Financing Agreement

(Additional Financing for Infrastructure and Institutions
Emergency Recovery Project)

between

REPUBLIC OF HAITI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 6, 2012
FINANCING AGREEMENT

Agreement dated November 6, 2012, entered into between REPUBLIC OF HAITI ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to twenty three million three hundred thousand Special Drawing Rights (SDR 23,300,000) ("Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Payment Dates are June 15 and December 15 in each year.

2.05. The Payment Currency is Dollars.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Part 1 of the Project through MEF and Part 2 and 3 of the Project through MTPTEC, all in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient
shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Operational Manual, including therein the Environmental and Social Management Framework, shall have been updated and adopted by the Recipient in form and substance satisfactory to the Association.

4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Association’s approval of the Financing which expire on February 27, 2014.

4.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

5.02. The Recipient’s Address is:

Ministère de l'Economie et Finances
5 Avenue Charles Sumner
Port-au-Prince
Haiti
Telephone(s): (509) 35589673/(509) 37018059
Email: mefinfo@mefhaiti.gouv.ht

5.03. The Association’s Address is:

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

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391 Washington, D.C.
AGREED at Port au Prince, as of the day and year first above written.

REPUBLIC OF HAITI

By [Signature]

Authorized Representative

Name: Marie Carmelle Jean-Henric
Title: Ministre

INTERNATIONAL DEVELOPMENT ASSOCIATION

By [Signature]

Authorized Representative

Name: 
Title: 

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient in its sustainable recovery efforts from the effects of the Emergency, through selected interventions aiming at contributing to rebuilding key institutions and infrastructure.

The Project consists of the following Parts, included in the Original Project, as amended solely for the purposes of the Grant:

**Part 1: Restoration of Key Economic and Financial Functions of the Recipient**

Provision of support to:

(a) enable the reinstatement of MEF’s basic functions, such as, *inter alia*, budget execution, including in respect of wages; budget monitoring and control; tax collection;

(b) carry out activities to assist in fully re-establishing, including through relocation or physical structure rehabilitation, and thereafter operationalizing, through, *inter alia*, provision of goods, equipment and technical assistance to key institutions of the Recipient;

(c) strengthen accountability and efficiency of the Recipient through the strengthening of public financial management systems, including, *inter alia*, budget preparation, execution, monitoring and control, revenue mobilization capacity; public accounting; and supporting internal and external audit of government expenditures;

(d) strengthen transparency and participation capacity, including, *inter alia*, access to information and support for anticorruption activities of the ULCC;

(e) reinforce equity and responsibility, including *inter alia*, supporting the modernization of the Recipient’s procurement systems and administrative process, and;

(f) strengthen the governance and institutional capacity of the Recipient by carrying out studies or conducting training activities in areas such as, public investment, minerals extraction, energy and commerce.
Part 2: Emergency Rehabilitation of Selected Public Infrastructure

Provision of support to:

(a) rehabilitation or reconstruction activities in respect of key institutional and transport infrastructure, including roads; bridges; administration buildings; operation of debris management sites through the piloting of sound social and environmental practices; and all studies and supervision activities in connection therewith;

(b) strategic studies related, inter alia, to infrastructure reconstruction based on specific infrastructure designs intended to increase the resilience of rebuilt infrastructure;

(c) the acquisition of aviation safety equipment and the provision of related trainings and installation works at the Port-au-Prince Toussaint Louverture International Airport, including, inter alia, communications, air navigation, and lighting equipment;

(d) finance the operation of the Truitier debris processing facility located in Truitier, Port-au-Prince, to ensure continuity of ongoing debris removal activities and finance selected works (such as installing weight truck station, solar lighting, and offices) and the acquisition of equipment to improve management of the site, including inter alia, preparation works to install a truck weigh station, solar lighting, fences, safety equipment, and construction of new offices, and;

(e) rehabilitate the following existing roads: (i) the road between Cap Haitien and Labadie; and (ii) the road between Milot and Cap Haitien.

Part 3: Institutional Support, Reconstruction Planning and Project Management

Provision of support to:

(a) restore the functioning capacity of key institutions of the Recipient’s crisis governance framework;

(b) carry out planning activities for the short, medium and long-term reconstruction phases;

(c) carry out institutional strengthening activities to include, inter alia: finance training, reconstruction urban planning, capacity building in project management, construction supervision, quality assurance, monitoring and reporting, procurement support, and safeguards compliance and streamlining;

(d) finance Project management activities;
(e) establish and operate an engineering clearinghouse in MTPTEC to manage the technical knowledge deriving from assessments carried out in the Recipient's territory by national and international institutions and thereafter to disseminate good engineering practices and innovative solutions;

(f) assist the Recipient with preliminary basic recovery activities essential to mitigate the Emergency and prepare for restoration activities considered under this Financing;

(g) finance the provision of technical assistance, the rehabilitation and construction of the MTPTEC offices, and the acquisition of equipment and software for MTPTEC key services; and

(h) provide technical assistance, training and equipment to manage the Recipient's geographic information system and database.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Setting

The Recipient shall, throughout the implementation of the Project, maintain within MEF and within MTPTEC, respectively, a Project coordinating unit ("UCP") and a central implementation unit ("UCE") both having staff adequate in numbers and with functions and resources at all times satisfactory to the Association, including for each one, a procurement specialist and a financial management specialist, all selected in accordance with the provisions of Section III of Schedule 2 to this Agreement.

B. Implementation Document and Arrangements

1. For purposes of the Project, the Recipient shall update, not later than the Effective Date, the Operational Manual for the Project, in a form and substance satisfactory to the Association, consisting 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:

   (a) the detailed description of all: (i) institutional arrangements and the list of key infrastructure and key institutions to be considered under this Financing; (ii) Project implementation activities by all parties considered under this Agreement, 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) constructing guidelines in respect of works under Part 2 of the Project (which shall include, inter alia, the Environmental and Social Management Framework including therein resettlement measures in respect of the Project, provisions for erosion control, protection of cultural property, occupational health guidelines, first aid instructions and restriction on the use of child labor);

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

   (e) the plan for the monitoring, evaluation and supervision of the Project;
the steps of the process for selecting, implementing, monitoring and evaluating each of the civil works for the rehabilitation and/or the reconstruction activities under the Project, including, *inter alia*, the review of proposed bidding document and procurement contracts;

(g) the final form of the interim unaudited financial reports and Financial Statements for the Project and the terms of reference for the audits of the Project; and

(h) the performance indicators for the Project.

2. The Recipient shall: (a) maintain the Operational Manual throughout Project implementation; (b) take all measures necessary to ensure that the Project is carried out in conformity with the Operational Manual; and (c) only amend the Operational Manual, from time to time, after receiving the Association's prior consent.

3. Except as the Association shall otherwise agree, the Recipient shall not, and shall not cause or allow any of its contracting parties to amend, abrogate, waive or fail to enforce the Operational Manual, the ESMF or any respective provisions thereof. In case of any conflict between the terms of this Agreement and those of the above mentioned documents, the terms of this Agreement shall prevail.

4. The Recipient shall ensure that:

(a) all the procurement of works under the Project, is carried out in accordance with the provisions of Section III of Schedule 2 of this Agreement, the Procurement Guidelines, and the Operational Manual;

(b) all contractors and consultants providing goods or carrying out works and services under the Project carry out their activities under the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the ESMF, the Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the Recipient and the applicable provisions of the Operational Manual;

(c) all bidding documents and contracts under the Project incorporate the environmental and social standards satisfactory to the Association and provide the Recipient with the right of the Recipient to, *inter alia*, upon the contractor's or consultant's failure to perform any of its obligations under the applicable contract: (i) suspend or terminate the right of any contractor or consultant to receive or use the proceeds of the Financing; and (ii) obtain a refund of all or any part of the amount of the Financing withdrawn and outstanding; and
(d) for any additional consultancy that shall be required at any time during
Project implementation in relation to the preparation of supplemental
environmental and/or social studies or mitigation measures, actions and
policies under the ESMF or any advice associated therewith and to be
financed out of the proceeds of this Financing, the Recipient shall ensure
that the terms of reference of and the ensuing report for, any such
consultancy shall duly incorporate all pertinent and current Association’s
operational, fiduciary, environmental or social safeguards requirements
in each such respect.

C. Anti-Corruption

The Recipient shall ensure, including through MEF and MTPTEC, that the
Project is carried out in accordance with the provisions of the Anti-Corruption
Guidelines.

D. Safeguards

1. The Recipient shall ensure that the Project and its respective parts are carried out
by MEF and MTPTEC in accordance with the ESMF, as prepared and
maintained for the Project, satisfactory at all times to the Association.

2. The Recipient shall carry out the Project in accordance with the ESMF. Prior to
the commencement of any works under the Project, the Recipient shall prepare,
consult and disclose an Environmental Management Plan, satisfactory to the
Association, for the relevant part of the Project and, therefore, the Recipient shall
implement the relevant part of the Project in accordance with said Environmental
Management Plan.

3. In the event that Involuntary Resettlement is involved (as determined
by the
Association) in relation with the Project, the Recipient shall prepare, consult and
disclose a Resettlement Action Plan, satisfactory to the Association, for the
relevant part of the Project prior to the commencement of any works in the
relevant area and, thereafter, the Recipient shall implement the relevant part of
the Project in accordance with said Resettlement Action Plan.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of Part 1 of the Project
carried out by MEF and Parts 2 and 3 thereof carried out by MTPTEC, and
prepare through MEF and MTPTEC respectively, Project Reports in accordance
with the provisions of Section 4.08 of the General Conditions and on the basis of
indicators agreed with the Association and set forth in the Operational Manual.
Each Project Report shall cover the period of one calendar semester, and shall be
furnished to the Association not later than forty five days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall through MEF and MTPTEC maintain a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty five days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the pertinent calendar quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements for Part I of the Project prepared by MEF and Parts 2 and 3 of the Project prepared by MTPTEC, all audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. The audit of the Financial Statements prepared by MTPTEC for Part I of the Project implemented by MEF and Parts 2 and 3 of the Project implemented by MTPTEC, shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting, subject to the Association's prior consent</td>
</tr>
<tr>
<td>(d) Force account, in accordance with paragraph 3.9 of the Procurement Guidelines</td>
</tr>
<tr>
<td>(e) Procurement from United Nations Agencies, in accordance with paragraph 3.10 of the Procurement Guidelines</td>
</tr>
</tbody>
</table>

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection based on Consultant's Qualifications</td>
</tr>
<tr>
<td>(e) Single Source Selection, subject to the Association's prior written consent</td>
</tr>
<tr>
<td>(f) Procedures for the selection of Individual Consultants</td>
</tr>
</tbody>
</table>
D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth all contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. **Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in Paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Works, Non-consulting services, consultants’ services and Operating costs for Parts 1(b), (c), (d), (e), and (f) of the Project</td>
<td>7,989,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Works, Non-consulting services and consultants’ services for Part 2 (c), (d), and (e) of the Project</td>
<td>13,514,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, Works, Non-consulting services, consultants’ services and Operating costs for Parts 3 (a), (b), (c), (d), (g) and (h) of the Project</td>
<td>1,797,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>23,300,000</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 is June 30, 2016.
APPENDIX

Definitions


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


4. "Emergency" means the extraordinary event of limited duration which was caused by the occurrence of a 7.0 magnitude earthquake in selected parts of the Recipient’s territory and which brought about unprecedented physical, social and economic damage to the Recipient and its population.

5. "EMP" and "Environmental Management Plan" means environmental management plan to be prepared for the relevant parts of the Project in accordance with the ESMF and providing for the monitoring and mitigation of the environmental impacts of such relevant parts of the Project.

6. "ESMF" and "Environmental and Social Management Framework" means the framework of policies, actions and measures of the Recipient to be adopted as part of the Operational Manual not later than the Effective Date, setting forth the guidelines for mitigating potential harmful environmental and social (including resettlement) effects of Project implementation.


8. "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.
9. “MEF” means Ministère de l’Économie et des Finances, the Recipient’s Ministry of Economy and Finance and for purposes of this Agreement and depending on the context, the “UCP” or Unité de Coordination de Projet”, the Project implementing unit within said ministry.

10. “MTPTEC” means Ministère des Travaux Publics, des Transports, de l’Énergie et de la Communication, the Recipient’s Ministry of Public Works, Transport and Communication, and for purposes of this Agreement and depending on the context, the “UCE” or Unité Centrale d’Exécution, the Project implementing unit within said ministry.

11. “Operating Costs” means, in respect of Categories 1 and 3 of the table in Section IV.A.2 of Schedule 2 to this Agreement, the incremental expenses incurred on account of Project implementation, including office equipment and supplies, reasonable commercial banking charges and fees, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, per diem and supervision costs and salaries of locally contracted employees.

12. “Operational Manual” means the operational manual prepared under the Original Project dated March 22, 2010 as amended/updated for purposes of the Additional Financing, and referred to in Section I.B.1 of Schedule 2 to this Agreement.


14. “Original Project” means the Project described in the Original Financing Agreement.


16. “Procurement Plan” means the Recipient’s simplified procurement plan for the Project, dated August 3, 2012 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

17. “Resettlement Action Plan” means a resettlement action plan, to be prepared in accordance with the provisions of the ESMF, for the purposes of indicating the procedures and processes to be followed for assisting identified affected persons arising due to the proposed Project activities.

18. “ULCC” means l’Unité de Lutte Contre la Corruption, the Recipient’s Anticorruption Agency.