Strategic Climate Fund
Pilot Program for Climate Resilience
Grant Agreement

(Municipal Development and Urban Resilience Project)

between

REPUBLIC OF HAITI

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and
INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Pilot Program for Climate Resilience under the Strategic Climate Fund

Dated JUNE 29, 2017
AGREEMENT dated JUNE 29, 2017, entered into between:

REPUBLIC OF HAITI ("Recipient"); and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL DEVELOPMENT ASSOCIATION (collectively "World Bank"), acting as administrator for the Pilot Program for Climate Resilience under the Strategic Climate Fund.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


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

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out: (a) Part 1 of the Project, through MTPTC; (b) Part 2 of the Project, through MICT; (c) Part 3 of the Project, through the Coordinating Authority; and (d) Part 4 of the Project through MICT and MTPTC, in accordance with the provisions of Article II of the Standard Conditions.
2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount not to exceed seven million United States Dollars (7,000,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below has been satisfied, namely that:

(a) the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary corporate or governmental action;

(b) if the World Bank so requests, the evidence that the condition of the Recipient, as represented or warranted to the World Bank at the date of this Agreement, has undergone no material adverse change after such date;

(c) the Recipient prepared and adopted, in form and substance satisfactory to the World Bank, the Operational Manual; and

(d) The Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to
make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

4.02. As part of the evidence to be furnished pursuant to Section 4.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing that on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

4.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.04. **Termination for Failure to Become Effective.** This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement (the Effectiveness Deadline), unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

4.05 Without prejudice to Section 4.01 of this Agreement, the Effectiveness Deadline shall in no case be later than eighteen (18) months after the World Bank's approval of the Grant.
Article V
Recipient’s Representative; Addresses

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

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

Ministère de l’Economie et des Finances
5, Avenue Charles Sumner
Port-au-Prince
Republic of Haiti

Facsimile: (509) 29 21003

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

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

Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at Port-au-Prince, Haiti, as of the day and year first above written.

REPUBLIC OF HAITI

By

Authorized Representative

Jude Aux Patrick Salomon
Name

Minister of Finance
Title

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and
INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Pilot Program for Climate Resilience under the Strategic Climate Fund

By

Authorized Representative

Mary A. Barton-Dock
Name

Special Envoy
Title
SCHEDULE 1

Project Description

The objectives of the Project are to: (i) reduce urban flooding and enhance resilience in the city of Cap-Haïtien; and (ii) improve the capacity of six municipalities in the Cap-Haïtien Metropolitan Area to plan, finance and deliver basic municipal services and management.

The Project consists of the following parts:

Part 1: Vulnerability Reduction and Climate Resilient Urban Infrastructure

Build resilience and reduce the effects of climate change by investing in flood mitigation infrastructure through an integrated watershed management approach to reduce recurrent flooding in Cap-Haïtien and by focusing on the historical and commercial center where all the main roads intersect.

1.1 Integrated Management of the Urban Ravines

Support risk mitigation interventions targeting two ravines located in the city of Cap-Haïtien, which have been identified as key priorities, through the carrying out of: (i) emergency works at critical and pre-identified points, such as slope stabilization; (ii) sediment cleaning to restore the full flow capacity of the ravines; (iii) structural measures to control sedimentation, such as dissipaters to reduce stream velocity and to minimize runoff; and (iv) non-structural erosion reduction measures, such as, inter alia, community awareness campaign (in particular with a focus on management of construction sites), as well as green infrastructure and small agro-business activities.

1.2 Investments in Flood Mitigation Management along the Rivière Haut du Cap and Addressing the Challenges of Bassin Rhodo

Support investments in flood mitigation management along the Rivière Haut du Cap, and addressing the challenges of Bassin Rhodo, in order to protect the population living in the affected flood plains from recurring flooding by: (i) carrying out a detailed study to quantify the most efficient outlet width and depth for the dredging works taking into account climate change aspects and additional options to reduce the amount and the speed of rainwater runoff; (ii) stabilizing the downstream outlet embankments and some initial dredging activities in the river and in the estuary with proper handling and treatment of the removed materials; (iii) financing any household Involuntary Resettlement costs associated with the flood risk reduction works; and (iv) carrying out training
activities and capacity building initiatives to manage the flooding and the basin over the long term.

**Part 2: Municipal Investment Support, Capacity Building and Strategic Planning**

Support the Targeted Municipalities to enable them to plan, finance, and manage resilient infrastructure, deliver local services in urban areas through a combination of investment support and capacity building initiatives, and ensure that local plans are developed and implemented in accordance with a coherent strategic metropolitan development framework and the risk profile of each Targeted Municipality.

### 2.1 Improvement of Local Infrastructure and Service Delivery

Provide financial support, through grants for Local Infrastructure and Service Delivery Subproject, to improve,* inter alia*, basic and resilient urban services including sanitation and drainage, rehabilitation of markets, upgrading of roads, rehabilitation of public squares and streets.

### 2.2 Institutional Strengthening and Capacity Building for Targeted Municipalities

Strengthen the Targeted Municipalities' institutional capacity for administration (including financial management, procurement, disbursement, monitoring, evaluation and communication), investment implementation and management (including participatory approaches, investment screening to ensure resilience of infrastructure, planning processes and safeguards follow-up), communication and information-sharing and mobilization of local revenues; all based on Capacity-Building Plans for technical staff and for managers in the Targeted Municipalities, as well as the financing of Operating Costs, rehabilitation of buildings and the acquisition of office equipment.

### 2.3 Strengthening Spatial Management and Land Use Planning

Support Targeted Municipalities to improve land use planning, and spatial management (including urban plans and local development plans) taking into account disaster risk and climate change while expanding and implementing strategic planning for the Cap-Haïtien Metropolitan Area, through the creation of an inter-municipal platform for coordination and dialogue with partners.
Part 3: Contingent Emergency Response

Provide support to respond to an Eligible Emergency, as needed.

Part 4: Project Management and Implementation Support

4.1 Support the strengthening and the development of institutional capacity for Project management (including financial management, disbursement, procurement, and safeguards), coordination, implementation, investment planning, communication strategy, outreach efforts, citizen engagement, stakeholder awareness, and monitoring and evaluation for UCE-MTPTC and Cap-Haïtien.

4.2 Support the strengthening and the development of institutional capacity for Project management (including financial management, disbursement, procurement, and safeguards), coordination, implementation, investment planning, communication strategy, outreach efforts, citizen engagement, stakeholder awareness, and monitoring and evaluation for UCP-MICT, and all Targeted Municipalities.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. Project Steering Committee
   (a) The Recipient shall maintain at all times during Project implementation, the Project Steering Committee, with composition, responsibilities, resources and mandate satisfactory to the World Bank, as further detailed in the Operational Manual.
   (b) Without limitation to sub-paragraph (a) immediately above, the Recipient shall ensure that the Project Steering Committee shall be responsible for providing general orientation, consultation, oversight and coordination between MICT, MTPTC, Targeted Municipalities, UCP-MICT, UCE-MTPTC, Technical Project Coordinators and other stakeholders implementing the Project, all in accordance with the Operational Manual.

2. MICT, MTPTC and Targeted Municipalities
   (a) The Recipient shall maintain at all times during Project implementation, MICT, MTPTC and the Targeted Municipalities, with responsibilities, resources and mandate satisfactory to the World Bank, as further detailed in the Operational Manual.
   (b) Without limitation to sub-paragraph (a) immediately above, the Recipient shall ensure that the MICT, MTPTC and the Targeted Municipalities shall be responsible for providing overall operational guidance to ensure prompt and efficient implementation of the Project, including, *inter alia*: (i) reviewing progress made towards achieving the Project's objectives; (ii) facilitating the coordination of Project activities, and making recommendations for removal of any obstacles to the implementation of the Project; and (iii) providing comments on reports and reviews prepared and consolidated by UCP-MICT under the Project, all in accordance with the Operational Manual.

3. UCP-MICT
   (a) The Recipient shall operate and maintain, at all times during the implementation of the Project, the UCP-MICT based in Cap-Haïtien and under the administrative authority of MICT with functions, staffing and
resources satisfactory to the World Bank, as further detailed in the Operational Manual.

(b) Without limitation to the provisions of Sections I.A.1 and I.A.2 of this Schedule, the Recipient shall ensure that the UCP-MICT shall be responsible for the day-to-day administration, overall planning, coordination, fiduciary (procurement, disbursement, safeguards, and financial management), monitoring, evaluation, reporting, and communication of the activities under Parts 2 and 4.2 of the Project; as further detailed in the Operational Manual.

4. UCE-MTPTC

(a) The Recipient shall operate and maintain, at all times during the implementation of the Project, the UCE-MTPTC based in Cap-Haïtien and under the administrative authority of MTPTC, with functions, staffing and resources satisfactory to the World Bank, as further detailed in the Operational Manual.

(b) Without limitation to the provisions of Sections I.A.1 and I.A.2 of this Schedule, the Recipient shall ensure that the UCE-MTPTC shall be responsible for the day-to-day administration, overall planning, coordination, fiduciary (procurement, disbursement, safeguards, and financial management), monitoring, evaluation, reporting, and communication of the activities under Parts 1 and 4.1 of the Project; as further detailed in the Operational Manual.

5. MTST

(a) The Recipient shall, no later than three months after the Effective Date, hire under terms of reference acceptable to the World Bank, the MTST and thereafter maintain, during the implementation of the Project, the MTST with functions, staffing and resources satisfactory to the World Bank, as further detailed in the Operational Manual.

(b) Without limitation to the provisions of Sections I.A.1 and I.A.2 of this Schedule, the Recipient shall ensure that the MTST shall assist MICT in the implementation of Part 2 of the Project, through the provision of services to, and work in close collaboration with the Targeted Municipalities; as further detailed in the Operational Manual.

6. Technical Project Coordinators

(a) The Recipient shall, no later than two months after the Effective Date, appoint under terms of reference and in form and substance satisfactory
to the World Bank, the Technical Project Coordinators, and thereafter maintain at all times during the implementation of the Project, the Technical Project Coordinators within UCP-MICT and UCE-MTPTC, respectively, with functions, qualifications, and resources satisfactory to the World Bank, as further detailed in the Operational Manual.

(b) Without limitation to the provisions of Sections I.A.1 and I.A.2 of this Schedule, the Recipient shall ensure that the Technical Project Coordinators shall be responsible for ensuring implementation of activities under their responsibility and keeping management in UCP-MICT and UCE-MTPTC, respectively, regularly updated on Project implementation; all in accordance with the provisions of the Operational Manual.

7. MDOD

(a) The Recipient shall, no later than three months after the Effective Date, hire under terms of reference and in form and substance satisfactory to the World Bank, the MDOD, and thereafter operate and maintain, at least during the first three years of the implementation of the Project, the MDOD with functions, staffing and resources satisfactory to the World Bank, as further detailed in the Operational Manual.

(b) Without limitation to the provisions of Sections I.A.1 and I.A.2 of this Schedule, the Recipient shall ensure that the MDOD shall, if applicable (as determined by the World Bank), assist Targeted Municipalities in the carrying out of Local Infrastructure and Service Delivery Improvement Subprojects; as further detailed in the Operational Manual.

B. Operational Manual

1. The Recipient shall carry out the Project in accordance with a manual (the Operational Manual), satisfactory in form and substance to the World Bank, which consists of different schedules setting forth rules, methods, guidelines, specific development plans, standard documents and procedures for the carrying out of the Project, including the following:

(a) the detailed description of all Project activities, their sequencing and the prospective timetable and benchmarks in relation thereto;

(b) the Project administrative, financial, accounting, auditing, procurement, and disbursement procedures, including all relevant standard documents;

(c) the eligibility criteria for the Local Infrastructure and Service Delivery Improvement Subprojects under Part 2.1 of the Project, the model form
for the Local Infrastructure and Service Delivery Improvement Grant Agreements, including the criteria to be met by Targeted Municipalities to benefit from a Phase 1 Local Infrastructure and Service Delivery Subproject and a Phase 2 Local Infrastructure and Service Delivery Improvement Subproject;

(d) the monitoring indicators for the Project; and

(e) The grievance mechanisms and the code of ethics and conduct.

2. The Operational Manual shall 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 Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

C. Local Infrastructure and Service Delivery Improvement Subprojects

1. For purposes of carrying out Part 2.1 of the Project, and upon selection of any given Local Infrastructure and Service Delivery Improvement Subproject in accordance with criteria and procedures acceptable to the World Bank, as set forth in the Operational Manual, the Recipient, through MICT, shall enter into an agreement (the Local Infrastructure and Service Delivery Improvement Grant Agreement) with the pertinent Targeted Municipality and MDOD (if applicable, as determined by the Parties) under terms and conditions acceptable to the World Bank, which shall include, inter alia, the following:

(a) the obligation of the MICT to:

(i) make a Local Infrastructure and Service Delivery Improvement Grant to the selected Targeted Municipality for the implementation of a Local Infrastructure and Service Delivery Improvement Subproject,

(ii) if applicable (as determined by the Parties) delegate the administration and follow-up of the pertinent Local Infrastructure and Service Delivery Improvement Subproject to MDOD (day-to-day management, overall planning, coordination, fiduciary – including procurement, disbursement, safeguards, and financial management – monitoring, evaluation and reporting), including all direct payments to be made on behalf of the selected Targeted Municipalities,

(iii) (A) suspend in whole or in part the right of the selected Targeted Municipality to benefit from the proceeds of the Local Infrastructure and Service Delivery Improvement Grant, or obtain
a refund of all or any part of the amount of the Local Infrastructure and Service Delivery Improvement Grant then withdrawn, upon the selected Targeted Municipality's failure to perform any of its obligations under the Local Infrastructure and Service Delivery Improvement Grant Agreement; or (B) terminate the Local Infrastructure and Service Delivery Improvement Grant Agreement, as the case may be,

(iv) exercise its rights and carry out its obligations under each Local Infrastructure and Service Delivery Improvement 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, and

(v) except as the World Bank shall otherwise agree, the Recipient, through MICT, shall not assign, amend, abrogate, repeal, terminate, waive or fail to enforce any Local Infrastructure and Service Delivery Improvement Grant Agreement or any provision thereof.

(b) the obligation of the selected Targeted Municipalities to:

(i) if applicable (as determined by the Parties), collaborate with MDOD to: (A) maintain adequate records and accounts, and make available such documentation to the Recipient and any other information that the Recipient may request in order to comply with its obligations under Section II of this Schedule; and (B) ensure that the Local Infrastructure and Service Delivery Improvement Grants are used for the intended purpose, and

(ii) carry out the pertinent Local Infrastructure and Service Delivery Improvement Subproject with due diligence and efficiency and in accordance with the provisions of the Operational Manual, the Anti-Corruption Guidelines applicable to recipient of Grant proceeds other than the Recipient, and the pertinent provisions of this Agreement, including those set forth in Section I.F of this Schedule; and

(c) if applicable (as determined by the World Bank), the obligation of MDOD to: (i) assist the pertinent Targeted Municipality in the carrying out of the corresponding Local Infrastructure and Service Delivery Improvement Subproject in accordance with the pertinent provisions of this Agreement, including those set forth in Sections I.E and I.F of this Schedule.
D. Implementation Arrangements for Part 3 of the Project (Contingent Emergency Response)

1. In order to ensure the proper implementation of Part 3 of the Project ("CER Part"), the Recipient shall take the following measures:

   (a) prepare and furnish to the World Bank for its review and approval, an operations manual ("CER Operations Manual") which shall set forth detailed implementation arrangements for the CER Part, including:
       (i) designation of terms of reference for, and resources to be allocated to, the entity to be responsible for coordinating and implementing the CER Part ("Coordinating Authority");
       (ii) specific activities which may be included in the CER Part, Eligible Expenditures required therefore ("Emergency Expenditures"), and any procedures for such inclusion;
       (iii) financial management arrangements for the CER Part;
       (iv) procurement methods and procedures for Emergency Expenditures to be financed under the CER Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management frameworks for the CER Part, consistent with the World Bank’s policies on the matter; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the CER Part;

   (b) afford the World Bank a reasonable opportunity to review the proposed CER Operations Manual;

   (c) promptly adopt the CER Operations Manual for the CER Part as shall have been approved by the World Bank;

   (d) ensure that the CER Part is carried out in accordance with the CER Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the CER Operations Manual and this Agreement, the provisions of this Agreement shall prevail; and

   (e) not amend, suspend, abrogate, repeal or waive any provision of the CER Operations Manual without prior approval by the World Bank.

2. The Recipient shall, throughout the implementation of the CER Part, maintain the Coordinating Authority, with adequate staff and resources satisfactory to the World Bank.

3. The Recipient shall undertake no activities under the CER Part (and no activities shall be included in the CER Part) unless and until the following conditions have been met in respect of said activities:
(a) the Recipient has determined that an Eligible Emergency has occurred, has furnished to the World Bank a request to include said activities in the CER Part in order to respond to said Eligible Emergency, and the World Bank has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) the Recipient has prepared and disclosed all safeguards instruments required for said activities, in accordance with the CER Operations Manual, the World Bank has approved all such instruments, and the Recipient has implemented any actions which are required to be taken under said instruments.

E.  Anti-Corruption

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

F.  Safeguards

1. The Recipient shall prepare, consult, adopt and publish no later than four months after the Effective Date, the Environmental and Social Impact Assessment (ESIA) and the Resettlement Action Plan for Part 1 of the Project, both in form and substance satisfactory to the World Bank.

2. The Recipient shall ensure that the Project is carried out in accordance with the ESMF, the ESIA (once published), the RPF, the RAPs (once published) and any site-specific EMP to be developed and approved in accordance with the ESMF or the ESIA, all in a manner acceptable to the World Bank. The Recipient shall not amend, suspend or abrogate any of the provisions of the ESMF, the ESIA, the RPF or any EMP or RAP without the prior agreement of the World Bank.

3. Prior to the carrying out of any works under the Project, the Recipient shall:
   (a) carry out an environmental and social screening and assessment of the proposed activities;
   (b) carry out a resettlement screening and assessment of the proposed activities;
   (c) as applicable, and as determined by the World Bank, prepare an EMP and/or RAP, all in accordance with the ESMF, the ESIA or the RPF; and
   (d) immediately thereafter, carry out the pertinent EMP and/or RAP in accordance with its terms and in a manner acceptable to the World Bank.

4. The Recipient shall ensure that the contractors for civil works under the Project include the obligation of the relevant contractor to comply with and implement the relevant ESMF, ESIA, RPF, EMP or RAP, as applicable to such civil works commissioned or carried out pursuant to said contract.
5. The Recipient shall ensure that the terms of reference for any consultancy in respect of any Project activity shall be satisfactory to the World Bank following its review thereof, and to that end, such terms of reference shall duly incorporate the requirements of the World Bank’s Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.

6. Without limitation to the provisions of Section I.F.3 of this Schedule 2, the Recipient undertakes that no physical or economic involuntary resettlement (as interpreted in accordance with the World Bank’s Operational Policy 4.12 (OP 4.12)) shall take place in connection with Project implementation without a RAP.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five days after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. 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 fiscal semester, covering said semester, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.
4. The Recipient shall, no later than six (6) months after the Effective Date, recruit an external auditor based on terms of reference acceptable to the World Bank to carry out the annual audits referred to in Section 2.07 (b) (i) of the Standard Conditions.

Section III. Procurement

A. All goods, works, non-consulting services and consulting 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 the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated May 25, 2017 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

B. Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for Part 3 of the Project shall be procured in accordance with the procurement methods and procedures set forth in the procurement plan for the Eligible Emergency

Section IV. Withdrawal of Grant Proceeds

A. General

1. 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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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 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 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 Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services and Operating costs and Training for Parts 1 and 4.1 of the Project</td>
<td>6,000,000</td>
<td>26%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consulting services and Operating costs and Training for Parts 2 and 4.2 the Project</td>
<td>1,000,000</td>
<td>5%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>7,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2023.
APPENDIX

Definitions


2. "Bassin Rhodo" means a lake surrounded by mangroves and located in the Recipient's Department of Nord.

3. "Capacity-Building Plans" means the Recipient’s plans for the capacity building of the Targeted Municipalities which comply with the Recipient’s national policies on capacity-building for municipalities.

4. "Cap-Haïtien" means a city of about 270,000 people on the north coast of the Recipient and capital of the Department of Nord.


6. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

7. "CER" means Contingent Emergency Response, to be carried out, if needed, under Part 3 of the Project.

8. "CER Operations Manual" means the Recipient’s manual for the CER Part referred to in Section I.D.1 of Schedule 2 to this Agreement, to be adopted by the Recipient for the CER Part of the Project in accordance with the provisions of said Section, as such manual may be amended from time to time with the prior written consent of the World Bank.

9. "CER Part" or "CER Part of the Project", each means Part 3 of the Project.

10. "Coordinating Authority" means the entity or entities designated by the Recipient in the CER Operations Manual and approved by the World Bank pursuant to Section I.D (a)(i) of Schedule 2 to this Agreement, to be responsible for coordinating the CER Part of the Project.

11. "Displaced Person" means a person who, on account of the execution of the Project had or would have been affected by Involuntary Resettlement; and "Displaced Persons" means, collectively, all such Displaced Persons.
12. “Eligible Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient associated with natural or man-made crisis or disaster.

13. “Emergency Expenditure” means any of the Eligible Expenditures set forth in the CER Operations Manual in accordance with the provisions of Section I.D.1(a)(ii) of Schedule 2 to this Agreement and required for the activities included in the CER Part of the Project.

14. “EMP” means an environmental management plan, acceptable to the World Bank, which has been prepared, consulted, adopted and published by the Recipient based on the ESMF and/or the ESIA, and setting forth the detailed modalities for environmental and social management under the Project, including any measures to mitigate any negative environmental and social impacts.

15. “ESIA” means the Recipient’s environmental and social impact assessment for Part 1 of the Project acceptable to the World Bank to be prepared, consulted, adopted and published by the Recipient in a manner acceptable to the World Bank, and to be published and made available to the public on the Recipient’s website at http://mtptc.gouv.ht/accueil/publications/projets-et-etudes.html, and through the World Bank’s Infoshop, which contains, inter alia, environmental and social assessments made for said Part of the Project as such assessments may be amended from time to time with the prior agreement of the World Bank.

16. “ESMF” means the Recipient’s framework for the environmental and social management of Part 2 of the Project dated May 5, 2017, acceptable to the World Bank, and disclosed by the Recipient on the Recipient’s website at http://mtptc.gouv.ht/accueil/publications/projets-et-etudes.html and through the World Bank’s Infoshop, which contains, inter alia, guidelines for the carrying out of environmental assessments and for the preparation and implementation of environmental management plans, when applicable, as such framework may be amended from time to time with the prior agreement of the World Bank.

17. “Financing Agreement” means the agreement to be entered into between the Recipient and the International Development Association to assist in the financing of the Project.

18. “Involuntary Resettlement” means the impact of: (i) an involuntary taking of land under the Project, which taking causes affected persons to have their: (a) income source or means of livelihood adversely affected (whether or not the affected persons must move to another location); or (b) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected, temporarily
or permanently; or (ii) an involuntary restriction of access to legally designated parks and protected areas (including reserves) which causes an adverse impact on the livelihoods of the displaced persons.

19. "Local Infrastructure and Service Delivery Improvement Grant" means a grant made or proposed to be made out of the proceeds of the Grant by the Recipient for the benefit of a Targeted Municipality to carry out any given Local Infrastructure and Service Delivery Improvement Subproject, subject to specific terms and conditions set forth in the Local Infrastructure and Service Delivery Improvement Grant Agreement pursuant to Section I.C.1 of Schedule 2 to this Agreement and "Local Infrastructure and Service Delivery Improvement Grants" means, collectively, the plural thereof.

20. "Local Infrastructure and Service Delivery Improvement Grant Agreement" means any of the agreements referred to in Section I.C.1 of Schedule 2 to this Agreement.

21. "Local Infrastructure and Service Delivery Improvement Subproject" means any of the investments/activities referred to in Part 2.1 of the Project.

22. "MDOD" means Maitre d'Ouvrage Délégué, the Recipient's delegated implementation agency referred to in paragraph 7 of Section I.A of Schedule 2 to this Agreement.


25. "MTST" means Mobile Technical Support Team, a team referred to in paragraph 5 of Section I.A of Schedule 2 to this Agreement.

26. "Operating Costs" means reasonable and necessary incremental expenses incurred on account of Project implementation, including office supplies, vehicle rental, operation and maintenance, insurance costs, bank charges, office administration and rental costs, utilities, travel, per diem and supervision costs and salaries of locally contracted employees (excluding salaries of the Recipient's civil service staff), and as approved by the World Bank.

27. "Operational Manual" means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement, as may be revised from time to time with the World Bank's prior and written approval.
28. "Phase 1 Local Infrastructure and Service Delivery Subprojects" means any of the investments/activities referred to in Part 2.1 of the Project (other than Phase 2 Local Infrastructure and Service Delivery Subprojects) which have met the eligibility criteria set forth in the Operational Manual.

29. "Phase 2 Local Infrastructure and Service Delivery Subprojects" means any of the investments/activities referred to in Part 2.1 of the Project (other than Phase 1 Local Infrastructure and Service Delivery Subprojects) which have met the eligibility criteria set forth in the Operational Manual.

30. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated May 25, 2017 and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.


32. "Project Steering Committee" means the committee created by the Recipient through the Operational Manual and referred to in paragraph 1 of Section I.A of Schedule 2 to this Agreement.

33. "RAP" means the RAP for Part 1 of the Project and/or RAPs for Part 2.1 of the Project (as the case may be).

34. "RAP for Part 1 of the Project" means the Recipient’s resettlement action plan for said Part of the Project, acceptable to the World Bank and based on the RPF, to be prepared, consulted, adopted and published by the Recipient in a manner acceptable to the World Bank on the Recipient’s website at http://mtptc.gouv.ht/accueil/publications/projets-et-etudes.html, and through the World Bank’s Infoshop, which, inter alia, sets forth the detailed modalities of Involuntary Resettlement, including the related compensation and assistance of Displaced Persons under said Part of the Project.

35. "RAPs for Part 2.1 of the Project" means any resettlement action plan under said Part of the Project, acceptable to the World Bank, which has been prepared, consulted, adopted and published by the Recipient based on the RPF, in a manner acceptable to the World Bank on the Recipient’s website at http://mtptc.gouv.ht/accueil/publications/projets-et-etudes.html, and through the World Bank’s Infoshop, and setting forth, inter alia, the detailed modalities of Involuntary Resettlement, including the related compensation and assistance of Displaced Persons under said Part of the Project.

36. "Rivière Haut du Cap" means a river located the Recipient’s Department of Nord, which is a tributary to Bassin Rhodo.
37. "RPF" means the Recipient's resettlement policy framework for Part 2.1 of the Project, acceptable to the World Bank, and [to be ] disclosed by the Recipient in a manner acceptable to the World Bank, and through the World Bank's Infoshop, which contains, inter alia, guidelines for screening for potential resettlement and land acquisition, the preparation and implementation of land acquisition plans, when applicable, including compensation guidelines and grievance redress mechanisms, as such framework may be amended from time to time with the prior agreement of the World Bank.

38. "Targeted Municipalities" means all the six municipalities in the Cap-Haïtien Metropolitan Area, and "Targeted Municipality" means any of said Targeted Municipalities.

39. "Training" means expenditures incurred by the Recipient in connection with carrying out training activities under the Project, including travel costs and per diem for local trainees, study tours, workshops, conferences, rental of facilities and equipment and training materials and related supplies.

40. "UCE-MTPTC" means "Unité Centrale d'Exécution", the Recipient's unit within MTPTC referred to in paragraph 4 of Section I.A of Schedule 2 to this Agreement.

41. "UCP-MICT" means "Unité de Coordination de Projet", the Recipient's unit within MICT referred to in paragraph 3 of Section I.A of Schedule 2 to this Agreement.

42. "World Bank's Safeguards Policies" means the World Bank's operational policies and procedures set forth in the World Bank's Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50, and 7.60, as said manual is published under www.worldbank.org/opmanual.