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GRANT AGREEMENT  
BETWEEN  
THE  
GOVERNMENT OF HAITI  
AND THE  
GOVERNMENT OF THE UNITED STATES OF AMERICA  
ACTING THROUGH THE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
FOR  
ECONOMIC STABILIZATION ASSISTANCE  
521-0235

*Date: August 3, 1990*

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GRANT AGREEMENT  
BETWEEN  
THE GOVERNMENT OF HAITI  
AND THE  
GOVERNMENT OF THE UNITED STATES OF AMERICA

Article I: The Agreement

By this AGREEMENT, the Government of the United States of America, acting through the Agency for International Development ("A.I.D."), and the Government of Haiti ("the Grantee") hereby agree as follows:

Article II: Financing

SECTION 2.1. The Grant. For the purpose of supporting Haiti's transition to a functioning democracy and the Government of Haiti's economic stabilization efforts, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, and Public Law No. 101-302, plans to grant to the Government of Haiti under the terms of this Agreement an amount not to exceed Ten Million United States Dollars (US\$10,000,000) (the "Grant").

SECTION 2.2. Incremental Nature of Program. A.I.D.'s contribution to the program will be provided in increments. A.I.D. hereby agrees to grant to the Government of Haiti an initial increment not to exceed Five Million United States Dollars (US\$5,000,000). The subsequent increment, in an amount of up to Five Million United States Dollars (US\$5,000,000), will be subject to the availability of funds to A.I.D. for this purpose and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

Article III: Conditions Precedent to Disbursement

*SECTION 3.1. First Dollar Disbursement. Prior to the first disbursement under this Agreement, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Government of Haiti will, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:*

*(a) A statement of the name of the person or persons holding or acting in the office of the Grantee specified in Section 9.8, together with a specimen signature of each person specified in such statement certified as to its authenticity;*

*(b) Written evidence that a dollar separate account, as provided in Section 5.2, has been established by the Central Bank of Haiti at the Federal Reserve Bank of New York specifically and only for the receipt of the U.S. dollars made available under this Agreement;*

*(c) Written evidence that the Grantee has opened a local currency separate account, as provided in Section 7.1, specifically and only for the local currency equivalent of the U.S. dollars made available under this Agreement; and*

*(d) Evidence that the Government of Haiti is taking all appropriate measures, including needed financial support to the Electoral Council (CEP), to ensure prompt, fair and secure elections and a successful transition to an elected civilian government.*

*SECTION 3.2. Second Dollar Disbursement. Except as the Parties may otherwise agree in writing, prior to disbursement of the second tranche of funds by A.I.D., or to the issuance of documentation pursuant to which such subsequent disbursement will be made, the Grantee will:*

*(a) provide evidence, in form and substance satisfactory to A.I.D., that it is in substantial compliance with all of the terms and conditions of this Agreement as of the date of issuance of documentation for disbursement;*

(b) provide evidence, in form and substance satisfactory to A.I.D., that the Government of Haiti is continuing to take all appropriate measures to ensure prompt, fair and secure elections and a successful transition to an elected civilian government.

SECTION 3.3. Notification. When A.I.D. has determined that the Conditions Precedent specified in Sections 3.1. and 3.2. have been met, it will promptly notify the Government of Haiti.

SECTION 3.4. Terminal Dates for Conditions Precedent. If the conditions specified in Section 3.1 have not been met within ninety (90) calendar days from the date this Agreement is made and entered into, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Government of Haiti. If the conditions specified in Section 3.2 have not been met within such reasonable time period as may be specified by A.I.D., A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

#### Article IV: Covenants

SECTION 4.1. Consultation. The Government of Haiti agrees that it will cooperate to assure that the purposes of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the program.

SECTION 4.2. Macroeconomic Stabilization. The Government of Haiti will take appropriate actions to ensure (i) financial stabilization, including appropriate fiscal and credit policies to facilitate prompt modification of the IMF Stand-by, (ii) compliance with the Stand-by as and when revised, and (iii) adoption of an appropriate stabilization/structural adjustment program upon completion of the revised Stand-by. The Government of Haiti will cooperate with the International Monetary Fund, the World Bank and A.I.D. to develop as soon as is feasible the necessary analyses so that a multi-year comprehensive reform program supported by the international financial institutions and A.I.D. can be expeditiously developed for consideration by the elected government. The Grantee will also share with A.I.D. studies and reports developed in cooperation with the international financial institutions and provide monetary and fiscal performance data to USAID/Haiti on a monthly basis.

*SECTION 4.3. Foreign Exchange Liberalization. The Government of Haiti agrees to support the exchange regime liberalization reforms adopted early this year. Export surrender requirements will not be increased. The exchange rate of five gourdes to the dollar will be provided by the Central Bank principally for petroleum imports and official debt service. The Grantee agrees to adhere to current provisions precluding access by the public enterprises and by the private sector to foreign exchange at the rate of five gourdes to the dollar.*

*SECTION 4.4. Trade Liberalization. The Government of Haiti agrees to continue its program of liberalizing Haiti's trade regime. The Grantee will continue to support trade reforms adopted in 1986 and 1987, including lowered tariffs and the limiting of import licenses to seven agricultural commodities. In addition, the Government of Haiti will reduce the tariff on cement from thirty-three percent (33%) to twenty percent (20%), reduce the flour tariff and eliminate the government monopoly on sugar imports.*

*SECTION 4.5. Free Market Pricing. To ensure fair, competitive, and low prices and to eliminate artificial shortages, the Government of Haiti will continue to support free market pricing and will not impose any additional price controls on commodities or capital markets.*

#### Article V: Disbursements

*SECTION 5.1. Requests for Disbursement. For purposes of implementing this Agreement, all disbursements will be directly requested from A.I.D. by the Grantee, and will be made pursuant to duly executed Requests for Disbursement by the Government of Haiti and subsequent to satisfaction of the Conditions Precedent to Disbursement in Article III. Each Request for Disbursement will be submitted, using A.I.D. form 1130-2(1-65), to the United States A.I.D. Mission to Haiti, in form and substance satisfactory to A.I.D.*

*SECTION 5.2. Deposit of Dollar Disbursements. After satisfaction of the Conditions Precedent and in accordance with the Request for Disbursement, A.I.D. will deposit each tranche of the Grant funds to the dollar separate account of the Central Bank of Haiti at the Federal Reserve Bank of New York, pursuant to Section 3.1.(c). No other funds shall be commingled in this account.*

*SECTION 5.3. Date of Disbursement. The date(s) of disbursement will be deemed to be the date(s) on which the funds are deposited to the dollar separate account, pursuant to Section 5.2.*

*SECTION 5.4. Terminal Date for Requesting Disbursement. Except as the Parties may otherwise agree in writing, the terminal date for requesting Grant disbursements shall be nine (9) months from the date of this Agreement.*

*Article VI: Use of Funds*

*SECTION 6.1. Acceptable Uses. The Government of Haiti agrees that withdrawal of funds from the dollar separate account pursuant to Section 5.2., including interest generated by such funds while held in the separate account, shall be used only to purchase, or make funds available to the private sector to purchase, petroleum imports. Withdrawal and use of the funds shall be effected in accordance with procedures agreed upon by the Grantee and A.I.D. in program implementation letters.*

*SECTION 6.2. Use Approval and Documentation. The Grantee agrees to account for the disposition of funds after such funds are disbursed by A.I.D. The Government of Haiti will report to A.I.D., in form and substance satisfactory to A.I.D., that the dollar funds allocated pursuant to this Agreement were used for agreed upon purposes. Reporting and monitoring formats and procedures will be formalized in a program implementation letter pursuant to this Agreement.*

*SECTION 6.3. Redeposit. The Government of Haiti further agrees to redeposit in the said dollar separate account any amounts, as directed by A.I.D., representing funds applied to a disallowed use, within thirty (30) days after a receipt of a request thereof, and to reprogram such funds to a permitted use in accord with this Agreement. The right to require a refund will continue, notwithstanding any other provision of this Agreement, for three (3) years from the date of last disbursement under this Agreement.*

*Article VII: Local Currency*

*SECTION 7.1. Deposit of Local Currency. The Government of Haiti agrees that, except as A.I.D. may otherwise agree in writing:*

*(a) Within two (2) working days after a disbursement of dollars under this Agreement, the Government of Haiti will deposit the Haitian gourde equivalent of such disbursement into the local currency separate account established at the Central Bank for this purpose. No other funds will be*

commingled in this account. The local currency counterpart equivalence of the United States dollars disbursed under this Agreement will include the exchange subsidy generally accorded by the Central Bank to petroleum imports, it being understood that such a subsidy will be equal to the difference between the free market exchange rate and the exchange rate cited in Section 4.3 of this Agreement.

(b) Until such funds are released from the local currency separate account for mutually agreed uses, any interest accruing thereon shall be paid into this account, and any such interest earned on the funds deposited in the local currency separate account shall be programmed and used as if it were principal.

**SECTION 7.2. Uses of Local Currency.** The Government of Haiti further agrees that, except as A.I.D. may otherwise agree in writing:

(a) The local currency equivalent of One Million United States Dollars (US\$1,000,000) generated through the first disbursement under this Agreement will be provided to a Trust Fund to help meet operating expenses of the United States A.I.D. Mission to Haiti, with a Trust Fund Agreement to be jointly signed with A.I.D. within seven (7) calendar days following signature of this Agreement, except as A.I.D. may otherwise agree in writing. The Central Bank will disburse these funds to the Trust Fund account within seven (7) days following disbursement of the first tranche of dollar funds under this Agreement.

(b) The Haitian gourde funds in the local currency separate account and any interest that might be paid thereon will be used only for purposes jointly programmed and agreed upon with A.I.D. as formalized in implementation letters executed subsequent to this Agreement. These funds will be reserved for joint programming with the democratically elected government, and priority will be given to budget support to the Government of Haiti, labor intensive public works projects, and local currency costs of USAID/Haiti projects and private sector credit institutions. The above notwithstanding, the Government of Haiti further agrees that, depending on needs as cited by A.I.D., a portion of the local currencies generated by this Agreement shall, if necessary, be used to help meet unmet local currency financing requirements related to elections.

(c) The Government of Haiti will report to A.I.D., in form and substance satisfactory to A.I.D., that the local currency funds allocated pursuant to this Agreement were used for agreed upon purposes. Reporting and monitoring formats and procedures will be formalized in a project implementation letter pursuant to this Agreement.

**SECTION 7.3. Redeposit.** The Government of Haiti further agrees to redeposit in the said local currency separate account any amounts, as directed by A.I.D., representing funds applied to a disallowed use, within

thirty (30) days after a receipt of a request thereof, and to reprogram such funds to a permitted use in accord with this Agreement. The right to require a refund will continue, notwithstanding any other provision of this Agreement, for three (3) years from the date of the last disbursement under this Agreement.

#### Article VIII: Termination

If deemed necessary, A.I.D. has the right to suspend or terminate this Agreement, in whole or in part, by giving the Grantee written notice to this effect. Notwithstanding any suspension or termination, the provisions of this Agreement will continue in effect with respect to any portion of the Grant provided prior to or notwithstanding such suspension or termination. Cause for suspension or termination would include, but not be limited to (i) a situation in which any disbursement by A.I.D. would be in violation of U.S. Government legislation, and (ii) an extraordinary situation that makes it improbable either that the purposes of this Grant will be attained or that the Grantee will be able to perform its obligations under this Agreement.

#### Article IX: Miscellaneous

SECTION 9.1. Ineligible Procurement. The Government of Haiti agrees that the dollar and local currency funds made available through this Agreement will not be used to finance military, paramilitary or police requirements of any kind, to service loans or credits that originally financed military, paramilitary or police requirements, or to finance other goods or services that A.I.D. would be prohibited by law from financing with A.I.D. funds.

SECTION 9.2. Taxation. This Agreement and the amount to be granted hereunder shall be free from any taxation or fees imposed under any laws in effect within Haiti, or which may become effective during the term of this Agreement.

SECTION 9.3. Reports, Records, Inspections, Audit. The Government of Haiti agrees to:

(a) furnish to A.I.D., in form and substance satisfactory to A.I.D., such information and reports relating to this Agreement as A.I.D. may reasonably request;

(b) furnish to A.I.D., unless A.I.D. otherwise agrees in writing, quarterly reports on the uses of the dollar and local currency funds made available under this Agreement, in a mutually agreeable format. The first report will be due at the end of the calendar quarter after initial disbursement, with subsequent reports submitted at ensuing calendar quarter intervals;

(c) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books, records, and underlying documentation as necessary and adequate to assure, without limitation, compliance with this Agreement. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and will be maintained for three (3) years after the date of last disbursement by A.I.D. This requirement to maintain adequate books, records, and underlying documentation as necessary applies to both dollar disbursements made under this Agreement and to local currency deposits made to the Local Currency Separate Account pursuant to this Agreement.

(d) afford authorized representatives of A.I.D. the opportunity at all reasonable times to inspect the books, records and other documents relating to this Agreement and to the use of both dollar disbursements and local currency deposits made pursuant to this Agreement.

SECTION 9.4. Suspension of Disbursements. A.I.D. may suspend disbursements for a period of up to ninety (90) days upon prompt written notice to the Grantee.

SECTION 9.5. Program Implementation Letters. To assist in the implementation of this Agreement, A.I.D. from time to time will use Implementation Letters that will furnish additional information about matters stated in this Agreement.

SECTION 9.6. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following addresses:

To Government of Haiti:

Minister of Economy and Finance  
Palais des Ministeres  
Port-au-Prince, Haiti

To A.I.D.:

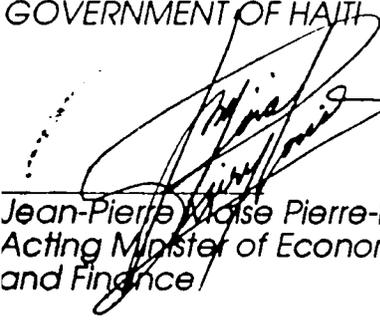
United States A.I.D. Mission to Haiti  
Ancien Hotel Beau Rivage  
Port-au-Prince, Haiti

SECTION 9.7. Language of Agreement. This Agreement is prepared in both English and French. In the event of ambiguity or conflict between the two versions, the English language version will control.

SECTION 9.8. Representatives. For all purposes relevant to this Agreement, the Government of Haiti will be represented by the individual holding or acting in the office of the Minister of Finance, and A.I.D. will be represented by the individual holding or acting in the office of Mission Director, USAID/Haiti, each of whom, by written notice, may designate additional representatives for any purpose other than revising this Agreement. The name(s) of the representative(s) of the Government of Haiti, with specimen signature(s), will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representative(s) in implementation of this Agreement, until receipt of written notice of revocation of their authority.

IN WITNESS WHEREOF, the Governments of Haiti and of the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the date and year first below written.

GOVERNMENT OF HAITI

  
Jean-Pierre Moïse Pierre-Louis  
Acting Minister of Economy  
and Finance

GOVERNMENT OF THE  
UNITED STATES OF AMERICA

  
Franz Herder  
Acting Director  
United States A.I.D.  
Mission to Haiti

8-3-90

Date

## ANNEX A

### MONITORING OF U.S. DOLLAR USE

*The procedure for the use and monitoring of the U.S. Dollars disbursed to the grantee under this agreement will be as follows:*

- 1. The Central Bank of Haiti, acting on behalf of the Government of Haiti, will ensure that a dollar separate account has been established at the Federal Reserve Bank of New York.*
- 2. Upon establishment of the above-cited account, the Government of Haiti will furnish to A.I.D. appropriate documentation regarding the account, including its number, as well as proof that there is a nil balance in the account.*
- 3. Within thirty (30) days of any withdrawal of funds from the account, the Government of Haiti will submit to A.I.D. documentation necessary for the tracking of the funds to the end use. These documents will include:*
  - a) copies of telegraphic instructions from the Central Bank of Haiti to the Federal Reserve Bank of New York authorizing payments for the purposes outlined in the Grant Agreement;*
  - b) copies of the advice of debit from the account; and*
  - c) copies of the bank statements showing the movement of funds.*