 to this Agreement, which serves as the basis upon which the Recipient shall make the proceeds of the Financing available to the CCRIF for Part B of the Project.
6. “Participation Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement, which serves as the basis upon which the Recipient shall make the proceeds of the Financing available to the CCRIF for Part A of the Project.
7. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.