Financing Agreement

(Business Development and Investment Project)

between

REPUBLIC OF HAITI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 14, 2013
GRANT NUMBER H865-0-HT

FINANCING AGREEMENT

AGREEMENT dated June 14, 2013, entered into between REPUBLIC OF HAITI ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). 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 thirteen million four hundred thousand Special Drawing Rights (SDR 13,400,000) ("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 April 15 and October 15 in each year.

2.05. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project: (a) through MEF and thereafter through MCI as provided in Section I.A.2 of Schedule 2 to this Agreement; and (b) carry out Part D of the Project with the participation of the Coordinating Authority, 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 Conditions of Effectiveness consist of the following, namely that the Recipient has adopted the Operations Manual 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 expires on November 30, 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 des Finances
5, Avenue Charles Sumner
Port-au-Prince
Republic of Haiti

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, Haiti, as of the day and year first above written.

REPUBLIC OF HAITI

By

[Signature]

Authorized Representative
Name: Wilfrid Chaleau
Title: Ministre

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative
Name: Alexander ABRAHAMS
Title: SPECIFIC
SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in: (a) improving the conditions for private sector investment and inclusive growth; and (b) improving its capacity to respond promptly and effectively to an Eligible Emergency.

The Project consists of the following parts:

Part A: Business Environment and Investment Generation

1. Business Environment

(a) Assisting the Recipient in the design and implementation of economy-wide business environment reforms to improve the business environment through: (i) the implementation of a detailed action plan to, \textit{inter alia}: (A) revise the regulatory framework for secured lending; establish an electronic collateral registry; and provide training to enhance the capacity of registry staff and financial market clients; (B) improve the insolvency framework by updating the regulatory framework; building awareness and enhancing the capacity of the judiciary; and support the establishment of a regulatory framework and oversight mechanisms for insolvency administrators; and (C) carry out the regulatory and administrative business reforms covered by the said action plan; and (ii) the improvement of the licensing and inspection regimes in selected industries, all through the provision of goods, technical assistance, Training and Operating Costs.

(b) Provision of support to MCI for: (i) conducting a competition assessment and scoping review of the existing constraints and barriers to competitive markets in selected sectors; and (ii) identifying the legal and institutional changes required for fostering greater opening of markets to competition and addressing constraints specific to such sectors, all through the provision of goods, technical assistance, and Training.

(c) Provision of support to: (i) the entity under the auspices of the MCI, responsible for the legal reform related to the business environment; and (ii) the coordinating entities to be designated by the Recipient to improve the business environment, all through the provision of technical assistance and Operating Costs.
2. **Investment Generation**

Provision of support to MCI for: (a) carrying out an assessment of the existing institutions governing the industrial park and free zones to determine if the current regulatory and institutional frameworks need to be restructured; (b) preparing an action plan acceptable to the Association, based on the recommendations of the said assessment; (c) strengthening the IEZ supervisory authority, provided that the condition referred to in Section IV.B.1(b) of Schedule 2 to this Agreement has been met; (d) preparing feasibility studies for the establishment of at least one new IEZ; (e) carrying out market demand analyses and investment facilitation for existing and future IEZs; and (f) the establishment of a one stop shop (OSS) for IEZ investors, all through the provision of goods, technical assistance, Training and Operating Costs.

**Part B: Business Development Services for MSMEs**

1. Provision of support to MCI for: (a) preparing a needs assessment of MSMEs in selected municipalities; (b) conducting sector-specific value-chain diagnostics; (c) preparing the Matching Grants Manual; (d) developing a communication strategy to promote business development services; and (e) carrying out a census data mining exercise, all through the provision of technical assistance.

2. Providing business development services to MSMEs, through: (a) the provision of Training to MSMEs on business improvement; (b) the provision of technical assistance to assist the Trained MSMEs in preparing business improvement plans; and (c) the provision of Matching Grants to Beneficiaries to carry out Subprojects.

3. Enhancing the capacity of the central and regional offices of MCI for the management, implementation, monitoring and evaluation of Parts B.1 and B.2 of the Project through the provision of goods, technical assistance, Training and Operating Costs.

**Part C: Project Implementation, Evaluation and Monitoring**

1. Provision of support to MEF and MCI for the Project management, monitoring and evaluation, through the provision of goods, technical assistance, Training and Operating Costs.

2. Provision of technical assistance to MCI for conducting a series of workshops for public awareness and consultation on the progress of the Project.

**Part D: Immediate Response Mechanism**

Provision of support to respond to an Eligible Emergency, as needed.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall vest the overall responsibility for the implementation of the Project in MCI. The Recipient shall ensure that MCI shall carry out Parts A through C of the Project in accordance with the Operations Manual and, except as the Association shall otherwise agree, shall not amend or waive any provision of the Operations Manual if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objective thereof. In case of any conflict between the terms of this Agreement and those of the Operations Manual, the terms of this Agreement shall prevail. The Operations Manual shall include provisions detailing procedures and guidelines for the carrying out of the Project, including, *inter alia*:

(a) the detailed description of Project implementation activities, including their sequencing and the prospective timetable and benchmarks in relation thereto, as well as the detailed institutional arrangements in respect thereof;

(b) the Project’s administrative, accounting, auditing, reporting, financial, procurement and disbursement procedures, including all pertinent standard documents and model contracts in relation thereto;

(c) procurement and contracting procedures consistent with Section III of this Schedule, to be applicable to the contracts for works, goods and services required for the Project and to be financed out of the proceeds of the Financing;

(d) the plan and procedures for the monitoring and supervision of the Project, including all environmental, economic and social aspects in relation thereto;

(e) the procedures for the review and approval of Financing proceeds withdrawal applications to the Association, in conformity with the instructions that the Association may give to the Recipient in this respect; and

(f) the performance monitoring indicators for the Project.
2. For the purpose of carrying out the Project, MCI shall by no later than June 30, 2013 enter into an appropriate transitional contractual arrangement, satisfactory to the Association with MEF (the UCP Agreement). The said agreement shall stipulate, inter alia, that: (a) MEF shall on behalf of MCI maintain UCP within MEF for the management of fiduciary aspects of the Project for a period of eighteen (18) months. To this end, UCP shall on behalf of MCI: (i) appoint a procurement specialist with qualifications, experience and terms of reference acceptable to the Association, to coordinate with the MCI the management of the fiduciary aspects and to ensure that the procurement of works, goods, consultants’ and non-consulting services under the Project is conducted as per the Procurement Guidelines and Consultant Guidelines; (ii) enter into contracts with contractors and/or goods and/or service providers; (iii) prepare, maintain and submit monthly, quarterly, and annual progress reports to MCI and MEF; (iv) prepare Financial Statements; (v) have the Financial Statements audited in accordance with the provisions of Section II.B.3 of this Schedule; (vi) appoint a financial management specialist with qualifications, experience and terms of reference acceptable to the Association, to coordinate with the MCI and to ensure that documents, reports and information are promptly provided to MCI; (vii) ensure that the Project is carried out in accordance with sound administrative, engineering, accounting and environmental standards pursuant to the provisions of this Agreement, the applicable Safeguard Documents and the Operations Manual; (viii) make available to MCI, the auditors of MCI and the Project auditors referred to in Section II.B of Schedule 2 to this Agreement all documents, books, and records pertaining to the Project activities; and (ix) respond to queries, report findings and comments by MCI, auditors of MCI and the Project auditors referred to in Section II.B of Schedule 2 to this Agreement.

3. The Recipient, through MEF, shall: (a) not later than two months prior to the termination date of the UCP Agreement furnish to the Association, evidence acceptable to the Association, that the MCI has the adequate capacity to manage the fiduciary aspects of Parts A through C of the Project; and (b) immediately thereafter, undertake all the necessary actions to transfer the administrative jurisdiction of UCP to MCI in a manner and on terms acceptable to the Association.

4. The Recipient shall ensure that the terms of reference for any consultancy in respect of any Project activity under Part A of the Project shall be satisfactory to the Association following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Association’s Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.
B. Business Development Services for MSMEs under Part B of the Project


(a) Not later than six (6) months after the Effective Date, the Recipient shall:

(i) prepare under terms of reference satisfactory to the Association and furnish to the Association for its review and approval a manual, consistent with the provisions of this Agreement, setting forth, inter alia: (A) the eligibility criteria for a Beneficiary to receive a Matching Grant; (B) the rules and procedures for the review, approval and processing of Matching Grants; (C) the accounting, disbursements, financial management, procurement, social and environmental procedures to be followed in the administration of Matching Grants; (D) a list of activities that may be financed under Matching Grants; and (E) a negative list of activities that may not be financed under Matching Grants; and

(ii) afford the Association a reasonable opportunity to review such manual, and thereafter promptly adopt such manual as shall have been approved by the Association ("Matching Grants Manual").

(b) To assist in the preparation of the Matching Grants Manual, the Recipient through MCI shall employ consultants in accordance with Section III of Schedule 2 to this Agreement.

(c) Without limitation on the foregoing, each Matching Grant shall be reviewed by a committee comprised of technical experts with qualifications and experience satisfactory to the Association and under terms of reference satisfactory to the Association ("Grant Selection Committee").

(d) Notwithstanding any provision of this Agreement to the contrary, in the event of any conflict between the Matching Grants Manual and this Agreement, the provisions of this Agreement shall govern.

2. Eligibility Criteria for Matching Grants

No Beneficiary shall be eligible for a Matching Grant, unless the Recipient shall have determined, on the basis of an appraisal conducted by the Grant Selection Committee, in accordance with provisions of the Matching Grants Manual and of this Agreement, that the proposed Beneficiary of such Matching Grant and the proposed Subproject for which the Matching Grant is to be made satisfy the
following eligibility criteria, as further elaborated in the Matching Grants Manual:

(a) The proposed Beneficiary: (i) is a privately owned entity or a group of micro, small or medium scale enterprise, business associations or local producers; (ii) has the organization, staffing and resources necessary to carry out the proposed Subproject; (iii) has received Training in preparing business improvement plans; (iv) has prepared a detailed business improvement plan acceptable to the Recipient and the Association, setting forth the activities proposed to be included in the Subproject, and a financing plan for such activities to be developed on the basis of the Matching Grants Manual; and (v) is able to provide the cost-sharing percentage set forth in the Matching Grants Manual of the total cost of the proposed Subproject out of resources other than the Matching Grant.

(b) The proposed Subproject: (i) is economically and financially viable, technically feasible and environmentally sound; (ii) has been developed on the basis of the Matching Grants Manual; (iii) has been developed in accordance with the Safeguard Documents; and (iv) is in compliance with all laws and regulations of the Recipient.

3. Matching Grants

The Recipient shall make each Matching Grant to a Beneficiary under an agreement (the Matching Grant Agreement) on terms and conditions approved by the Association, which shall include the following:

(a) The Matching Grant shall: (i) be made on a grant basis; and (ii) not exceed an amount equivalent to twenty five thousand Dollars (US$25,000).

(b) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:

(i) suspend or terminate the right of the Beneficiary to use the proceeds of the Matching Grant, or obtain a refund of all or any part of the amount of the Matching Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Matching Grant Agreement; and

(ii) require each Beneficiary to: (A) carry out its Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including
in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient and with the Safeguard Documents; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works, consultants' services and Training to be financed out of the Matching Grant in accordance with the provisions of this Agreement and the Matching Grants Manual; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Subproject and the achievement of its objectives; (E) enable the Recipient and the Association to inspect the Subproject, its operation and any relevant records and documents; and (F) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

(c) The Recipient shall exercise its rights and carry out its obligations under each Matching Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce any Matching Grant Agreement or any of its provisions.

C. Implementation Arrangements for Part D of the Project (Immediate Response Mechanism)

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

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

(b) afford the Association a reasonable opportunity to review the proposed IRM Operations Manual;

(c) promptly adopt the IRM Operations Manual for the IRM Part as shall have been approved by the Association;

(d) ensure that the IRM Part is carried out in accordance with the IRM Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the IRM 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 IRM Operations Manual without prior approval by the Association.

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

3. The Recipient shall undertake no activities under the IRM Part (and no activities shall be included in the IRM 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 Association a request to include said activities in the IRM Part in order to respond to said Eligible Emergency, and the Association 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 IRM Operations Manual, the Association has approved all such instruments, and the Recipient has implemented any actions which are required to be taken under said instruments.

D. Anti-Corruption

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

1. The Recipient shall ensure that, throughout the implementation of the Project, the Project shall be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Environmental and Social Management Framework. In particular, the Recipient shall ensure: (a) that for each activity under Parts A through C of the Project of a category for which the Environmental and Social Management Framework provides that an Environmental and Social Management Plan should be prepared, such Environmental and Social Management Plan, in form and substance satisfactory to the Association, is effectively prepared and locally disclosed, before the implementation of such Project activity, in accordance with the provisions of the Environmental and Social Management Framework; and (b) promptly thereafter, that the relevant activity is implemented in accordance with its Environmental and Social Management Plan.

2. The Recipient shall ensure that: (a) all activities undertaken for the purpose of carrying out of Parts A through C of the Project comply with environmental standards and guidelines satisfactory to the Association; and (b) no activity shall be undertaken under said Parts of the Project involving the involuntary acquisition of land or involuntary resettlement of occupants or owners of such land resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; and (c) no activity under the Project involving works shall commence before the corresponding Environmental and Social Management Plan has been prepared and disclosed in accordance with paragraph 1 above.

3. Except as the Association shall otherwise agree in writing and subject to compliance with applicable consultation and public disclosure requirements of the Association, the Recipient shall not abrogate, amend, repeal, suspend, waive or fail to enforce any provisions of any of the Safeguard Documents.

4. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall through MCI regularly collect, compile and submit to the Association, on a semi-annual basis, reports on the status of compliance with the Safeguard Documents, giving details of: (a) measures taken in furtherance of the Safeguard Documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Documents; and (c) remedial measures taken or required to be taken to address such conditions.

5. In the event that any provision of the Safeguard Documents shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the 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 methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; and (c) Direct Contracting.

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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.
Section IV. Withdrawal of the Proceeds of the Financing

A. General

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

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants’ services and Training for:</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) Parts A.1, A.2(a), A.2(b), A.2(c) and A.2(f) of the Project</td>
<td>3,149,000</td>
<td></td>
</tr>
<tr>
<td>(b) Part A.2(c) of the Project</td>
<td>670,000</td>
<td></td>
</tr>
<tr>
<td>(c) Part A.2(d) of the Project</td>
<td>2,680,000</td>
<td></td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consultants’ services and Training for Part B.1, B.2(a) and (b), and B.3 of the Project</td>
<td>1,714,500</td>
<td>100%</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Grant Allocated (expressed in SDR)</td>
<td>Percentage of Expenditures to be Financed (inclusive of Taxes)</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>--------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>(3) Goods, works, consultants' services and Training under Matching Grants under Part B.2(c) of the Project</td>
<td>2,713,500</td>
<td>100% of the eligible amount of a Matching Grant in accordance with the formula set forth in the Operations Manual and the Matching Grants Manual</td>
</tr>
<tr>
<td>(4) Goods, non-consulting services, consultants' services and Training for Part C of the Project</td>
<td>1,337,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Operating Costs under Parts A.1(a), A.1(c), A.2, B.3 and C.1 of the Project</td>
<td>335,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Emergency Expenditures under Part D of the Project</td>
<td>335,000</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Preparation Advance</td>
<td>466,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>13,400,000</strong></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:

   (a) for payments made prior to the date of this Agreement.

   (b) under Category (1(b)), unless and until the action plan referred to under Part A.2(c) of the Project has been carried out in a manner satisfactory to the Association.

   (c) under Category (1(c)) until the Recipient has submitted to the Association selection criteria for IEZs satisfactory to the Association.
under Category (3) until the Recipient has adopted the Matching Grants Manual on terms and in a manner acceptable to the Association.

under Category (6), for Emergency Expenditures under Part D of the Project, unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said activities:

(i) the Recipient has determined that an Eligible Emergency has occurred, has furnished to the Association a request to include said activities in the IRM Part in order to respond to said Eligible Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has prepared and disclosed all safeguards instruments required for said activities, and the Recipient has implemented any actions which are required to be taken under said instruments, all in accordance with the provisions of Section I.C.3 (b) of this Schedule;

(iii) the Recipient’s Coordinating Authority has adequate staff and resources, in accordance with the provisions of Section I.C.2 of this Schedule, for the purposes of said activities; and

(iv) the Recipient has adopted the IRM Operations Manual in form, substance and manner acceptable to the Association and the provisions of the IRM Operations Manual remain or have been updated in accordance with the provisions of Section I.C.1 of this Schedule 2 so as to be appropriate for the inclusion and implementation of said activities under the IRM Part.

2. The Closing Date is May 31, 2018.
APPENDIX

Definitions


2. “Association’s Safeguard Policies” mean the Association’s operational policies and procedures set forth in the Association’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.

3. “Beneficiary” means an entity which satisfies the eligibility criteria referred to in Section I.B.2 of Schedule 2 to this Agreement and is a recipient of a Matching Grant.

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


6. “Coordinating Authority” means the entity or entities designated by the Recipient in the IRM Operations Manual and approved by the Association pursuant to Section I.C of Schedule 2 to this Agreement, to be responsible for coordinating the IRM Part of the Project.

7. “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 a natural or man-made crisis or disaster.

8. “Emergency Expenditure” means any of the Eligible Expenditures set forth in the IRM Operations Manual in accordance with the provisions of Section I.C of Schedule 2 to this Agreement and required for the activities included in the IRM Part of the Project.

9. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s framework acceptable to the Association, dated April 2, 2013, setting forth the modalities for environmental and social screening and procedures/actions for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the ESMF.
10. "Environmental and Social Management Plan" or "ESMP" means the environmental and social management plan(s) to be prepared and disclosed by the Recipient in accordance with the Environmental and Social Management Framework with respect to the Project activities in accordance with Section I.E of Schedule 2 to this Agreement. Such plan(s) shall specify: (a) the measures to be taken during the implementation and operation of such activity, to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels; (b) the guidelines for the adoption of pest management measures in all applicable activities; and (c) the actions needed to implement such measures.


12. "Grant Selection Committee" means the committee to be established by the Recipient through MCI pursuant to Section I.B of Schedule 2 to this Agreement, to be responsible for the review of Matching Grants.

13. "IEZs" or "Integrated Economic Zones" means a geographically delimited site which operates under a defined regulatory framework.


15. "IRM Operations Manual" means the Recipient's manual for the IRM Part that will set forth *inter alia*, the actions to be taken by the Recipient when a crisis or emergency occurs and referred to in Section I.C of Schedule 2 to this Agreement, as such manual may be amended from time to time with the prior written consent of the Association.

16. "IRM Part" means Part D of the Project.

17. "Matching Grant" means a grant made out of the proceeds of the Financing to a Beneficiary for a Subproject, in accordance with the provisions of Section I.B of Schedule 2 to this Agreement.

18. "Matching Grant Agreement" means the agreement to be entered into between the Recipient and a Beneficiary providing for a Matching Grant in accordance with the provisions of Section I.B.3 of Schedule 2 to this Agreement; and such term includes all schedules and agreements supplemental to the Matching Grant Agreement.

19. "Matching Grants Manual" means the Recipient's manual to be developed by Recipient and approved by the Association, all in accordance with the provisions of Section I.B of Schedule 2 to this Agreement, as the same may be revised from time to time with the prior written approval of the Association.
20. "MCI" means the Recipient’s Ministry of Commerce and Industry and any legal successor thereto.


22. "MSMEs" means collectively, Micro, Small and Medium Enterprises.

23. "Operating Costs" means reasonable and necessary incremental expenses incurred by the Recipient with respect to Project implementation, management and monitoring, including the costs of staff salaries (excluding salaries of the Recipient’s civil service staff), communication, editing, printing and publication, translation, vehicle operation and maintenance, bank charges, local travel costs and field trip expenses, office rentals, utilities, equipment and supplies.

24. "Operations Manual" means the manual referred to in Section I.A.1 of Schedule 2 to this Agreement, as said manual may be updated and/or amended from time to time with the agreement of the Association.

25. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on July 24, 2012, as amended to date (PPA No. Q8240-HT).


27. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated April 11, 2013 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.

28. "Safeguard Documents" means collectively the Environmental and Social Management Framework and the Environmental and Social Management Plans prepared for specific activities carried out under the Project, if any.

29. "Subproject" means a specific development/investment activity in any given business improvement plan under Part B of the Project which has been selected in accordance with the criteria set forth in the Operations Manual to be carried out by a Beneficiary utilizing the proceeds of a Matching Grant.

30. "Training" means expenditures (other than those for Consultants’ Services) incurred by the Recipient to finance: (a) reasonable travel, room, board and per diem expenditures as incurred by trainers and trainees in connection with their
training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.

31. "Trained MSME" means the MSME which has obtained training on business improvement under the Project.

32. “UCP” means the Project Coordination Unit, L’Unité de Coordination de Projet established within MEF.

33. “UCP Agreement” means the agreement to be entered into pursuant to Section I.A.2 of Schedule 2 to this Agreement.