CONFORMED COPY

GRANT NUMBER H609-0-HT

Financing Agreement

(Emergency Development Policy Operation)

between

REPUBLIC OF HAITI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 10, 2010
FINANCING AGREEMENT

Agreement dated August 10, 2010, entered into between REPUBLIC OF HAITI ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of: (a) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (b) the Recipient’s maintenance of an appropriate macroeconomic policy framework. The Recipient and the Association therefore 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 twenty million three hundred thousand Special Drawing Rights (SDR 20,300,000) ("Financing").

2.02. The Recipient may withdraw the proceeds of the Financing in support of the Program in accordance with Section II of Schedule 1 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 — PROGRAM
3.01. The Recipient declares its commitment to the Program and its implementation. To this end:

(a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient’s macroeconomic policy framework and the progress achieved in carrying out the Program;

(b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and

(c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient’s macroeconomic policy framework.

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 Bank’s approval of the Financing which expire on February 6, 2012.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministère de l’Économie et des Finances
5. Avenue Charles Sumner  
Port-au-Prince  
Republic of Haiti  
6.03. The Association’s Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address: Telex: Facsimile:

INDEVAS 248423(MCI) 1-202-477-6391
Washington, D.C.

AGREED at Port-au-Prince Haiti, as of the day and year first above written.

REPUBLIC OF HAITI

By /s/ Ronald Baudin  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Alexandre Abrantes  
Authorized Representative
SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

A. Actions Taken Under the Program. The actions taken by the Recipient under the Program include the following:

Transparency in Transfer Management:

(a) The Recipient has strengthened the monitoring of payments from the Recipient to the electricity sector, as evidenced by the issuance of a joint memorandum from the MEF and the MTPTC (under whose authority EDH is) describing: (i) the procedures to be followed by the MEF and EDH for payments of IPPs pursuant to the IPPs’ respective contracts currently under implementation, and (ii) MEF and EDH’s respective obligations under this procedure.

(b) The MEF has published on its website the monitoring table—consolidated by MTPTC—for the period from October 2009 through March 2010, which includes updated monthly data on: (i) payments made by the Recipient to each IPP; as well as transfers to EDH to cover fuel costs; (ii) payments made by EDH to each IPP; (iii) energy produced by each IPP; and (iv) amounts billed by each IPP during the period mentioned herein.

Public Finance Management:

(a) The Court of Accounts has communicated to the MEF the results of its external audit of the government accounts covering the period from October 2007 to September 2008.

(b) The MEF has submitted the 2008-09 central government accounts to the Court of Accounts.

(c) The MEF has adopted a revised action plan for 2010-14 and a manual of internal control procedures for the IGF inspectors.

Public Sector Governance:

(a) The Anti-corruption unit has submitted a progress report on compliance with civil servants’ and officials’ obligation to declare assets pursuant to the Asset Declaration Law, including specific recommendations for action, to the MEF, the Senate and the Court of Accounts.
(b) The CNMP has restored its website containing information on procurement bids and contracts awarded.

(c) The recruitment of the new members of the CNMP has been advertised in local newspapers.

(d) The Recipient’s Prime Minister has issued an official notice to ministries and other public contracting authorities clarifying that the use of the accelerated procurement procedures under the State Emergency Law must receive prior authorization from the Recipient’s Prime Minister.

Section II. Availability of Financing Proceeds

A. General. 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.

B. Allocation of Financing Amounts. The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing. The allocation of the amounts of the Financing to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Withdrawal Tranche</td>
<td>20,300,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>20,300,000</td>
</tr>
</tbody>
</table>

C. Withdrawal Tranche Release Conditions.

No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the appropriateness of the Recipient’s macroeconomic policy framework.

D. Deposits of Financing Amounts.

1. The Recipient shall open, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain the following two deposit accounts (“Deposit Accounts”) on terms and conditions satisfactory to the Bank:

   (a) a deposit account in Dollars (“Foreign Currency Deposit Account”); and

   (b) a deposit account in Gourdes (“Local Currency Deposit Account”).
2. All withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Deposit Account. Upon each deposit of an amount of the Financing into the Foreign Currency Deposit Account, the Recipient shall deposit an equivalent amount into the Local Currency Deposit Account. All and any amounts withdrawn from the Local Currency Deposit Account shall be used for Recipient’s expenditures except the Excluded Expenditures.

E. Audit. Upon the Association’s request, the Recipient shall:

1. have the Deposit Accounts audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;

2. furnish to the Association as soon as available, but in any case not later than four months after the date of the Association’s request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request; and

3. furnish to the Association such other information concerning the Deposit Accounts and their audit as the Association shall reasonably request.

F. Excluded Expenditures. The Recipient undertakes that the proceeds of the Financing shall not be used to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.

G. Closing Date. The Closing Date is September 30, 2011.

H. Access to Information. The Association may make the Legal Agreements and any information related to the Legal Agreements publicly available in accordance with its policy on access to information, in effect at the time of such disclosure.
APPENDIX

Section I. Definitions

1. “Anticorruption unit” means *Unité de Lutte Contre la Corruption*, the Recipient’s unit responsible to fight corruption in the public administration established by and operating under the Recipient’s Decree dated September 8, 2004.

2. “Asset Declaration Law” means the Recipient’s law dated February 12, 2008 setting forth, *inter alia*, the principles and procedures for the declaration of assets of political officials, civil servants and other public agents who meet the criteria for filing an asset declaration.


4. “Court of Accounts” means *Cour Suprême des Comptes et du Contentieux Administratif*, the Recipient’s Superior Court of Audits and Administrative Disputes, established by and operating under the Recipient’s Decree dated November 23, 2005.

5. “Deposit Accounts” means both the Foreign Currency Deposit Account and the Local Currency Deposit Account, (both as hereinafter defined).


7. “Excluded Expenditure” means any expenditure:

   (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Association or the Bank has financed or agreed to finance, or which the Association or the Bank has financed or agreed to finance under another credit, grant or loan;

   (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:
<table>
<thead>
<tr>
<th>Group</th>
<th>Sub-group</th>
<th>Description of Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>112</td>
<td></td>
<td>Alcoholic beverages</td>
</tr>
<tr>
<td>121</td>
<td></td>
<td>Tobacco, un-manufactured, tobacco refuse</td>
</tr>
<tr>
<td>122</td>
<td></td>
<td>Tobacco, manufactured (whether or not containing tobacco substitutes)</td>
</tr>
<tr>
<td>525</td>
<td></td>
<td>Radioactive and associated materials</td>
</tr>
<tr>
<td>667</td>
<td></td>
<td>Pearls, precious and semiprecious stones, unworked or worked</td>
</tr>
<tr>
<td>718</td>
<td>718.7</td>
<td>Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors</td>
</tr>
<tr>
<td>728</td>
<td>728.43</td>
<td>Tobacco processing machinery</td>
</tr>
<tr>
<td>897</td>
<td>897.3</td>
<td>Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths’ or silversmiths’ wares (including set gems)</td>
</tr>
<tr>
<td>971</td>
<td></td>
<td>Gold, non-monetary (excluding gold ores and concentrates)</td>
</tr>
</tbody>
</table>

(c) for goods intended for a military or paramilitary purpose or for luxury consumption;

(d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party;

(e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

(f) with respect to which the Association determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds, without the Recipient (or other such recipient) having taken timely and appropriate
action satisfactory to the Association to address such practices when they occur.

8. “Foreign Currency Deposit Account” means the account referred to in Section II.D.1 (a) of Schedule 1 to this Agreement.

9. “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.

10. “Gourde” means the Recipient’s lawful currency.


12. “IPP” means an independent power producer authorized to operate within the Recipient’s territory.

13. “Local Currency Deposit Account” means the account referred to in Section II.D.1 (b) of Schedule 1 to this Agreement.


15. “MTPTC” means Ministère des Travaux Publics, des Transports et des Communications, the Recipient’s ministry of Public Works, Transportation and Communications.


17. “Program” means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated July 1, 2010 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution.

18. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.

19. “State Emergency Law” means the Recipient’s Law dated September 9, 2008, governing, inter alia, the protection of people and assets in case of declared emergency restricting fundamental rights and extending exceptional rights to the
executive power, as amended by Recipient’s Law dated April 8, 2010, with respect to emergency in case of actual or imminent natural disaster.

Section II. Modifications to the General Conditions

The modifications to the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.

2. Sections 2.04 (Designated Accounts) and 2.05 (Eligible Expenditures) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.

3. Section 2.05 (renumbered as such pursuant to paragraph 2 above) is modified to read as follows:

   “Section 2.05. 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.”

4. Sections 4.01 (Project Execution Generally), and 4.09 (Financial Management; Financial Statements; Audits) are deleted in their entirety, and the remaining Sections in Article IV are renumbered accordingly.

5. Paragraph (a) of Section 4.05 (renumbered as such pursuant to paragraph 4 above and relating to Use of Goods, Works and Services) is deleted in its entirety.

6. Paragraph (c) of Section 4.06 (renumbered as such pursuant to paragraph 4 above) is modified to read as follows:

   “Section 4.06. Plans; Documents; Records

   … (c) The Recipient shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures
under the Financing until two years after the Closing Date. The Recipient
shall enable the Association’s representatives to examine such records.”

7. Section 4.07 (renumbered as such pursuant to paragraph 3 above) is modified to
read as follows:

“Section 4.07. Program Monitoring and Evaluation

… (c) The Recipient shall prepare, or cause to be prepared, and
furnish to the Association not later than six months after the Closing
Date, a report of such scope and in such detail as the Association shall
reasonably request, on the execution of the Program, the performance by
the Recipient and the Association of their respective obligations under
the Legal Agreements and the accomplishment of the purposes of the
Financing.”

8. 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 definition of the term “Eligible Expenditure” is modified to read as
follows:

“‘Eligible Expenditure’ means any use to which the Financing is put in
support of the Program, other than to finance expenditures excluded
pursuant to the Financing Agreement.”

(b) The term “Financial Statements” and its definition as set forth in the
Appendix are deleted in their entirety.

(c) The term “Project” is modified to read “Program” and its definition is
modified to read as follows:

“‘Program’ means the program referred to in the Financing Agreement in
support of which the Financing is made.” All references to “Project”
throughout these General Conditions are deemed to be references to
“Program”.

(d) The term “Program Preparation Advance” (renamed as such pursuant to
subparagraph 8 (c) above) 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 2.05.”