Financing Agreement

(Additional Financing for an Emergency Recovery and Disaster Management Project)

between

REPUBLIC OF HAITI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 23, 2008
FINANCING AGREEMENT

Agreement dated April 23, 2008, entered into between REPUBLIC OF HAITI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement) in the context of the Current Emergency. 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, in Article I of, and Schedule 1.A.2 to, the Original Grant Agreement 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 four million seven hundred thousand Special Drawing Rights (SDR 4,700,000) (“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 further commitment to the objective of the Project. To this end, the Recipient shall, for purposes of the Current Emergency, continue to:
(a) carry out Part B of the Project through DPC;

(b) cause BMPAD (pursuant to the Implementation Agreement) to carry out Part A the Project; and

(c) cause BMPAD (pursuant to the Implementation Agreement) to, either on its own behalf or with the assistance of the NGOs (pursuant to the Cooperation Agreements), carry our Part C of the Project;

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 — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) The agreement, satisfactory to the Association, entered into between the Recipient and BMPAD (the Implementation Agreement), shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of BMPAD to perform any of its obligations under the Project.

(b) BMPAD Legislation shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of BMPAD to perform any of its obligations under the Implementation Agreement.

(c) Any party thereto shall have failed to perform any of its obligations under a Cooperation Agreement or a Sub-grant Agreement.

ARTICLE V— EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that, the Subsidiary Agreement entered into between the Recipient and BMPAD for purposes of the Project, the Current Operational Manual, including therein the environmental management framework prepared for the Project and the Current Procurement Plan shall each have been amended and updated, satisfactory to the Association, to reflect the implementation arrangements in respect of the Current Emergency considered under this Financing.
5.02. 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 July 31, 2009.

5.03. 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’Économie et des Finances
Palais des Ministères
Port-au-Prince
Republic of Haiti
Facsimile: (509) 299 17 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: INDEVAS  Telex: 248423 (MCI)  Facsimile: 1-202-477-6391
Washington, D.C.
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 A. Joseph
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Jordan Schwartz
Authorized Representative
SCHEDULE 1

Project Description

The Project consists entirely of the Original Project, which maintains as its objective to support the Recipient in: (a) rehabilitating areas affected by the recent adverse natural disasters; (b) strengthening its capacity to manage natural disaster risks and better respond to emergencies resulting from adverse natural events; and (c) reducing the vulnerability of communities through risk identification and risk mitigation activities.

The Project consists of all the parts previously set forth in the Original Grant Agreement.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall maintain all the institutional arrangements set forth in the Original Project.

B. Implementation Documents

1. The Recipient, through its Ministry’s of Interior’s Direction de la Protection Civile (DPC), has adopted, and shall carry out the Project in accordance with, a manual dated June 01, 2005, as amended to date to reflect specifically all scaling up of activities immediately relevant to the Current Emergency, satisfactory to the Association, which consists of different schedules, setting forth the rules, methods, guidelines, specific development plans, standard documents and procedures to be maintained for the carrying out of the Project, including the environmental management framework prepared for the Project and the Current Procurement Plan.

2. In the event that any provision of the Current Operational Manual shall conflict with any one under this Agreement, the terms of this Agreement shall prevail.

3. The Current Operational Manual may only be amended from time to time in consultation with, and after approval of, the Association.

C. Other Implementation Arrangements

1. The Recipient shall ensure that the agreements (Implementation Agreement and Cooperation Agreements) entered into between the Recipient for the one part, and BMPAD and selected NGOs respectively, shall be maintained, satisfactory to the Association, for the implementation of the Project under this Agreement.

2. The Recipient shall exercise its rights under the Implementation Agreement and the Cooperation Agreements 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 Implementation Agreement and the Cooperation Agreements or any of their provisions.
C. **Anti-Corruption**

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

D. **Subprojects**

1. The Recipient shall continue to cause BMPAD to enter into agreements, (the Sub-grant Agreements) satisfactory to the Association, for the preparation and implementation by Beneficiaries of the Subprojects, in accordance with eligibility criteria and procedures set forth in the Current Operational Manual which include the following:

   (a) the transfer of financial resources under the Sub-grant Agreement on a non reimbursable basis;

   (b) the carrying out of selected risk reduction activities in the context of the Current Emergency and the development of mitigation activities, including *inter alia*, rehabilitation of infrastructure, early warning systems, retention walls, terracing, drainage works, pilot reforestation projects and shelter retrofitting;

   (c) the securing of rights adequate to protect the interests of the Recipient and those of the Association, including the right to suspend or terminate the right of a Beneficiary to use the proceeds of a Sub-grant or obtain a refund of all or any part of it upon the Beneficiary’s failure to perform any of its obligations under the Sub-grant Agreement;

   (d) the requirement that each Beneficiary:

      (i) carry out the relevant Subproject 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 financial proceeds other than the Recipient;

      (ii) provide, promptly as needed, the resources required for the purpose;

      (iii) procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of this Agreement;
(iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Subproject and the achievement of its objectives;

(v) (A) 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 relevant Subproject; and (B) 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;

(vi) enable the Recipient and the Association to inspect the relevant Subproject, its operation and any relevant records and documents; and

(vii) 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.

E. **Safeguards**

1. The Recipient shall maintain the environmental management framework (EMF) prepared for the Project, which contains specific environmental rules and procedures for the Project, including in respect of the Current Emergency; said EMF may be updated from time to time in prior consultation and agreement with the Association. The Recipient shall comply with the terms of said framework and/or cause those terms to be complied with.

2. With respect to any proposed civil works to be financed out of the proceeds of this Financing: (a) prior to the approval of the relevant works, the Recipient shall and shall cause BMPAD to carry out an environmental screening and assessment of such proposed civil works and to prepare recommendations for the prevention, mitigation and remediation of any potential environmental damage arising from the implementation of such proposed civil works; and (b) during the implementation of said civil works, the Recipient shall, or shall cause BMPAD to, have the recommendations of the environmental screening and assessment referred to in subparagraph (a) above carried out.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall maintain the same arrangements for Project monitoring, reporting and evaluation, including the report on the execution of the Project, as are set forth in the Original Grant Agreement.

B. Financial Management, Financial Reports and Audits

The Recipient shall maintain all the arrangements for financial management, financial reports and audits of Project execution that are set forth in the Original Grant Agreement.

Section III. Procurement

A. General

1. Goods, Works and Non-Consultant Services. All goods, works and non-consultant services required for the Project under this Agreement and to be financed out of the proceeds of the Financing shall be procured in accordance with Section I of the Procurement Guidelines (as defined in the Appendix hereto), and with the provisions of the Original Grant Agreement.

2. Consultants’ Services. All consultants’ services required for the Project under this Agreement and to be financed out of the proceeds of the Financing shall be procured in accordance with Sections I and IV of the Consultant Guidelines (as defined in the Appendix hereto), and with the provisions of the Original Grant Agreement.

B. Review by the Association of Procurement Decisions

The Current Procurement Plan reflecting the arrangements under this Financing to be updated not later than the Effective Date, satisfactory to the Association, 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (Expressed in SDR equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works under Parts A and C of the Project (other than Subprojects)</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods under Parts A and C of the Project (other than Subprojects)</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ services and Training under Parts A and C of the Project</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(4) Works under Part B of the Project</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods under Part B of the Project</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(6) Consultants’ services and Training under Part B of the Project</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(7) Subprojects</td>
<td>4,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(8) Fees for audits referred to in section 4.10 (b) of the Original Grant Agreement</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(9) Operating costs</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(10) Unallocated</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>4,700,000</td>
<td></td>
</tr>
</tbody>
</table>
3. For purposes of paragraph 2 above, the capitalized terms used in said paragraph have the meaning ascribed to them in Schedule 1.A.2. of the Original Grant Agreement.

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;

   (b) under Category (7) in the table in paragraph 2 of Part A of Section IV above until and unless Sub-grant Agreements for the carrying out of Subprojects and including adequate environmental mitigation measures in relation with their implementation, shall have been entered into between BMPAD and Beneficiaries, in accordance with the criteria, procedures, terms and conditions set forth in the Current Operational Manual.

2. The Closing Date is December 31, 2010.
APPENDIX

Section I.  Definitions


2.  “BMPAD” and “Bureau de Monétisation” means Bureau de Monétisation des Programmes d’ Aide au Développement, an entity of the Recipient established by law dated December 27, 2007, for the administration of foreign aid and the management of projects financed through it, and published in the Recipient’s official gazette “Le Moniteur” on January 04, 2008.

3.  “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5.  “Current Emergency” means the extraordinary event of limited duration which started on October 28, 2007 and which was caused by the occurrence of a natural disaster ascribed to the passage, in the territory of the Recipient, of a tropical storm referred to as “Noel” which brought about substantial physical, social and economic damage to the Recipient.

6.  “Current Operational Manual” means the operational manual for the Project dated June 01, 2005 as amended for purposes of the Current Emergency and as referred to in section I.B.1 of Schedule 2 to this Agreement.

7.  “Current Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 16, 2004 amended for purposes of the Current Emergency 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.

8.  “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).

9.  “Original Grant Agreement” means the Development Grant Agreement for an emergency recovery and disaster management project entered between the Recipient and the Association, dated January 06, 2005, as amended to the date of this Agreement (IDA Grant No. H143-0-HA).
10. “Original Project” means the Project described in the Original Grant Agreement.