
Excellency,

In response to the request for financial assistance made on behalf of the Republic of Haiti ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed two million United States Dollars ($2,000,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to: (a) strengthen the Recipient’s energy policy and planning capacity; (b) improve the sustainability and resilience of the electricity sector and restore and expand access to reliable electricity services; and (c) provide financial assistance in case of an energy sector emergency ("Project"), in support of which the Recipient intends to request the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.
Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. This Agreement shall become effective upon receipt by the World Bank of a countersigned copy of this Agreement; provided, however, that the offer of this Agreement shall be deemed withdrawn if this Agreement shall not been declared effective by December 31, 2012 unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]
Alexandre V. Abrantes
Special Envoy, Haiti
Latin America and the Caribbean Region

AGREED:

REPUBLIC OF HAITI

[Signature]
(Authorized Representative)

Name: MARIE CARMELLE JEAN MARIE
Title: MINISTER OF ECONOMIC & FINANCE
Date: 9/24/2012

Enclosures

1) Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility dated July 31, 2010; and

2) Disbursement Letter for the Advance of the same date as this Agreement, together with "World Bank Disbursement Guidelines for Projects", dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility dated July 31, 2010 ("Standard Conditions"), constitute an integral part of this Agreement.

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

(a) "Association Safeguards Policies" means 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.

(b) "EDH" means *Electricité d’Haiti*, the Recipient’s power utility, established through Décret (Decree) signed and published by the Recipient’s executive branch on August 20, 1989.

(c) "Environmental Management Plan" means an environmental management plan prepared by the Recipient, agreed with the World Bank, as such plan may be updated from time to time by agreement between the Recipient and the World Bank, setting forth the measures to be taken during the implementation and operation of the Activities to offset or reduce adverse environmental impacts to levels acceptable to the World Bank.

(d) "Environmental and Social Management Framework” means the framework, dated August 9, 2012 agreed with the World Bank, for the environmental and social screening process to be followed in identifying, assessing, and mitigating the potential adverse environmental and social impact associated with the Activities to be implemented.

(e) “Mirebalais Abbreviated Resettlement Action Plan” means EDH’s plan, dated August 9, 2012, approved by the Association, for land acquisition, resettlement and compensation of persons affected in connection with parts of Part 2 of the Activities, as the same may be amended from time to time with the agreement of the Association.

(f) “Mirebalais Environmental Management Plan” means EDH’s environmental management plan, dated August 9, 2012, as approved by the Association, as such plan may be updated from time to time by agreement between EDH and the Association, setting forth the measures to be taken during the implementation and operation of the pertinent parts of Part 2 of the Activities to offset or reduce adverse environmental impacts to levels acceptable to the Association.
(g) "MTPTEC" means Ministère des Travaux Publics, des Transports, de l'Energie et de la Communication, the Recipient's ministry of public works, transport energy and communication or any successor or successors thereto acceptable to the World Bank.

(h) "PCU" or "Project Coordination Unit" means the project coordinating unit established under the Electricity Loss Reduction Project (Grant Number H251-0-HA) entered into between the Recipient and the World Bank and referred to in Section 2.03 of the Annex to this Agreement.

(i) "Resettlement Action Plan" means a plan, approved by the World Bank, to be prepared by the Recipient for land acquisition, resettlement and compensation of persons affected in connection with the Activities, as the same may be amended from time to time with the agreement of the World Bank.

(j) "Resettlement Policy Framework" means the policy framework, dated August 9, 2012, agreed with the World Bank, for compensation, resettlement and rehabilitation of persons affected by the Activities, setting forth the guidelines, principles and procedures for mitigating any adverse impact that may arise from resettlement under the Activities.

Article II
Execution of the Activities

2.01. Description of the Activities. The Activities for which the Advance is provided consist of the following parts:

Part 1: Strengthening Energy Sector Institutions and Improving Energy Access

Strengthening the Recipient’s energy sector institutions and enhancing energy access in the Recipient’s territory, through:

(a) the strengthening of the capacity of the MTPTEC’s energy unit to facilitate the preparation and supervision of Project activities by providing: (i) technical assistance to said energy unit on energy related matters and on the carrying out of a public dissemination campaign for the Recipient’s energy strategy; and (ii) the operational expenses of the MTPTEC’s energy unit;

(b) the strengthening of the capacity of the PCU to implement the Project through the provision of technical assistance; and

(c) the acquisition and installation of about one hundred (100) solar lamps in rural areas in the Recipient’s territory.
Part 2: Enhancing EDH’s Performance and Rehabilitating and Expanding Infrastructure

Enhancing the operational and financial performance of EDH through:

(a) the hiring of up to four international experts to provide managerial support to EDH;

(b) the preparation of the procurement package for the grid rehabilitation and extension activities by an engineering firm;

(c) (i) the screening of electrical transformers for polychlorinated biphenyl; and (ii) the preparation of one or more persistent organic pollutant management plans, as the case may be;

(d) the carrying out of a feasibility study for the rehabilitation of the Drouet small hydro electric plant;

(e) the provision of training to EDH’s personnel; and

(f) the carrying out of technical assistance to enhance EDH’s capacity to supervise compliance with environmental and social standards, including the Association’s Safeguard Policies.

2.02. **Execution of the Activities Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through the MTPTEC in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (the Anti-Corruption Guidelines).

2.03. **Institutional and Other Arrangements.** For purposes of carrying out the Activities, the Recipient shall maintain and operate the PCU throughout Project implementation which shall:

(a) have its staff appointed in accordance with the provisions Section 2.06 this Agreement, with terms of reference, functions and resources satisfactory to the World Bank; and

(b) be responsible, *inter alia*, for procurement, financial management and reporting.

2.04 **Safeguards.**

(a) The Recipient shall ensure that the Activities are implemented in accordance with the provisions of the Environmental and Social Management Framework, the Resettlement Policy Framework, the Mirebalais Abbreviated Resettlement Action Plan and the Mirebalais Environmental Management Plan. Except as the World Bank shall otherwise agree, the Recipient shall not amend or waive, or permit to be amended or waived, any provision of the aforementioned if such amendment or waiver may, in the opinion of the World Bank, materially or adversely affect the implementation of the Activities.
Wherever required in terms of the Environmental and Social Management Framework or Resettlement Policy Framework, other than the pertinent part of Part 2 of the Project to be carried out in accordance with the Mirebalais Environmental Management Plan and Mirebalais Abbreviated Resettlement Action Plan, the Recipient shall, prior to implementation, prepare an Environmental Management Plan, and/or Resettlement Action Plan, as the case may be, which plan should thereafter:

(i) be adopted and locally disclosed; and

(ii) implemented in accordance with its terms and in a manner acceptable to the Association.

In the event of any conflict between the provisions of the Environmental and Social Management Framework, the Resettlement Policy Framework, any Environmental Management Plans, any Resettlement Action Plans, the Mirebalais Environmental Management Plan and Mirebalais Abbreviated Resettlement Action Plan and those of this Agreement, the latter shall prevail.

The Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, on a quarterly basis, reports on the status of compliance with the Environmental and Social Management Framework, the Resettlement Policy Framework, any Environmental Management Plans, any Resettlement Action Plans, the Mirebalais Environmental Management Plan and Mirebalais Abbreviated Resettlement Action Plan giving details of:

(i) measures taken in furtherance of such frameworks and plans;

(ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such frameworks, and plans; and

(iii) remedial measures taken or required to be taken to address such conditions.

The Recipient, through MTPTEC, shall ensure that the terms of reference for any consultancy in respect of any Project activity under Parts 1 and 2 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 Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.

2.05. Monitoring, Reporting and Evaluation of the Activities. The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.
2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions.

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of the Recipient’s fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. **Procurement**

(a) **General.** All goods and consultants’ services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the
Recipient for the Activities in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

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

(c) Particular Methods of Procurement of Goods

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

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts specified in the Procurement Plan: (A) National Competitive Bidding; (B) Shopping; (C) Direct Contracting; and (D) Force Account.

(d) Particular Methods of Procurement of Consultants' Services

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

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Leas: Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; and (F) Selection of Individual Consultants.

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

Article III
Withdrawal of the Advance

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance ("Category"), the amount of the Advance allocated 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 Advance Allocated (expressed in Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services and consultants’ services, Training and Operating Costs under Part 1 of the Activities</td>
<td>975,593</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services and consultants’ services, Training and Operating Costs under Part 2 of the Activities</td>
<td>1,024,407</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,000,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed $400,000 equivalent may be made for payments made prior to this date but on or after June 30, 2012 for Eligible Expenditures.

3.03. **Refinancing Date.** The Refinancing Date is January 14, 2013.

**Article IV**

**Terms of the Advance**

4.01. **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be paid to the World Bank as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of such amount of the Refinancing Proceeds, in accordance with the provisions of the Refinancing Agreement.

4.02. **No Repayment in the absence of a Refinancing Agreement:** Notwithstanding any provision to the contrary in the Standard Conditions, if, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance.
Article V
Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is its Minister or Economy and Finance.

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

 Ministry of Economy and Finance  
 5, Avenue Charles Sumne:  
 Port-au-Prince  
 Republic of Haiti

 Facsimile:  
 (+509) 229 917 32

5.03. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

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