

CONFORMED COPY

GRANT NUMBER H375-0-HT

Financing Agreement

(Meeting Teacher Needs for Education for All Project)

between

REPUBLIC OF HAITI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 2, 2008

GRANT NUMBER H375-0-HT

FINANCING AGREEMENT

AGREEMENT dated July 2, 2008, 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 eight hundred thousand Special Drawing Rights (SDR3,800,000) (“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 carry out the Project through MENFP 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 — 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 Financing which expire on October 29, 2009.

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
Port-au-Prince
Republic of Haiti
Facsimile: (509) 229 917 32

- 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)	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 developing and implementing the Recipient's Accelerated Teacher Training Program (ATTP) to improve access to and learning in basic education, with a view to enable the Recipient to reach its goal of education for all by 2015.

The Project consists of the following parts:

Part 1: Recruitment and Selection of Teacher Candidates

- 1.1. The carrying out of recruitment campaigns of teacher candidates at regional level with specific focus on underserved and/or rural areas of the Recipient's territory.
- 1.2. The establishment of a selection process to identify qualified candidates pursuant to criteria set forth in the Operational Manual.
- 1.3. The carrying out of internal and external evaluations and related studies to develop recommendations for further improvements in recruitment and selection processes.

Part 2: Accelerated Teacher Preparation

The provision of support for the implementation of the ATTP through:

- 2.1. The implementation in the first year of Project implementation of a revised teacher training curriculum and the subsequent carrying out of relevant revisions thereto, as needed.
- 2.2. (a) The selection and recruitment of teacher educators by Beneficiary IFMs; (b) their initial training using an updated teacher educator curriculum; and (c) the continuation of their professional development throughout the life of the Project based on the elaboration of principles and protocols in connection therewith, designed in collaboration with relevant units and structures of MENFP.
- 2.3. The conclusion of PPAs between the Recipient and Beneficiary IFMs under specific performance-based terms and conditions for the carrying out of the ATTP, including the: (a) delivery of teacher preparation courses; (b) organization of practice teaching in selected schools to be carried out and supervised by regional and school-level Recipient education staff; (c) certification of successful teacher candidates followed by their placement in public and non-public schools based on the development of new placement systems to be established in connection therewith; and (d) carrying out of studies, assessments and evaluation

for the monitoring of the Beneficiary IFM-based training and the practice teaching.

Part 3: Strengthening the Management of the ATTP

- 3.1. Strengthening the institutional and operational capacity of national and decentralized selected structures and units of MENFP, including DFP and DRH, for an optimal management of the implementation and coordination of the ATTP and the overall management of the Project's activities, monitoring and evaluation.

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

1. The Recipient shall:
 - (a) maintain within selected existing MENFP's departments and structures, at all times during the implementation of the Project, a Project management team (PMT) with staff appointed in accordance with the provisions of Section III of this Schedule and consisting of: (i) a technical unit comprising, *inter alia*, an assistant Project coordinator and; (ii) an administrative unit with staff responsible for the Project's financial, reporting and procurement matters;
 - (b) establish, not later than 30 days after the Effective date, and thereafter, maintain throughout Project implementation, a steering committee (CS-FIA) consisting of representatives of selected departments and units of MENFP and representatives of private schools, Beneficiary IFMs and Higher Education Institutes, which shall be responsible for, *inter alia*: (i) the overall coordination of Project activities and; (ii) the first review, on behalf of the Recipient, of annual activity and budget plans for the Project, all as set forth in detail in the Operational Manual; and thereafter
 - (c) ensure that PMT, through MENFP, submits annual Project work plans and budgets to the Association for its prior review and approval.

B. Implementation Documents

1. (a) The Recipient shall maintain through MENFP an operational manual dated March 31, 2008, satisfactory in form and substance to the Association which consists 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:
 - (i) (A) the detailed description of all Project implementation activities by all parties considered under this Agreement, their sequencing and the prospective timetable and benchmarks in relation thereto; and (B) the detailed institutional arrangements in relation thereto;

- (ii) the Project administrative, accounting, auditing, reporting, financial, and disbursement procedures, including pertinent standard documents and model contracts in relation thereto, among which, the standardized models to be used for the PPAs;
 - (iii) the selection criteria and processes for the regional recruitment of teacher candidates prior to their enrollment into any Beneficiary IFM;
 - (iv) the terms, rules, conditions, guidelines, performance indicators, financial requirements in respect of and procurement for the specific activities of the Beneficiary IFMs, including: (A) the eligibility criteria for Beneficiary IFMs; and (B) the terms and conditions for PPAs, including performance-based indicators for the carrying out of the ATTPs;
 - (v) the plan for all capacity building activities under the Project;
 - (vi) the plan for the monitoring, evaluation and supervision of the Project; and
 - (vii) the performance indicators for the Project.
- (b) The Recipient shall carry out the Project, through MENFP, in accordance with the specifications set forth in the Operational Manual.
2. In the event that any provision of the Operational Manual shall conflict with any one under this Agreement, the terms of this Agreement shall prevail.
 3. The Operational Manual shall only be amended from time to time in consultation with, and after the prior approval of, the Association.

D. Additional Implementation Arrangements

1. The Recipient shall, through MENFP, ensure that the annual Project work plans and budgets prepared by PMT, approved by CS-FIA and agreed by the Association are thereafter carried out with diligence and efficiency.
2. Not later than 1 month after the Effective Date, the Recipient shall, through MENFP and in accordance with the provisions of Section III of Schedule 2 to this Agreement, select and appoint to the PMT an assistant coordinator for the implementation of the Project as referred to in part A.1(a) of this Schedule.
3. The Recipient, through MENFP, shall ensure that annual technical audits of Project activities are carried out by independent auditors.

4. Not later than 4 months after the Effective Date, the Recipient shall, through MENFP and in accordance with the provisions of Section III of Schedule 2 to this Agreement, select and appoint a technical auditor for the annual technical evaluation of ongoing and/or completed Project activities referred to in paragraph 3 heretofore.
5. Not later than 1 month after the Effective Date, the Recipient shall, in accordance with the provisions of Section III of Schedule 2 to this Agreement, select and appoint at the MENFP department of administrative affairs, an accountant and a procurement specialist to support the implementation of the Project.
6. Notwithstanding the provisions of Section IV B. 1(b) of this Schedule, the Recipient shall not make any request for financing of any PPA under this Agreement until and unless the relevant PPA, satisfactory in form and substance to the Association, shall have been entered into between the Recipient and the relevant Beneficiary IFMs, as further specified in the Operational Manual.

E. Participation and Performance Agreements

1. The Recipient shall, through MENFP, enter into a PPA, satisfactory to the Association, with a Beneficiary IFM therein setting forth the respective obligations of the parties thereunder, notably with respect to the ATTP, including practice teaching, certification and placement activities in furtherance thereof, all as described in detail in the Operational Manual.
2. The Recipient shall, through MENFP, ensure that each Beneficiary IFM has:
 - (a) signed a Participation and Performance Agreement undertaking to comply with the rules for accessing funds from this Financing and completion of the ATTP activities, including the available 4-year revised annual resource envelope to the Beneficiary IFM for financing said activities, all as specifically set forth in the Operational Manual, and commit to deliver on mandatory periodic studies and evaluations and agreed ATTP outputs on an annual basis;
 - (b) established appropriate governance and implementation arrangements and secured adequate technical, financial management and procurement capacity to implement the proposed ATTP activities in compliance with the guidelines set forth in the Operational Manual, or has adopted a specific, time-bound plan of actions satisfactory to MENFP and the Association, to strengthen its capacity;

- (c) committed to timely submission of endorsed and costed medium-term rolling plans, including technically sound, feasible annual implementation and procurement plans for the following fiscal year; and
 - (d) made adequate provision for carrying out an adequate internal evaluation of annual performance for the subsequent year.
3. The Recipient shall, through MENFP, obtain rights adequate to protect its interests and those of the Association, including the right to:
- (i) suspend or terminate the right of the Beneficiary IFM to use the proceeds of the Financing for its PPA , or obtain a refund of all or any part of the amount of the Financing then withdrawn, upon the Beneficiary IFM's failure to perform any of its obligations under the PPA; and
 - (ii) require the Beneficiary IFM to:
 - (A) carry out the PPA 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 Anti-Corruption Guidelines applicable to Recipients of loan proceeds other than the Recipient;
 - (B) provide, promptly as needed, the resources required for the purpose;
 - (C) procure the goods, works and services to be financed out of the Financing in accordance with the provisions of this Agreement;
 - (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the PPA and the achievement of its objectives;
 - (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the PPA; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards

acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;

- (F) enable the Recipient and the Association to ensure compliance with the PPA and any relevant records and documents in relation thereto; and
- (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

- 4. The Recipient shall, through MENFP, exercise its rights under each PPA in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

F. 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

- 1. 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 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 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 July 15, 2013.

B. Financial Management, Financial Reports and Audits

- 1. The Recipient shall, through MENFP, maintain for itself and cause to be maintained in each Beneficiary IFM, 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 MENFP, prepare and furnish to the Association not later than forty five days after the end of each calendar quarter, interim un-audited financial reports

for the Project, including integrated financial and technical reports of Beneficiary IFMs, covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient, through MENFP, shall have and shall cause Beneficiary IFMs to have the Financial Statements for their respective portions of the Project audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements for the Project shall cover the period of one fiscal year of the Recipient and one fiscal year of the concerned Beneficiary IFM. 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.
4. For purposes of Paragraph 3 above, the Recipient shall, through MENFP, appoint, 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, 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 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, Works and Non-consultant Services

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:

<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 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 (including taxes)</u>
(1) Goods, Non-consultant services, consultants’ services and Operating costs for Part 1 of the Project	210,000	100%
(2) Goods, Non-consultant services, consultants’ services, and Operating costs for Parts 2.1 and 2.2 of the Project	190,000	100%
(3) Eligible expenditures financed through PPAs under Part 2.3 of the Project	2,240,000	100 %
(4) Goods, Non-consultant services, consultants’ services and Operating costs for Part 3 of the Project	940,000	100%
(5) Unallocated	220,000	
TOTAL AMOUNT	3,800,000	

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) for any PPA under Category (3) in the table of Section IV. A. (2) of this Schedule until and unless each such PPA shall have been entered into between the Recipient and a Beneficiary IFM in accordance with the procedures, terms and conditions referred to in Section I. D.6 of this Schedule and set forth in detail in the Operational Manual, as shall be evidenced by the first 3 PPAs furnished to the Association for its prior approval.
2. The Closing Date is January 15, 2013.

APPENDIX**Section I. Definitions**

1. “ATTP” means Accelerated Teacher Training Program or *Formation Initiale Accélérée* (FIA, as hereinafter referred to in paragraph 6 below); a set of detailed activities approved under Part 2 of the Project for implementation by a Beneficiary IFM, and which are included in annual work and budget plans to be carried out by a Beneficiary IFM, as set forth in the Operational Manual (as hereinafter defined) and as agreed upon between the Recipient and the Association.
2. “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.
3. “Beneficiary IFM” means an *Institut de Formation des Maîtres*, a teacher training institute of the Recipient, established and operating pursuant to the laws of the Recipient, which is found eligible under criteria set forth in the Operational Manual to execute a Participation and Performance Agreement (both as hereinafter defined) with the Recipient for the carrying out of ATTP activities under the Project.
4. “Category” means a category set forth in the table in Section IV 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 and revised in October 2006.
6. “CS-FIA” means *Comité de Suivi de la FIA*, the steering committee for the implementation of the *Formation Initiale Accélérée* or *FIA*, the Recipient’s Accelerated Teacher Training Program adopted as part of its *Stratégie Nationale d’Action pour l’Education Pour Tous* (National Strategy for Education for All) dated January 15, 2007 and referred to in section IA. (b) of Schedule 1 to this Agreement.
7. “DFP” means *Direction de la Formation et du Perfectionnement*, the Department of Training and Professional Development of MENFP (as hereinafter defined).
8. “DRH” means *Direction des Ressources Humaines*, the Department of Human Resources of MENFP (as hereinafter defined).

9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
10. “Higher Education Institutes” means the Recipient’s *Institutions d’Enseignement Supérieur*, established and operating pursuant to the laws of the Recipient.
11. “MENFP” means *Ministère de l’ Education Nationale et de la Formation Professionnelle*, the Recipient’s Ministry of Education and Professional Training and any successor thereto.
12. “Non-consultant Services” means in respect of categories (1), (2), and (4) of the disbursement table in Section IV.A(2) of Schedule 2 to this Agreement, services to be contracted for the carrying out of recruitment campaigns and activities related to the production, acquisition and distribution of textbooks and education materials.
13. “Operating costs” means, in respect of Categories (1), (2) and (4) 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.
14. “Operational Manual” means the manual referred to in Section I.B.1 (a) of Schedule 2 to this Agreement.
15. “Participation and Performance Agreement” or “PPA” means an agreement to be entered into between the Recipient and a Beneficiary IFM for the purpose of implementing ATTP activities under Part 2 of the Project.
16. “PMT” means Project management team, referred to in Section I.A.1 (a) of schedule 2 to this Agreement.
17. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
18. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 31, 2008 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.