September 29, 2010

CONFORMED COPY FOR PUBLIC DISCLOSURE

H.E. Ronald Baudin
Minister of Economy and Finance
Ministry of Economy and Finance
Palais des Ministères
Rue Oswald Durand 104
Port-au-Prince
Republic of Haiti

Re: HAITI: JSDF Grant for Emergency Community Cash for Work Project
JSDF Grant No. TF097742

Excellency:

In response to the request for financial assistance made on behalf of Republic of Haiti (the Recipient), I am pleased to inform you that the International Development Association (“World Bank”), as administrator of grant funds provided by Japan under the Japan Social Development Fund, proposes to extend to the Recipient a grant in an amount not to exceed two million eight hundred forty thousand United States Dollars (U.S.$2,840,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”). This Grant is funded out of the Japan Social Development Fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement with the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.
This Agreement shall become effective upon: (i) receipt by the World Bank of a countersigned copy of this Agreement; (ii) the signing and effectiveness of the Subsidiary Agreement; and (iii) the approval by the World Bank of the amended Project Operational Manual PRODEPUR (the “POM”); provided however, that the offer of this Agreement shall be deemed withdrawn if this Agreement has not been declared effective within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Yvonne M. Tsikata
Country Director
Caribbean Country Management Unit
Latin America and the Caribbean Region

AGREED:

REPUBLIC OF HAITI

By: Mr. William Exantus
Title: Ministre Conseiller
Date: September 29, 2010

Enclosures:


(2) Disbursement Letter of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 31, 2010 (“Standard Conditions”), with the following modifications, constitute an integral part of this Agreement:

   (a) Paragraph (a) of Section 2.04 of the Standard Conditions is amended to read as follows:

   “(a) except as the World Bank shall otherwise agree, all Conditional Cash Transfer Payments, goods and services financed out of the proceeds of the Grant are used exclusively for the purposes of the Project”;

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

   (a) “Beneficiaries” means the unemployed poor and individuals from vulnerable households, including women, in the Project Area, whose livelihood have been threatened or destroyed by the January 12, 2010 earthquake, selected by the COPRODEP committees and found eligible under the POM to receive financing from the Project for the carrying out of Cash for Work Subprojects.

   (b) “BMPAD” 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 development projects financed through it, and published in the Recipient’s official gazette “Le Moniteur” on January 04, 2008.

   (c) “BMPAD Legislation” means the law establishing BMPAD dated December 27, 2007.

   (d) “Cash for Work Grant Agreement” means the agreement entered into between an MDOD and a COPRODEP for the implementation of a Cash for Work Subproject as referred to in Section 2.03 (i) of this Agreement.

   (e) “Cash for Work Subproject” means a specific project in income generation activities and such other activity and project, including the provision of works, goods and services, acceptable to the World Bank and determined to be eligible pursuant to the POM to be carried out by a Beneficiary.

   (f) “CBO” means a community-based organization established and operating pursuant to the laws of the Recipient.

   (g) “COPRODEP” means Conseil du Projet de Développement Participatif, a Project Development Council (established under the Project with membership drawn up primarily
from CBO representatives and including, inter alia, representatives of civil society, local and/or municipal government) responsible for the approval of Cash for Work Subprojects in accordance with the procedures set forth or referred to in the POM.

(h) “Environmental Management Plan” and “EMP” means the plan setting forth the guidelines for mitigating potential harmful effects of Cash for Work Subprojects’ implementation on the Recipient’s environment, prepared by the Recipient and disclosed to the public on September 29, 2010 and found acceptable by the World Bank.

(i) “MDOD” means Maître D'Ouvrage Délégué, a service providing entity or individual, a non-governmental organization, or any private institution contracted under the Project to coordinate and supervise Cash for Work Subprojects and provide technical assistance to COPRODEPs and CBOs.

(j) “PCU” means the Project Coordinating Unit established within BMPAD, as further specified in Section 2.03 (c) of this Agreement.

(k) “POM” means the project operational manual for PRODEPUR referred to in Section 2.03 (f) of this Agreement, dated April 2008.

(l) “PRODEPUR” means Projet National de Développement Communautaire Participatif en Milieu Urbain, the Recipient’s National Participative Communitarian Urban Development Project.

(m) “Project Area” means the area where the Project will be implemented, said area to be selected pursuant to criteria listed in the POM, as such area may be amended from time to time by agreement between the Recipient and the World Bank.

(n) “Service Agreement” means the agreement between BMPAD and each selected MDOD under the Project, as further referred to in Section 2.03 (d) of this Agreement.

(o) “Subsidiary Agreement” means the agreement referred to in Section 2.03 (a) of this Agreement, pursuant to which the Recipient shall make the proceeds of the Grant available to BMPAD.


Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to mitigate the impact of the economic crisis on the Recipient’s vulnerable families by creating opportunities for Beneficiaries to earn an income to meet their basic and urgent needs while rehabilitating basic infrastructure and services in the community. The Project consists of the following parts:

Part I: Cash for Work Program
Providing cash to Beneficiaries for works aimed at developing infrastructure needed to improve living conditions, said works include, *inter alia*: rubble removal, street sweeping, drainage clearance, basic road maintenance and other labor-intensive public works.

**Part II: Capacity Building and Awareness Campaigns**

Strengthening the capacity of the local government, community organizations and beneficiaries to ensure proper implementation of the cash for work activities through: (i) the carrying out of information sessions at all levels on upcoming activities; (ii) the institutional strengthening of municipalities and COPRODEPs; (iii) the provision of training to Project participants and supervisors; (iv) the setting up of a Beneficiary database; and (v) the carrying out of workshops on hygiene promotion for displaced population on disaster appropriate construction methods.

**Part III: Project Coordination, Administration, Monitoring and Evaluation**

(a) Developing guidelines for Project implementation, including, research to determine an appropriate payment mechanism for Project participants.

(b) (i) Designing the monitoring and evaluation system to allow incorporation of lessons from experience as well as adjustments to the Project; and (ii) carrying out an audit of the activities supported by the Grant and a final evaluation of Project implementation.

(c) Financing Project operating costs.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by BMPAD (“Project Implementing Entity”) in collaboration with the MDODs, in accordance with: (a) the provisions of Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”), with the modifications set forth in Section I of the Appendix to this Agreement (c) this Article II; (d) the Subsidiary Agreement; (e) the POM; and (f) the EMP.

2.03. **Institutional and Other Arrangements.** To facilitate the carrying out of the Project, the Recipient shall:

(a) make the proceeds of the Grant available to BMPAD under a subsidiary agreement between the Recipient and BMPAD, under terms and conditions approved by the World Bank (“Subsidiary Agreement”) which shall include *inter alia*: (i) the obligation of the Recipient to promptly provide the funds, facilities, services and other resources required by BMPAD to implement the Project; and (ii) the obligation of BMPAD to:

   (A) use the Grant funds in accordance with the terms and conditions of this Agreement, and in conformity with administrative, technical, financial, procurement, auditing, environmental, social, participatory and legal standards and practices;

   (B) ensure compliance with financial management procedures detailed in Section 2.04 of this Agreement;
(C) ensure compliance with procurement procedures detailed in Section 2.05 of this Agreement;

(D) ensure compliance with the Anti-Corruption Guidelines in the implementation of the Project;

(E) furnish all information covering the implementation of Project activities and the use of the proceeds of the Grant, as the Recipient and/or the World Bank shall reasonably request; and

(F) take all actions necessary to enable the Recipient to comply with its obligations under this Agreement.

(b) The Recipient shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant, and except as the World Bank shall otherwise agree, the Recipient shall not change, assign, amend, abrogate, waive or fail to enforce the Subsidiary Agreement or any provision thereof. In the event of any inconsistency between the provisions of the Subsidiary Agreement and the provisions of this Agreement, the provisions of this Agreement shall prevail.

c) The Recipient shall cause to be maintained in BMPAD at all times during the implementation of the Project, a Project coordinating unit (PCU): (i) with staff appointed in accordance with the provisions of Section 2.05 of this Agreement and having at all times during Project implementation, terms of reference, functions and resources satisfactory to the World Bank; and (ii) which shall be responsible for: (A) the direct implementation of Part III of the Project; and (B) the overall procurement, financial management, audit, monitoring and evaluation and reporting aspects in relation to Project implementation.

d) The Recipient shall cause BMPAD to enter directly into an agreement (the Service Agreement) with each eligible MDOD, therein setting forth the respective obligations of the parties thereunder, notably with respect to: (i) the coordination and supervision of the implementation of the Cash for Work Subprojects under Part I of the Project, to be effectively implemented by COPRODEPs under MDODs responsibility; (ii) the provision of technical advisory services to build the capacity of COPRODEPs and CBOs; and (iii) the modalities for the transfer of funds to COPRODEPs to enable the Beneficiaries to carry out the Cash for Work Subprojects, all in accordance with the guidelines set forth in the POM.

e) The Recipient shall ensure that BMPAD exercises its rights under the Service Agreements with the MDODs in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, BMPAD shall not assign, amend, abrogate or waive the Service Agreement or any of their provisions.

(f) The Recipient shall cause BMPAD to amend the POM, satisfactory in form and substance to the World Bank, 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) 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;
(ii) the Project administrative, financial, accounting, auditing, procurement and disbursement procedures, including all relevant standard documents;

(iii) (A) the selection criteria for the MDODs, including the standard Service Agreements; (B) the eligibility criteria for the Beneficiary and the Cash for Work Subprojects; and (C) the standard models for the Cash for Work Grant Agreements;

(iv) the processing arrangements and the responsible parties for the appraisal, selection, approval, financing and implementation of the Cash for Work Subprojects;

(v) the Environmental Management Plan for the Project;

(vi) the capacity building and training activities to be carried out for purposes of the Project;

(vii) the plan for the monitoring, evaluation and supervision of the Project; and

(viii) the performance indicators for the Project.

(g) The POM may only be amended from time to time in consultation with, and after approval of, the World Bank. In case of any conflict between the terms of the POM and those of this Agreement, the terms of this Agreement shall prevail.

(h) The Recipient shall ensure for itself and shall cause BMPAD to ensure for itself and for any party it will have entered into an agreement with (or shall have caused anyone to enter into an agreement with) for the purpose of the implementation of any portion of the Project, that the Project or any relevant part thereof is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

(i) The Recipient shall cause BMPAD to ensure that all of the following requirements and commitments are met, satisfactory to the World Bank, in respect of each MDOD determined eligible to participate in any activity under this Agreement. To this end, BMPAD shall have each eligible MDOD enter into a Cash for Work Grant Agreement, satisfactory to the World Bank, with a COPRODEP therein setting forth the respective obligations of the parties thereunder, notably with respect to the implementation of a Cash for Work Subproject.

(j) Pursuant to each Cash for Work Grant Agreement, BMPAD shall cause each MDOD to make a grant to a COPRODEP in accordance with eligibility criteria and procedures, all as set forth in the POM and which shall include the following:

(i) The grants shall be made to Beneficiaries for the carrying out of Cash for Work Subprojects as further set forth in the POM.

(ii) BMPAD shall cause each MDOD to obtain rights adequate to protect its interests and those of the World Bank, including the right to:
(A) suspend or terminate the right of COPRODEP to use the proceeds of the Grant, or obtain a refund of all or any part of the amount of the Grant then withdrawn, upon the COPRODEP’s failure to perform any of its obligations under the Cash for Work Grant Agreement; and

(B) require the COPRODEP to:

1. carry out the Cash for Work Subprojects with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines;

2. provide, promptly as needed, the resources required for the purpose;

3. procure the goods, works and services to be financed out of the Grant in accordance with the provisions of this Agreement;

4. maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the World Bank, the progress of the Cash for Work Subprojects and the achievement of its objectives;

5. enable BMPAD, the Recipient and the World Bank to verify compliance with the Cash for Work Grant Agreement and any relevant records and documents in relation thereto; and

6. prepare and furnish to BMPAD, the Recipient and the World Bank all such information as BMPAD, the Recipient or the World Bank shall reasonably request relating to the foregoing.

(k) BMPAD shall cause each MDOD to exercise its rights under each Cash for Work Grant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, BMPAD shall ensure that MDODs shall not assign, abrogate or waive the Cash for Work Grant Agreements or any of their provisions.

(l) The Recipient shall cause BMPAD to ensure for itself and for the MDODs, COPRODEPs and the Beneficiaries, that the Project and its respective Parts are carried out in accordance with the EMP prepared for the Project.

2.04. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall, upon the World Bank’s request, have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than four months after the end of such period. The Recipient shall disclose the audited Financial Statements in a manner acceptable to the World Bank. Also, the Recipient agrees that upon receipt of these statements, the Bank will make them available to the public in accordance with The World Bank Policy on Access to Information.

2.05. **Procurement**

(a) **General.** All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”), in the case of goods and works;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”), in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods and Works**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and works shall be procured under contracts awarded on the basis of National Competitive Bidding.

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan: (A) Shopping; (B) Direct Contracting; and (C)
Community Participation procedures which have been found acceptable to the World Bank.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in sub-paragraph (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality- Based Selection; (B) Least Cost Selection; (C) Selection based on Consultants’ Qualifications; (D) Single-source Selection; and (D) Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in U.S. $)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Cash for Works Subprojects</td>
<td>2,025,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ services</td>
<td>567,640</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training and Workshops</td>
<td>159,800</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Operating Costs</td>
<td>87,560</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,840,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section the term:

(a) “Operating Costs” means operating costs required for the Project including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required
for the Project, and travel, lodging and *per diems*, but excluding salaries of officials of the Recipient’s civil service.

(b) “Training and Workshops” means training and workshops conducted in the territory of the Recipient, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is six months after the date of countersignature of this Agreement by the Recipient.

**Article IV**

**Additional Remedies**

4.01. **Additional Event of Suspensions.** The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following: the BMPAD Legislation has 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 this Agreement.

**Article V**

**Recipient’s Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister or Economy and Finance.

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

- Ministry of Economy and Finance
- Palais des Ministères
- Rue Oswald Durand 104
- Port-au-Prince
- Republic of Haiti

Facsimile:

(+509) 229 917 32

5.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: Telex: Facsimile:
INDEVAS  248423 (MCI) or 1-202-477-6391
Washington, D.C.  64145 (MCI)
APPENDIX

Modifications to the Anti-Corruption Guidelines

Section I. The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“…(a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”
“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”