Financing Agreement
(Post-Disaster Partial Credit Guarantee Program Support Project)

between

REPUBLIC OF HAITI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 7, 2011
AGREEMENT dated January 7, 2011, entered into between REPUBLIC OF HAITI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS: the Co-financier has entered into an agreement entitled “Accord de Financement Non Remboursable” (the Co-financing Agreement) with the Recipient dated October 9, 2010 for the provision of the Co-financing.

NOW, THEREFORE, the parties hereto 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 two million Special Drawing Rights (SDR2,000,000) (“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, with support from, inter alia, FDI for the implementation of Part 1(a), PCGF for the implementation of Part 1(b) of the Project, and BRH for the implementation of Part 2 of the Project, 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:

(a) The Recipient has prepared and adopted the Operational Manual in form and substance satisfactory to the Association.

(b) The FDI Agreement, in form and substance satisfactory to the Association, has been executed and delivered, and all conditions precedent to its effectiveness have been fulfilled.

4.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety days (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 June 14, 2012.

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 the Recipient’s 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 /s/ Ronald Baudin
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Alexandre V. Abrantes
Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to support the development of a partial credit guarantee program by the Recipient to help: (i) financial institutions restart lending; and (ii) financial sector borrowers overcome the impact of the Emergency.

The Project consists of the following parts:

Part 1. Supporting the Provision of Partial Credit Guarantees

Provision of Partial Credit Guarantees to Participating Financial Institutions, to mitigate their credit risks on:

(a) Small Loans to Eligible Borrowers; and

(b) MSME Loans and Housing Loans through support to the operation of a partial credit guarantee fund (the “PCGF”), to be established by the Recipient in a manner satisfactory to the Association, subject to the pertinent provisions in Section IV.B. of Schedule 2 to this Agreement.

Part 2. Financial Sector Technical Assistance

Providing support to the design and implementation of measures to remove obstacles to credit growth.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional and Contractual Arrangements

The Recipient shall, throughout the implementation of the Project, maintain the following implementation arrangements:

1. Steering Committee

   (a) No later than December 31, 2010, the Recipient shall establish and thereafter maintain a committee (the “Steering Committee”) with terms of reference and membership acceptable to the Association.

   (b) Without limitation to the provisions of paragraph (a), the Steering Committee: (i) shall be responsible for the oversight of Part 1(a) of the Project; and (ii) shall include representatives of BRH, the Recipient’s Ministry of Finance and the donors (either as members or as observers, as permitted under their respective rules; for the sake of clarification, the Association shall only participate in the Steering Committee as a observer, with no voting power).

2. Fonds de Développement Industriel

For purposes of carrying out Part 1(a) of the Project:

   (a) (i) The Recipient shall maintain its agreement with FDI (the “FDI Agreement”) throughout the implementation of the Project, pursuant to which: (A) the Recipient shall make the funds of Category 1(a) available to FDI (but said funds will remain the ownership of the Recipient, as provided in Article 8 of the Recipient’s Decree dated March 20, 1981, establishing and governing FDI); and (B) FDI shall be responsible for the implementation of Part 1(a) of the Project, including, inter alia, the following: (1) reviewing the documentation of the portfolio of loans to be partially guaranteed and verify their eligibility for a Partial Credit Guarantee; (2) approving the granting of Partial Credit Guarantees and submitting information to the Fiduciary Agent; (3) collecting fees from Participating Financial Institutions; (4) verifying compliance with all covenants included or referred to in the PCG Facility Agreements, including timely payment of all guarantee fees; (5) verifying that
Participating Financial Institutions maintain their eligibility status over time as outlined in the Operational Manual; and (6) processing calls under PCGs and making payments to Participating Financial Institutions (subject to having received the prior no-objection from the Fiduciary Agent).

(ii) Without limitation to the provisions of paragraph (i) above, the FDI Agreement shall contain the following provisions: (A) the right of the Recipient to terminate the FDI Agreement, upon FDI’s failure to perform any of its obligations under the FDI Agreement; (B) the obligation of FDI to carry out its obligations under the FDI Agreement with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, administrative, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Operational Manual and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (C) (1) the obligation of FDI to maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to its activities under the FDI Agreement; and (2) at the Association’s or the Recipient’s request, the obligation of FDI to have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; and (D) the obligation of FDI to: (1) enable the Recipient, the Fiduciary Agent and the Association to inspect its operations under the FDI Agreement, and any relevant records and documents; and (2) prepare and furnish to the Recipient, the Fiduciary Agent and the Association all such information as the Recipient, the Fiduciary Agent or the Association shall reasonably request regarding the foregoing.

(iii) The Recipient shall exercise its rights and carry out its obligations under the FDI 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, terminate, abrogate, waive or fail to enforce the FDI Agreement or any of its provisions.
(iv) In the event of any inconsistency between the provisions of the FDI Agreement and those of this Agreement, the provisions of this Agreement shall prevail.

(b) The Recipient shall cause FDI to recruit and thereafter maintain throughout the implementation of Part 1(a) of the Project, a consultant of international repute, with terms of reference, qualifications and experience satisfactory to the Association, to support FDI in the management of Part 1(a) of the Project.

(c) The Recipient shall cause FDI, at all times during the implementation of Part 1(a) of the Project, to maintain staff in adequate numbers with terms of reference, qualifications and experience satisfactory to the Association.

(d) No later than September 30, 2011, an independent consultant with terms of reference, qualifications and experience satisfactory to the Association shall be recruited to act as fiduciary agent (the “Fiduciary Agent”) and as such to, *inter alia*: (i) carry out audits of the portfolio of guaranteed loans, borrowers and Participating Financial Institutions, for the purpose of assessing compliance with the provisions of this Agreement including the eligibility criteria and the requirements with respect to environmental and social safeguards set forth in the Safeguard Documents; and (ii) authorize the release of the funds from the PCG Account upon a call under a PCG. Without limitation to the foregoing provision, the Fiduciary Agent shall carry out its obligations under the Project in accordance with the provisions of the Operational Manual, the Safeguard Documents and the Anticorruption Guidelines, and the agreement entered into for the recruitment of the Fiduciary Agent shall contain a provision, in form and substance satisfactory to the Association, to reflect such obligation of the Fiduciary Agent.

3. Establishment and Management of the PCGF

(a) For the implementation of Part 1(b) of the Project, the Recipient shall establish, and thereafter maintain: (a) the PCGF; and (b) an implementation arrangement for the management and operation of the PCGF (such arrangement, including all agreements and contractual rights and obligations to establish such arrangement, being hereinafter referred to as the “PCGF Implementation Arrangement”), each in a manner satisfactory to the Association.

(b) Without limitation to the provisions of paragraph (a) above, the PCGF Implementation Arrangement shall contain, *inter alia*, provisions to ensure that: (i) the PCGF shall have the right to withdraw funds from the
PCG Account exclusively for the financing of Partial Credit Guarantees under Part 1(b) of the Project and shall refund to the Recipient for further refund to the Association any amount of the Financing used for any other purpose or in violation of the provisions of, or referred to, in this Agreement; (ii) the right of the PCGF to withdraw funds from the PCG Account shall terminate, upon the PCGF’s failure to perform any of its obligations under the PCGF Implementation Arrangement; (iii) the obligation of the PCGF to carry out its obligations under the PCGF Implementation Arrangement with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, administrative, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Operational Manual, the Safeguard Documents and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (iv) (A) the obligation of the PCGF to maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to its activities under the PCGF Implementation Arrangement; and (B) at the Association’s or the Recipient’s request, the obligation of the PCGF to have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; and (v) the obligation of the PCGF to: (A) enable the Recipient and the Association to inspect its operations and any relevant records and documents; and (B) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request regarding the foregoing.

(c) The Recipient shall exercise its rights and carry out its obligations under the PCGF Implementation Arrangement 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, terminate, abrogate, waive or fail to enforce the PCGF Implementation Arrangement or any of its provisions.

(d) In the event of any inconsistency between the provisions of the PCGF Implementation Arrangement and those of this Agreement, the provisions of this Agreement shall prevail.
4. **The Recipient’s Central Bank**

BRH shall be responsible for the implementation and coordination of Part 2 of the Project, with the technical advice and support of donors interested in credit growth to be provided, at least in the case of the Association, on a purely consultative basis only and with no voting power whatsoever. For the implementation of Part 2 of the Project, the Recipient shall prepare, or cause to be prepared, and furnish to the Association for review, comments and prior approval, one or several proposed work program(s), budget(s) and implementation arrangement(s).

**B. Manual**

1. (a) The Recipient shall ensure that the Project is carried out in accordance with the Operational Manual.

   (b) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Operational Manual, or any provision thereof.

2. In the event of any inconsistency between the provisions of the Operational Manual and those of this Agreement, the provisions of this Agreement shall prevail.

**C. Anti-Corruption**

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

**D. Partial Credit Guarantees**

1. (a) For the implementation of Part 1(a) of the Project, FDI shall enter into a separate Participation Agreement on the basis of a model satisfactory to the Association, and then a separate PCG Facility Agreement, with each Participating Financial Institutions for the provision of PCGs, each on terms and conditions satisfactory to the Association, which shall include, *inter alia*, the following:

   (i) PCGs shall be provided exclusively to mitigate the credit risk on Small Loans to Eligible Borrowers;

   (ii) no PCG shall be issued except in accordance with criteria, terms and conditions set forth in the Operational Manual including, *inter alia*, in strict compliance with the Safeguard Documents;
(iii) PCGs shall be issued according to the model form of PCG Facility Agreement provided in the Operational Manual;

(iv) PCGs shall be subject to an annual fee, which shall be determined according to a market based formula acceptable to the Association, and shall be provided on a risk-sharing basis acceptable to the Association;

(v) the obligation of the relevant Participating Financial Institution to comply with the pertinent provisions of the Operational Manual, the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient, and the Safeguard Documents; and

(vi) except as the Association may otherwise agree, no PCG shall be provided under Part 1(a) of the Project after September 30, 2011, or such earlier date determined by the Steering Committee and acceptable to the Association (hereinafter referred to as the “Cut Off Date”).

(b) For the implementation of Part 1(b) of the Project, the PCGF shall enter into a separate Participation Agreement or any other document provided for in the Implementation Arrangement on the basis of a model satisfactory to the Association, and then a separate PCGF Facility Agreement with each Participating Financial Institution for the provision of PCGs under Part 1(b) of the Project, each on terms and conditions satisfactory to the Association, which shall include, inter alia, the following:

(i) PCGs shall be provided by the PCGF exclusively to mitigate the credit risk on MSME Loans and Housing Loans;

(ii) no PCG shall be issued except in accordance with criteria, terms and conditions set forth in the PCGF Implementation Arrangement including, inter alia, in strict compliance with the Safeguard Documents;

(iii) PCGs shall be issued according to the model form of PCG Facility Agreement provided in the PCGF Implementation Arrangement; and

(iv) the obligation of the relevant Participating Financial Institution to comply with the pertinent provisions of the Operational Manual, the Anti-Corruption Guidelines applicable to recipients
of loan proceeds other than the Recipient, and the Safeguard Documents.

(c) (i) Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce, or permit to be assigned, amended, abrogated, terminated, waived or failed to be enforced, any Participation Agreement, any PCG Facility Agreement, or any PCGF Facility Agreement, or any provisions included or referred to therein.

(ii) No withdrawal from the PCG Account shall be made for any PCG issued under Part 1(a) unless a PCG Facility Agreement for such PCG, on terms and conditions acceptable to the Association, has been duly authorized, executed and delivered by and is legally binding upon the parties thereto, and all conditions precedent to its effectiveness, except only the disbursement of the Financing for such PCG, shall have been fulfilled.

(iii) No withdrawal from the PCG Account shall be made for any PCG issued under Part 1(b) unless a PCGF Facility Agreement for such PCG, on terms and conditions acceptable to the Association, has been duly authorized, executed and delivered by and is legally binding upon the parties thereto, and all conditions precedent to its effectiveness, except only the disbursement of the Financing for such PCG, shall have been fulfilled.

2. (a) The Recipient shall, throughout the implementation of Part 1(a) and (b) of the Project, maintain the PCG Account in BRH under terms and conditions acceptable to the Association, including appropriate protection against attachment, seizure and set off, as a pooled account for the financing of PCGs under Part 1(a) and (b) of the Project by the Association, the Co-financier and, as the case may be, other donors, if applicable.

(b) (i) The Recipient shall ensure that no funds are withdrawn from the PCG Account for the financing of PCGs under Part 1(a) of the Project without the prior Fiduciary Agent’s no-objection in writing.

(ii) The Recipient shall establish a mechanism satisfactory to the Association to ensure that the funds deposited in the PCG Account are used exclusively for the financing of PCGs: (A) under Part 1(a); and (B) after the Cut Off Date, under Part 1(b) of the Project, subject to compliance with the provisions of Section IV.B.1(c) and Section IV.B.4(ii) of this Schedule.
E. Safeguards

1. (a) No later than six (6) months after the Effective Date, the Recipient shall have prepared and disclosed in a manner satisfactory to the Association, the Environmental and Social Management Framework, in form and substance satisfactory to the Association, detailing: (i) the measures to be taken during the implementation and operation of Part 1(a) of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (ii) the actions needed to implement these measures, including monitoring and institution strengthening.

(b) (i) The Environmental and Social Management Framework shall be updated in form and substance satisfactory to the Association to reflect: (A) the measures to be taken during the implementation and operation of Part 1(b) of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (B) the actions needed to implement these measures, including monitoring and institution strengthening, and thereafter disclosed and included in the Operational Manual, all in a manner satisfactory to the Association.

(ii) No MSME Loans and no Housing Loans shall be eligible for a PCG under Part 1(b) of the Project unless the Environmental and Social Management Framework shall have been updated and disclosed in accordance with paragraph (i) above.

2. From the date referred to in paragraph (1)(a) above, 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 of a type for which the Environmental and Social Management Framework provides that one or more other Safeguard Document(s) should be prepared, such Safeguard Document(s), in form and substance satisfactory to the Association, is (are) effectively prepared and locally disclosed, before issuance of the PCG, in accordance with the provisions of the Environmental and Social Management Framework; and (b) immediately thereafter, that the Activity is implemented in accordance with its Safeguard Document(s). No Small Loans, no MSME Loans and no Housing Loans shall be eligible for a PCG if they have been provided or will be provided to finance any Activity in violation of the foregoing provisions.

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,
terminate, waive or fail to enforce any provisions of any of the Safeguard Documents, nor shall it permit FDI or the PCGF to do so.

4. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, or shall cause FDI and/or the PCGF to, 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

1. 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.

2. Without limitation to the provisions of paragraph A.1 of this Section, and not later than twenty four (24) months after the Effective Date, the Recipient shall, in conjunction with the Association, carry out a mid-term review of the Project (the “Mid-term Review”), covering the progress achieved in the implementation of the Project. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.
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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association, as part of the Project Reports, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements, and cause FDI and the PCGF, to have their financial statements, audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements (including FDI’s and the PCGF’s financial statements) shall cover the period of one fiscal year of the Recipient. The audited Financial Statements (including FDI’s and the PCGF’s financial statements) for each such period shall be furnished to the Association not later than four (4) months after the end of such period. The Recipient shall disclose the audited Financial Statements in a manner acceptable to the Association. The Recipient agrees that upon receipt of the Financial Statements, the Association shall make them available to the public in accordance with the World Bank’s Policy on Access to Information.

4. In order to ensure the timely carrying out of the audits referred to in Section II. B.3 of this Schedule, the Recipient shall engage auditors for the purpose not later than six (6) months after the Effective Date, in accordance with the provisions of Section III of this Schedule, and under terms of reference acceptable to the Association.

Section III. Procurement

A. General

1. Goods. All goods 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 the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods. 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, subject to using standard bidding documents agreed with the Association</td>
</tr>
<tr>
<td>(b) Shopping, subject to using standard request for quotations agreed with the Association</td>
</tr>
<tr>
<td>(c) Direct Contracting, subject to the Association’s prior consent.</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) Fixed Budget Selection</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Single Source Selection, subject to the Association’s prior written consent</td>
</tr>
<tr>
<td>(f) Procedures set forth in Paragraphs 5.2 and 5.3 of the Consultants Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(g) Sole Source Procedures for the Selection of Individual Consultants set forth in paragraph 5.4 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>
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) (a) Provision of PCGs under Part 1(a) of the Project</td>
<td>1,650,000</td>
<td>100 % of amounts paid under the PCGs</td>
</tr>
<tr>
<td>(1) (b) Provision of PCGs under Part 1(b) of the Project</td>
<td>0</td>
<td>100 % of amounts paid under the PCGs</td>
</tr>
<tr>
<td>(2) Goods and consultants’ services under Part 2 of the Project</td>
<td>350,000</td>
<td>100 %</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,000,000</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:

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

   (b) under Category (1) (a) until: (i) the Recipient shall have opened the PCG Account in accordance with the provisions of Section I.D.2 (a) of this Schedule; (ii) FDI shall have recruited the consultant referred to in Section I.A.2 (b) of this Schedule; and (iii) the Environmental and Social Management Framework shall have been prepared and disclosed in accordance with Section I.E.1 of this Schedule; or

   (c) under Category (1) (b) until the Recipient shall have: (i) established the PCGF in accordance with the provisions of Section I.A.3 (a) of this Schedule; (ii) signed the PCGF Implementation Arrangement, in accordance with the provisions of Section I.A.3 (a) and (b) of this Schedule; and (iii) updated and disclosed the Environmental and Social Management Framework in accordance with the provisions of Section I.E.1 (b) (i) of this Schedule.

2. The Closing Date is February 28, 2017.

3. If the conditions of disbursement of the funds of Category 1(b) referred to in Section IV.B.1(c) of this Schedule have not been met by the Cut Off Date, the Recipient shall promptly refund to the Association the Prorata Share of such portion of the Financing withdrawn under Category 1(a) which has not been allocated by FDI to back up an amount of up to 50% of the aggregate principal amount of the PCGs issued under Part 1(a) of the Project. Said refunded amount will be available for further withdrawal from the Financing Account for the financing of Eligible Expenditures under Part 2 of the Project, subject to the provisions of paragraph 6(i) (A) below.

4. (i) The funds referred to in paragraph (ii) below may only be made available by the Association to the Recipient if the following conditions are satisfied: (A) the Association has received a duly documented request to that effect from the Recipient; (B) the Association has notified to the Recipient its agreement to said Recipient’s request; and (C) the conditions of disbursement of the funds of Category 1(b) referred to in Section IV.B.1(c) of this Schedule are satisfied.
(ii) Without limitation to the generality of Section 2.08 of the General Conditions, the funds under the Financing which may be made available by the Association to the Recipient under Category 1(b) shall include the following:

(a) promptly after the Cut Off Date, such portion of the Financing withdrawn under Category 1(a) which has not been allocated by FDI to back up an amount of up to 50% of the aggregate principal amount of the PCGs issued under Part 1(a) of the Project; and

(b) from time to time after the Cut Off Date but no later than twelve (12) months before the Closing Date, the balance of the amount referred to in paragraph (a) above after the expiration of the term of the pertinent PCGs issued under Part 1(a) of the Project minus the amount used for payment of claims by the Participating Financial Institutions, if any, made under the same PCGs.

5. Without limitation to paragraph 6(i)(B)(1) below, no later than twelve (12) months before the Closing Date, or on such other date as shall have been agreed in writing between the Association and the Recipient, the Recipient shall promptly refund to the Association the Prorata Share of the balance of such portion of the Financing withdrawn under Category 1(a) or Category 1(b), respectively, which has not been used to pay claims under PCGs issued under Part 1(a) or Part 1(b) of the Project, respectively. Said refunded amount will be available for further withdrawal from the Financing Account for the financing of Eligible Expenditures under Part 2 of the Project, subject to the provisions of paragraph 6(i)(B)(1) below.

6. (i) Without limitation to the generality of Section 2.08 of the General Conditions and paragraph 4 above, additional funds under the Financing which may be made available by the Association to the Recipient under Category 2 shall include the following:

(A) If the conditions of disbursement of the funds of Category 1(b) have not been satisfied in accordance with Section IV.B.1(c) of this Schedule:

(1) Promptly after the Cut Off Date, or such other date as may be agreed by the Association, such portion of the Financing withdrawn under Category 1(a) which has not been allocated by FDI to back up an amount of up to 50% of the aggregate principal amount of the PCGs issued under Part 1(a) of the Project.
From time to time after the Cut Off Date but no later than twelve (12) months before the Closing Date, the balance of the amount referred to paragraph (1) above after the expiration of the PCGs issued under Part 1(a) of the Project minus the amount used for the payment of claims by the Participating Financial Institutions under the same PCGs, if any.

(B) Whether or not the conditions of disbursement of the funds of Category 1(b) have been satisfied in accordance with Section IV.B.1(c) of this Schedule:

(1) Twelve (12) months before the Closing Date, or on such other date as shall have been agreed in writing between the Association and the Recipient, the balance of such portion of the Financing withdrawn under Category 1(a) or Category 1(b), respectively, which has not been used to pay claims under PCGs issued under Part 1(a) or Part 1(b) of the Project, respectively, even though the term of said PCGs have not expired yet.

(2) In order to facilitate the implementation of the provision of paragraph (1) above, no later than fifteen (15) months before the Closing Date, or such other date as may be agreed by the Association, the Recipient shall prepare, under terms of reference satisfactory to the Association, a report integrating the results of the Activities carried out under, or related to, Part 1 of the Project until the date of such report, on the amounts paid from time to time and dates of payment into the PCG Account (from the proceeds of the Financing, the Co-financing and from funding from other donors, if applicable), the aggregate principal amount of the PCGs issued, the calls made by the Participating Financial Institutions under said PCGs paid from the proceeds of the PCG Account, and any other information as the Association shall reasonably request with respect to the foregoing.

(ii) The funds referred to in paragraph (i)(1) above may only be made available by the Association to the Recipient if the following conditions are satisfied: (A) the Association has received a duly documented request to that effect from the Recipient; and (B) the Association has notified to the Recipient its agreement to said Recipient’s request.
APPENDIX

Section I. Definitions

1. “Activity” means any activity in the commercial, service, manufacturing, industrial and/or construction sectors within the Recipient’s territory which is supported by a Small Loan, a MSME Loan or a Housing Loan (as the case may be).

2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, with the modifications set forth in Section III of this Appendix.


4. “BRH” means Banque de la République d’Haïti, the Recipient’s central bank.

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


7. “Co-financing” means, for purposes of paragraph 11 of the Appendix to the General Conditions, an amount of twenty million Dollars ($20,000,000), to be provided by the Co-financier to assist in financing the Project.

8. “Co-financing Agreement” means the agreement referred to in the Preamble of this Agreement entered into between the Recipient and the Co-financier providing for the Co-financing.


10. “Cut Off Date” means the date referred to in Section I.D.1 (a) (vi) of Schedule 2 to this Agreement.

11. “Eligible Borrower” means, individually, with respect to Part 1(a) of the Project, a Participating Financial Institution’s borrower whose loan was performing before the Emergency, who has been adversely affected by the Emergency and who is expected by the Participating Financial Institution of which it is a client to
have the capacity to service its obligations according the terms defined following a restructuring; and “Eligible Borrowers” means, collectively, more than one Eligible Borrower.

12. “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.

13. “Environmental and Social Management Framework” means the document entitled “Environmental and Social Management System” to be prepared by the Recipient, in form and substance satisfactory to the Association, disclosed in a manner satisfactory to the Association, and included in the Operational Manual from the date referred to in Section I.E.1 of Schedule 2 to this Agreement, detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts (including with respect to pest management and physical cultural resources), or to reduce them to acceptable levels; and (b) the actions needed to implement these measures, including monitoring and institution strengthening.

14. “FDI Agreement” means the agreement referred to in Section I.A.2 (a) of Schedule 2 to this Agreement.

15. “Fiduciary Agent” means the agent referred to in Section I.A.2 (d) of Schedule 2 to this Agreement.

16. “Fonds de Développement Industriel” or “FDI” means the institution established by, and operating under, the Recipient’s Decree dated March 26, 1981.

17. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modification set forth in Section II of this Appendix.

18. “Housing Loan” means, individually, a loan from a Participating Financial Institution to a new borrower or an existing borrower of said Participating Financial Institution for the financing of an Activity in support of housing construction or repair, which meets the eligibility criteria and conditions set out in the Operational Manual for the issuance of a PCG under Part 1(b) of the Project, and “Housing Loans” means, collectively, more than one Housing Loan.

19. “MSME” means, individually, a micro, small or medium sized enterprise established and operating under the laws of the Recipient, and “MSMEs” means, collectively, more than one MSME.
20. “MSME Loan” means, individually, a loan from a Participating Financial Institution to a new borrower or an existing borrower of said Participating Financial Institution for the financing of an Activity in support of MSMEs operations, which meets the eligibility criteria and conditions set out in the Operational Manual for the issuance of a PCG under Part 1(b) of the Project, and “MSME Loans” means, collectively, more than one MSME Loan.

21. “Operational Manual” means the manual to be prepared and adopted by the Recipient in accordance with the provisions of Section 4.01(a) of this Agreement, giving details of operational guidelines for the Project, including: (i) eligibility criteria for the provision of PCGs such as, inter alia, criteria related to the Participating Financial Institutions, and criteria related to the loans to be guaranteed by the PCG; (ii) procedures for submission and processing of PCG applications; (iii) criteria for the determination of applicable PCG fees and risk sharing arrangements; (iv) model forms of the PCG Facility Agreement; (v) procedures for the processing of claims, for the resolution of claims-related disputes, and the allocation and use of funds recovered by the Participating Financial Institutions after any payment made by the FDI of the PCGF under any PCG; (vi) the Project institutional and implementation arrangements; and (vii) environmental and social requirements, procedures and calendar under the Safeguard Documents.

22. “Partial Credit Guarantee” or “PCG” means, individually, a partial credit guarantee financed or to be financed out of the proceeds of the Financing under Part 1 of the Project, and “Partial Credit Guarantees” or “PCGs” means, collectively, more than one Partial Credit Guarantee.

23. “Participating Financial Institution” means, individually, a commercial bank or a cooperative established and operating pursuant to the laws of the Recipient, which has met the eligibility criteria specified in the Operational Manual and, as a result, has received a PCG under Part 1 of the Project; and “Participating Financial Institutions” means, collectively, more than one Participating Financial Institution.

24. “Participation Agreement” means any of the agreements referred to in Section I.D.1 (a) of Schedule 2 to this Agreement.

25. “PCG Account” means the account to be opened by the Recipient in accordance with Section IV.B.1 (b) (i) of Schedule 2 to this Agreement.

26. “PCG Facility Agreement” means any of the agreements referred to in Section I.D.1 (a) of Schedule 2 to this Agreement.
27. “PCGF” means a partial credit guarantee fund for the mitigation of credit risk of Participating Financial Institutions on firms and individuals, to be established by the Recipient with legal personality in a manner satisfactory to the Association, to facilitate the provision of, inter alia, Housing Loans and MSME Loans, through the provision of Partial Credit Guarantees to existing or new borrowers of Participating Financial Institutions.

28. “PCGF Facility Agreement” means any of the agreements referred to in Section I.D.1 (b) of Schedule 2 to this Agreement.

29. “PCGF Implementation Arrangement” means the arrangement referred to in Section I.A.3 (a) of Schedule 2 to this Agreement.


31. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated October 25, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

32. “Prorata Share” means, at any time, when referring to the funds in the PCG Account, the prorata share of the aggregate amount deposited in said account by the Association over the aggregate amount deposited in said account by any contributing entity.

33. “Safeguard Documents” means, collectively, the Environmental and Social Management Framework and any other document which the Recipient is required to prepare with respect to the implementation of the Activities in order to comply with the Bank Safeguard Policies, and “Safeguard Document” means, individually, one of such other documents which the Recipient is required to prepare with respect to the implementation of a specific Activity in order to comply with the Bank Safeguard Policies triggered by such Activity.

34. “Small Loan” means, individually: (i) a loan made to an Eligible Borrower to finance an Activity and restructured for the purpose of facilitating its repayment by said Eligible Borrower; or (ii) a loan to be made to an Eligible Borrower as an additional financing to an existing loan to such Eligible Borrower to finance an Activity, in each case for a principal amount equivalent to one million Dollars or less, which meets the eligibility criteria and conditions set out in the Operational Manual for the issuance of a PCG under Part 1(a) of the Project, and “Small Loans” means, collectively, more than one Small Loan.
35. “Steering Committee” means the committee to be established by the Recipient in accordance with Section I.A.1 of Schedule 2 to this Agreement.

Section II. Modification to the General Conditions

The modification to the General Conditions is as follows:

In section 6.02(l), the term “Project Implementing Entity” includes each of FDI and the PCGF.

Section III. Modifications to the Anti-Corruption Guidelines

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

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

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

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

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

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

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”