

SIMULTANEOUS DISCLOSURE

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

HAITI

SUPPORT FOR HAITI'S TRANSPORTATION SECTOR

(HA-L1054)

GRANT PROPOSAL

This document was prepared by the project team consisting of Rosana Brandao (INE/TSP), Project Team Leader; Jean Paul Velez, Alejandro Pablo Taddia, and Giovanna Mahfouz (INE/TSP); Michel Vallée and Olivia Désinor (TSP/CHA); Nelly C. Wheelock and Patricio Crausaz (PDP/CHA); Hyun Jung Lee (LEG/SGO); and Mary Eloise Canfield (VPS/ESG).

This document is being released to the public and distributed to the Bank's Board of Executive Directors simultaneously. The Board may or may not approve the document, or may approve it with modifications. If the document is subsequently updated, the updated document will be made publicly available in accordance with the Bank's Access to Information Policy.

CONTENTS

PROJECT SUMMARY

I.	DESCRIPTION AND RESULTS MONITORING	1
A.	Background, problem to be addressed, and rationale	1
B.	Objective, components, and costs.....	6
C.	Results framework and key indicators	8
II.	FINANCING STRUCTURE AND MAIN RISKS	8
A.	Financing instrument and contractual conditions	8
B.	Environmental and social risks and mitigation measures.....	8
C.	Fiduciary risk.....	10
D.	Financial management	10
E.	Other considerations and risks.....	11
III.	IMPLEMENTATION AND MANAGEMENT PLAN.....	12

ANNEXES	
PRINTED ANNEXES	
Annex I	Summary Development Effectiveness Matrix (DEM)
Annex II	Results Framework
Annex III	Fiduciary Agreements and Requirements

ELECTRONIC LINKS	
REQUIRED	
1.	Annual work plan (AWP) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36451454
2.	Monitoring and evaluation arrangements http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36451545
3.	Environmental and social management report: Croix-des-Bouquet–Fond Parisien http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35391402
4.	Environmental and social management report: Les Cayes–Jérémie http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1098510
5.	Procurement plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36453043
6.	Safeguard Policy Filter (SPF) and Safeguard Screening Form for classification of projects (SSF) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35398401
OPTIONAL	
1.	Economic feasibility of Component 2 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36445763
2.	Economic feasibility – (<i>C-RUC summary by vehicles</i>) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36445765
3.	New 2011 MTPTEC organizational chart and CEU organizational chart http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36451553
4.	Haiti’s National Reconstruction and Development Plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35176549
5.	Map http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36452894
6.	Sector note on Haiti’s transportation sector http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36275440
7.	Country Strategy with Haiti – 2010-2011 update http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35342771
8.	Les Cayes–Jérémie audit report http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36432705
9.	Program to Support Transportation Sector Development in Haiti (PADTH) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36453428

10. Les Cayes-Jérémie status summary
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36410139>
11. Country Program Document 2011
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35768497>
12. Reasons for cost overruns on the works in the Les Cayes-Jérémie segment
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36510226>

ABBREVIATIONS

AADT	Average annual daily traffic
CEU	Central Executing Unit
EIRR	Economic internal rate of return
ESMP	Environmental and Social Management Plan
FER	Fond d'Entretien Routier [Road Maintenance Fund]
HDM-4	Highway Design and Maintenance-4
IRI	International roughness index
MTPTEC	Ministry of Public Works, Transportation, Energy, and Communications
NPEV	Net present economic value
OFID	OPEC Fund for International Development
PADTH	Program to Support Transportation Sector Development in Haiti
PRIVIT	Program for Rehabilitation of Road Infrastructure for Integration of the Territory
RN2	Route Nationale 2
RN7	Route Nationale 7
RN8	Route Nationale 8
UNOPS	United Nations Office for Project Services

PROJECT SUMMARY

HAITI SUPPORT FOR HAITI'S TRANSPORTATION SECTOR (HA-L1054)

Financial Terms and Conditions				
Beneficiary: Republic of Haiti				
Executing agency: Ministry of Public Works, Transportation, Energy, and Communications (MTPTEC)				
Source	Amount (US\$)	%	Conditions of the grant	
IDB (Grant Facility)	55,000,000	100	Disbursement period:	4 years
Local	0	0		
Total	55,000,000	100		
Forecast of resources needed for the Program to Support Transportation Sector Development in Haiti (PADTH) (next five years)			Currency:	United States dollars
IDB projected allocations for next five years (Grant Facility)	195,000,000			
Other donors	150,000,000			
Total projected for the PADTH	400,000,000			
Project at a Glance				
<p>Project objective/description:</p> <p>The general objective is to improve the capacity and efficiency of Haiti's transportation sector, promoting improved accessibility to the country's regions and reducing operating costs and travel times. The specific objective of this program is to continue providing support for the execution of works designed to improve the physical conditions of traffic and safety within the national road network, through: (i) financing for part of the cost overruns to supplement financial needs in order to finish work on the Les Cayes-Jérémie segment of Route Nationale 7 for grant 1922/GR-HA; (ii) rehabilitation of the Croix-des-Bouquets-Fond Parisien segment of Route Nationale 8 (RN8); (iii) maintenance of program investments, maintenance of Route Nationale 2, and design of a national road safety strategy; (iv) institutional strengthening of the MTPTEC through a diagnostic assessment and analysis of the road sector's institutional framework and proposed improvements; and (v) creation of job opportunities for the lower-income, unskilled population through block paving of urban roads in selected towns.</p> <p>Special condition for execution:</p> <p>(i) The start of work on RN8 will be contingent upon the entry into force of the service contract with the company that will supervise the work (paragraph 3.3); and (ii) the start of Component 5 will be contingent upon the signing and entry into force, with the Bank's no objection, of the agreement between the MTPTEC and the United Nations Office for Project Services (UNOPS) (paragraph 3.2).</p> <p>Exceptions to Bank policies: None.</p> <p>Special considerations:</p> <p>Component 5 will be executed by UNOPS, which will be contracted directly by the MTPTEC using an agency contract for the commissioning and execution of works. To this end, an agreement will be signed between UNOPS and the MTPTEC (paragraph 3.5).</p>				
Project consistent with country strategy: Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]				
Project qualifies as: SEQ [<input checked="" type="checkbox"/>] PTI [<input type="checkbox"/>] Sector [<input type="checkbox"/>] Geographic [<input type="checkbox"/>] Headcount [<input type="checkbox"/>]				

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem to be addressed, and rationale

- 1.1 **Highway transportation in Haiti.** Highway transport is the leading mode of transportation for cargo and passengers in Haiti. However, Haiti's road network has deficiencies in coverage, service, and road safety, which are a major limiting factor for economic development and the population's well-being. Haiti's road network includes a total of 3,608 kilometers of roadways, consisting of 905 kilometers of primary roads, 1,315 kilometers of secondary roads, and 1,343 kilometers of tertiary roads. These figures translate to very low levels of coverage, in relation to both the size of the population (0.4 kilometers per 1,000 people) and the country's surface area (0.12 kilometers of roadway per square kilometer).¹ In addition, roads are severely deteriorated: only an estimated 5% of the network is in good condition, while 80% is in poor or very poor condition. As a result, many segments hinder the smooth, safe flow of traffic.² Despite a lack of firm data, road safety in Haiti is in a critical state as a result of poor road conditions; a lack of signposting, shoulders, sidewalks, monitoring and enforcement; speeding; poor vehicle maintenance; and undisciplined driving.
- 1.2 **The institutional framework of the highway sector.** Haiti's transportation sector is led by the Ministry of Public Works, Transportation, Energy, and Communications (MTPTEC). Its Transportation Division is responsible for the sector, and is divided into four subunits: (i) the Planning and Studies Service; (ii) the Road Construction Service; (iii) the Road Maintenance Service; and (iv) the Weight Control Service. The MTPTEC has departmental offices in each of the country's 10 departments, which coordinate the Ministry's actions at the local level. It also oversees the Road Maintenance Fund (FER), which administers resources for conservation and maintenance of the road network. The poor state of the Haitian road network reflects the sector's institutional weaknesses. Although low levels of investment in roadways largely explain the network's limited levels of coverage and service, the MTPTEC contributes to this situation through inefficiencies in key tasks including investment planning, contracting and supervision of works, and weight control. These problems are partly due to the limited number of professionals on the institution's staff and to low salaries. Likewise, the FER has not yet had the desired impact on the road network (only 10% of the network currently undergoes some type of maintenance³), not only due to the scant resources it receives, but because it lacks executive capacity and relies on already

¹ Source: MTPTEC. For reference, the highway densities of other countries in the region are as follows: Dominican Republic, 1.98 km/1,000 people and 0.41 km/km²; Guatemala, 1.42 km/1,000 people and 0.17 km/km²; El Salvador, 1.75 km/1,000 people and 0.48 km/km²; Honduras, 3.34 km/1,000 people and 2.31 km/km²; Nicaragua, 3.92 km/1,000 people and 1.64 km/km².

² Roads in good condition have an international roughness index (IRI) under 4.0. The IRI is a ratio of the cumulative relative displacement in the suspension of a typical vehicle to the distance traveled by the vehicle. The lower the IRI, the smoother the surface. Data from the loan proposal for operation HA-0087.

³ Government of Haiti, Analysis of Post-disaster Needs, Port-au-Prince, March 2010.

overburdened MTPTEC personnel for commissioning and supervising maintenance work. The European Union, following the Bank's example, is supporting the strengthening of the MTPTEC and the FER, and the performance of both entities is expected to improve. In addition, major deficiencies in road safety are the result of an institutional vacuum: though ad hoc committees have been formed by the police, the MTPTEC, and other entities, they lack the legal or financial support to have an impact.

- 1.3 **The Bank's work in the sector.** In the past 10 years, the Bank's work in the sector has focused on roadway rehabilitation, improvements, and maintenance, especially for primary roads in the departments of Sud, Nippes, Grand'Anse, Ouest, Artibonite, and Nord, and on institutional strengthening for the MTPTEC. Accordingly, a total of US\$223.9 million in financing was approved to improve and rehabilitate primary and secondary roads (1638/SF-HA for US\$74.1 million, 991/SF-HA for US\$49.8 million, and 1922/GR-HA for US\$100 million). Several technical cooperation operations have also been approved to support project execution (ATN/8676-HA, ATN/8959-HA, and ATN/8960-HA), as well as to update the road inventory and classification (ATN/8957-HA). The commitment demonstrated by the Bank has also facilitated the mobilization of resources from other agencies, including a Can\$75 million grant (ATN/CJ-10885) from the Canadian International Development Agency for grant 1922/GR-HA and US\$4 million in cofinancing from the Organization of Petroleum Exporting Countries for operation 699/OP-HA.
- 1.4 **Program for Rehabilitation of Road Infrastructure for Integration of the Territory (PRIVIT) (1922/GR-HA).** In 2007, the Bank and the Government of Haiti designed PRIVIT to support improvements to the road network in the western end of Haiti's southern peninsula. PRIVIT was primarily aimed at improving Route Nationale 7 (RN7), which connects Les Cayes, in the department of Sud, to Jérémie, in the department of Grand'Anse. Previously it would take over six hours to travel this 84-kilometer segment,⁴ and as a result Jérémie was physically, economically, and socially isolated from the rest of the country. PRIVIT was also aimed at developing some secondary roads and bridges, carrying out road maintenance work, and strengthening the MTPTEC. It was financed by four Bank grants of US\$25 million each, a Can\$75 million grant from the Canadian International Development Agency, and US\$6.6 million in local counterpart resources. PRIVIT has made adequate progress, and work on the Les Cayes–Jérémie segment has advanced to the point where it now takes only three and a half hours to travel. Bridges have also been completed over the Grande Rivière de Nippes and Rivière Froide, and two more bridges are now being built on the Gros Morne–Port-de-Paix segment. Other projects yet to be started along RN7 are an access road to the town of Camperrin and a bypass road around the town of Beaumont.

⁴ As described in the loan proposal for operation HA-L1019.

- 1.5 The Les Cayes–Jérémie project, however, has experienced cost overruns (link 13) over its original budget for the works contract for the 64-km stretch in lots 1 and 2 through mountainous terrain. With physical progress at 50%, the project has already disbursed 80% of its resources, and additional resources are clearly needed to finish all work on the segment. The contract for those works was signed for US\$94,982,895.39 and the final cost will be US\$132,959,231.98 (+US\$37,976,336.56 or +40%). The Bank has conducted a technical and financial audit with a specialized firm (link 9), which concluded that the cost overruns were mainly caused by: (i) increased work quantities (underestimated in the original designs; close to +US\$21 million) and an increase due to complementary or additional works, such as the Beaumont bypass (+US\$10.8 million); (ii) climate factors, an earthquake and demonstrations that halted the works and necessitated additional supervision costing nearly US\$3 million; and (iii) the steady rise in the price of oil rose in 2008, diesel, and materials over the works execution period. Most of the resources needed to complete these works will be from grant 1922/GR-HA. However, some US\$10 million is still needed to finish this important project, which, as noted above, has already radically transformed the quality of transportation and access to this area of the country.
- 1.6 The supplemental financing requested for the Les Cayes–Jérémie project reflects the need to cover the missing US\$10 million from cost overruns, and is consistent with the conditions set forth in policy OP-310 (document GN-2329): (i) the cost overruns are the result of circumstances beyond the control of the executing agency, and they are for works deemed necessary to maintain the highway's technical characteristics and make it more sustainable; (ii) the supplemental financing is being requested within the disbursement period; (iii) grant 1922/GR-HA is being executed satisfactorily;⁵ (iv) reducing the length or the technical characteristics of the Les Cayes–Jérémie segment would not be an appropriate solution, as it would compromise its objectives for a segment that is by nature indivisible; (v) the activities to be financed strengthen the institutional and environmental conditions of grant 1922/GR-HA as it was approved; (vi) economic conditions, even with the higher investment cost, remains within ranges satisfactory to the Bank; and (vii) the Government of Haiti is unable to gain access to sources of additional financing with transactional costs or terms comparable to those provided by the Bank. Also, the Government of Haiti is interested in continuing the investments for grant 1922/GR-HA with the Bank's technical assistance and financing. The proposed supplemental financing will make it possible to execute the Les Cayes–Jérémie project in its entirety, in accordance with the adjusted targets, as well as to achieve its objectives, by facilitating the execution of works needed to fully finish the segment, which require additional resources.

⁵ Information provided verbally by qualified personnel from the Bank's Country Office in Haiti and executing agencies.

- 1.7 The main lesson learned from the Les Cayes–Jérémie project is that in order to reduce the risk of cost overruns, the operations must have complete engineering studies and designs before the works are put out to bid (paragraphs 2.8 and 2.10).
- 1.8 **Program to Support Transportation Sector Development in Haiti.** After the earthquake of 12 January 2010, the Bank and the Government of Haiti agreed on a work agenda for the 2010-2015 period with the aim of rebuilding affected infrastructure and completing other strategic projects to bring Haiti's transportation sector out of its underdeveloped state. This agenda, titled "Program to Support Transportation Sector Development in Haiti" (PADTH), calls for investments on the order of US\$400 million, as shown in link 10. The Bank's proposal is to provide US\$250 million in grants under the PADTH over the next five years and work proactively to secure the remaining US\$150 million from other donors.⁶ Over the short term, the Bank and the Government of Haiti have agreed to focus on improving the country's primary road network and on institutional strengthening for the road subsector while other projects (e.g., airport, port) are under preparation. If the additional US\$150 million is not obtained, the PADTH targets would be lowered, but this would not affect the US\$250 million in investments financed by the Bank because each individual investment is self-sufficient and technically and economically feasible.
- 1.9 One critical PADTH is to improve the Croix-des-Bouquets–Malpasse segment of Route Nationale 8 (RN8), which connects to the Dominican Republic. The January 2010 earthquake caused major damage to the port of Port-au-Prince, and a significant volume of incoming goods that previously would arrive by sea now had to arrive by land, most of which uses Dominican seaports. RN8—which connects Port-au-Prince to the border crossing between Malpasse, Haiti, and Jimaní,⁷ Dominican Republic—is now the leading route for the transportation of supplies to Port-au-Prince, and as such is the road with the highest levels of heavy traffic in Haiti. However, conditions along some segments of this highway are quite precarious, where the pavement is gone in some places and traffic speeds fall under 20 kilometers per hour.⁸ Road safety along the entire segment is poor due to inadequate shoulders, urban intersections, and a lack of signposting, *inter alia*. Therefore, the Government of Haiti has prioritized rehabilitation of RN8 to ensure appropriate traffic conditions along this vital integration corridor. The project has been divided into two segments: Croix-des-Bouquets–Fond Parisien segment

⁶ The Office of Outreach and Partnerships (ORP) continues to search for donors interested in PADTH projects.

⁷ The Malpasse/Jimaní border crossing, which is the main crossing between the two countries, is a bottleneck that, if left unresolved, will hinder efficient transportation on the highway. Therefore, an effort is also under way to conduct a study on connectivity between the Dominican Republic and Haiti, including the diagnostic assessment and improvement of border crossings between the two countries, not only to address the physical infrastructure but also to encompass regulatory, legal, and social considerations, etc. Since the Dominican Republic is a member country of the Mesoamerica Project, there is a chance that the nonreimbursable Integration Fund (FIRII) may be used.

⁸ According to field measurements.

- (32.7 kilometers) to be rehabilitated with Bank financing, and Fond Parisien–Malpassee segment (10 kilometers)⁹ to be financed by the European Union.
- 1.10 Another critical project for the Government of Haiti, and included in the PADTH, is the paving of urban roads (link 10). Since the earthquake left many people unemployed¹⁰ and the economic recovery needs an impetus from the public sector, this project would have a primarily social focus, with the objective of using urban block paving works as a way to provide jobs for as many people as possible in the urban centers targeted for intervention. This paving work may be carried out with unskilled labor, after brief instruction, and under the supervision of qualified personnel. Also, since the vast majority of Haiti's urban roads are unpaved and lack necessary drainage works, the project would also improve passability and sanitation in the areas targeted for intervention.
- 1.11 **Problem to be addressed.** This program is a general response to the precarious state of highway transportation in Haiti, which limits opportunities for economic development and for people's well-being. The specific problems that the program aims to solve are: (i) the isolation of the city of Jérémie from the rest of the country; (ii) the partial deterioration of RN8, the main integration corridor and the road along which goods enter and leave Haiti via the Dominican Republic; (iii) the lack of road maintenance and a national road safety strategy; (iv) the lack of information and a plan for the institutional framework of the road sector; and (v) the lack of job opportunities after the earthquake, especially for the lower-income, unskilled population.
- 1.12 **Country strategy.** The program is consistent with the update to Bank's Country Strategy with Haiti 2007-2011, approved by the Board of Executive Directors in July 2010 (document GN-2465-2). That update identifies transportation as one of six priority sectors for the Bank's post-quake support for Haiti, and places emphasis on sector work: promoting improved access to the country's productive regions and reducing transportation costs and travel times. The Bank will continue to focus on the construction, rehabilitation, and maintenance of primary and secondary roads, both rural and urban, and on institutional strengthening for the MTPTEC. The Bank's interventions in the sector are also expected to support the rebuilding of the country's major airports and ports (operations HA-T1134 and HA-T1135).
- 1.13 **Rationale.** This program is consistent with three of the pillars set forth in the Bank's new institutional strategy, Report on the Ninth General Increase in the Resources of the Inter-American Development Bank (document AB-2764) of 21 May 2010, namely: (i) it finances investments in a small and vulnerable country;

⁹ The project for the Fond Parisien–Malpassee segment, which is a continuation of the Croix-des-Bouquets–Fond Parisien segment toward the Dominican border, is facing the problem of the rising waters of Lake Azuei. The European Union is conducting a diagnostic assessment of alternative routes.

¹⁰ The unemployment rate in Haiti is 40.6%; 55% of the population lives on less than US\$1 per day (i.e., below the poverty line), and 72% live on less than US\$2 per day. Source: Ministry of Finance, Institut Haïtien de Statistique et d'Informatique [Haitian Institute of Statistics and Information Technology].

(ii) it helps to reduce poverty and enhance equity by reducing transportation costs and facilitating access; and (iii) it contributes to regional integration by rehabilitating the highway that connects Haiti to the Dominican Republic.

B. Objective, components, and costs

- 1.14 **Objective.** The general objective is to improve the capacity and efficiency of Haiti's transportation sector, promoting improved accessibility to the country's regions and reducing operating costs and travel times. The specific objective of this program is to continue providing support for the execution of works designed to improve the physical conditions of traffic and safety within the national road network, through: (i) supplemental financing for part of the cost overruns in order to finish the work on the Les Cayes-Jérémie segment of RN7 for grant 1922/GR-HA; (ii) rehabilitation of the Croix-des-Bouquets-Fond Parisien segment of RN8; (iii) maintenance of program investments, maintenance of RN2, and design of a national road safety strategy; (iv) institutional strengthening of the MTPTEC through a diagnostic assessment and analysis of the institutional framework of the road sector and proposed improvements; and (v) creation of job opportunities for the low-income, unskilled population through block paving of urban roads in selected towns.
- 1.15 **Component 1: Strengthening of RN7 (US\$10.3 million).** This component will finance the resources needed to complete works pending from grant 1922/GR-HA due to the cost overruns described in paragraphs 1.4, 1.5, and 1.6, and will consolidate RN7 as a reliable, efficient, sustainable corridor connecting Jérémie to Les Cayes and the rest of Haiti, which was planned as part of PRIVIT. The unfinished tasks to be financed by this project are drainage construction, social and environmental compensation and mitigation, signposting, and paving of some 10 kilometers of highway.
- 1.16 **Component 2. Rehabilitation of RN8 (US\$30.26 million).** This component is aimed at financing the rehabilitation of the Croix-des-Bouquets-Fond Parisien segment of RN8 to improve conditions along this strategic corridor for the country (paragraph 1.9). More specifically, financing will be provided for: (i) rehabilitation works, for which engineering designs exist (rehabilitation of pavement, rehabilitation of existing drainage and construction of new drainage, rebuilding of shoulders, pavement markings and road signs, *inter alia*); (ii) supervision of works, by engineers from the Central Executing Unit (CEU) with support from a supervisory firm hired specifically for this task; and (iii) contingencies related to compensation and mitigation of social and environmental impacts potentially generated by the rehabilitation works, which were not included in the current budget.
- 1.17 **Component 3: Road maintenance (US\$2,975,000).** This component will finance: (i) a road maintenance plan for RN2, which was recently rehabilitated by the Bank; (ii) routine maintenance of the segments targeted for Bank intervention on RN2 (40 kilometers), RN8 (32.7 kilometers), and RN7 (90 kilometers) for a period

of at least two years, which will include pothole repair using machinery, drainage maintenance, and annual sweeping and maintenance of shoulders; and (iii) design of a strategic road safety plan for Haiti, including a program to gather data on accidents in the road network.

- 1.18 **Component 4. Institutional strengthening (US\$480,000).** In view of the sector's institutional weaknesses (paragraph 1.2), and the projected increase in investments in highway transportation under the PADTH (paragraph 1.7), actions must be identified to optimize the MTPTEC's work in planning, designing, executing, monitoring, and maintaining the country's highways, including the elevation of road safety to the institutional level. Accordingly, this component will finance: (i) necessary studies (diagnostic assessment to determine the needs of the road subsector), and the detailed implementation plan for the recommended organizational structure to carry out the aforementioned tasks;¹¹ and (ii) the hiring of personnel needed for the CEU to carry out monitoring efforts.
- 1.19 **Component 5: Labor-intensive urban paving (US\$7.42 million).** This component will finance urban block paving works, and will seek to employ a large number of low-income people. The works would be carried out through the United Nations Office for Project Services (UNOPS), considering its renowned experience on similar projects in Haiti, Africa, and other parts of the world. UNOPS will be responsible for designing, conducting, and supervising the works; purchasing materials; and hiring labor. The cities where the works should be carried out are in the following departments: Ouest, on 4 kilometers of roads; Artibonite, on 3 kilometers of roads; Grand'Anse, on 4 kilometers of roads; Sud, on 1.5 kilometers of roads; and Sud-Est, on 3 kilometers of roads. Some 2,500 jobs are expected to be created, and 15.5 kilometers of roadway paved.
- 1.20 **Budget.** Table I shows the program's cost and financing, for a total amount of US\$55 million (100% IDB resources).

¹¹ The findings of this study will be taken into account over the next five years in future PADTH projects (multiphase approach).

Table I: Program costs (in US\$ thousands)

Investment categories	Cost	%
Component 1. Strengthening of RN7	10,300	18.73
Pending works on segments Les Cayes airport–Jérémie	10,000	18.18
Social and environmental compensation and mitigation	300	0.55
Component 2. Rehabilitation of RN8	30,260	55.02
Rehabilitation works Croix-des-Bouquets–Fond Parisien	28,000	50.91
Supervision	1,960	3.56
Social and environmental compensation and mitigation	300	0.55
Component 3. Road maintenance	2,975	5.41
RN2 maintenance plan	45	0.08
Routine maintenance of RN2, RN7, and RN8	2,500	4.55
Design of national road safety strategy	240	0.44
Implementation of road safety corridor on RN8	190	0.35
Component 4. Institutional strengthening	480	0.87
Studies for institutional strengthening of road sector	240	0.44
Commissioning of specialized consultants for the CEU	240	0.44
Component 5. Urban paving	7,420	13.49
Urban paving phase 1	7,420	13.49
Administration and other	3,565	6.48
Administration (CEU)	2,750	5.00
Monitoring	300	0.55
Evaluation	90	0.16
Financial auditing and independent audit firms	140	0.25
Contingencies	285	0.52
Total	55,000	100.00

C. Results framework and key indicators

- 1.21 The main outcomes expected from the program are: (i) reduced transportation costs and travel times for vehicles using the roads benefited by the program; (ii) training and jobs for unemployed/unskilled people through the urban-paving component (Component 5). These outcomes are detailed in the Results Framework (Annex II). The baseline for the projects will serve as the benchmark for evaluating the program. The output and outcome indicators will be verified directly. Outcomes will be compared with the values listed in the Results Framework.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instrument and contractual conditions

- 2.1 The project is structured as a grant from the Bank’s Grant Facility. The operation is a specific work program. Component 1 is supplemental financing for grant 1922/GR-HA. The disbursement period will be four years.

B. Environmental and social risks and mitigation measures

- 2.2 The project has been classified as a category “B” operation in accordance with the Bank’s safeguard policies, as its potential environmental and social impacts are localized and short-term in nature, and effective mitigation measures are available. The policies triggered are OP-703 and OP-704. Along these lines, an environmental

analysis has been conducted during program preparation, and an environmental and social management report has been prepared for rehabilitation works on the Croix-des-Bouquets–Fond Parisien segment (EMSR/CdB-FP). This report provides a detailed description of the environmental and social consequences and also establishes the Environmental and Social Management Plan, which lays out measures to mitigate and monitor adverse impacts and promote positive ones. The Les Cayes–Jérémie works were financed by grant 1922/GR-HA, for which an environmental study was conducted. The Environmental and Social Management Plan for this study must be fully implemented until the works are completed (ESMP/LC-J).

- 2.3 Environmental supervision of the works will be carried out by the CEU with support from a hired specialist and will be strengthened through the inspection visits carried out by the Bank's environmental and social specialists. For monitoring the supervision of the Les Cayes–Jérémie segment (Component 1), additional attention is needed for the mitigation measures included in the construction contract of the construction firm to ensure that vegetation is planted in cuts and fill slopes, among other environmental measures. Program resources will be used to hire an independent environmental consultant at the midterm and end of the project to conduct a social and environmental audit (paragraph 3.8).
- 2.4 The positive impacts of the program will occur mainly in the operation phase, and will particularly benefit the socioeconomic environment. The main impacts are: (i) shorter travel times and lower transportation costs; (ii) greater access to public services (health care and education) and jobs, as well as job creation (see Component 5); (iii) improved transit conditions for pedestrians and bicyclists and improved health (see Component 5); and (iv) improved air quality as a result of urban paving. In addition, critical environmental liabilities, if any, will be recovered.
- 2.5 Based on the studies that have been carried out, the program's rehabilitation works (Component 2) are not expected to have significant adverse impacts because the physical works will be small- to medium-scale and fairly traditional from an engineering standpoint, and will be executed along the existing right of way, without changes to land use or direct impacts on protected or environmentally sensitive areas. The main negative impacts that could result from program implementation and their mitigation measures include: (i) physical environment: negative effects of rehabilitation works (leading to soil erosion, with resultant sedimentation, degradation in the quality of water bodies, and modification of hydrological systems, *inter alia*) that can be avoided or satisfactorily mitigated by reviewing the characteristics of drainage systems and adopting good engineering practices; and (ii) social environment: increased traffic causing an increase in pedestrian accidents, which can be mitigated with effective signposting and by building sidewalks and speed breakers in urban areas. The impacts associated with execution of the road works will be prevented, mitigated, and/or offset in accordance with recommendations from the Social and Environmental

Management Report. In consulting affected social groups, a number of activities will be carried out to promote interaction and dissemination of the program. Pedestrian sidewalks will be built in urban centers. No route modifications will be made, and the works will be carried out within the right of way, and no direct impacts on housing units or populations were identified. Still, in the event of any change that requires it, the beneficiary will submit to the Bank evidence that it has finished implementing the expropriation and resettlement plan in accordance with Bank policy OP-710 before going through with the change. Program resources will be used for this purpose.

C. Fiduciary risk

- 2.6 In the fiduciary risk evaluation, the program was found to have a medium level of risk in the timing of budgetary programming and annual cash flows needed to execute projects, as the CEU has found weaknesses in anticipating, controlling, and measuring in a timely manner any event that could affect the cost of the works. CEU personnel will be assisted in an initial phase and on a recurrent basis in order to use financial planning methodologies (budget and treasury) coordinated with procurement and activity planning. However, the MTPTEC, acting through the CEU, has shown sufficient institutional capacity to act as executing agency for programs financed by the Bank and other multilateral and bilateral entities and donors, and has maintained a stable, committed team of personnel who are familiar with the procurement, disbursement, and financial reporting policies and procedures required by the Bank. The tasks of work supervision will include monitoring quantities and prices and notifying the CEU of any deviation for an early diagnostic assessment. Also, some of the resources from this operation will be used to conduct a more detailed diagnostic assessment of the current state of the MTPTEC in order to determine whether the Bank's institutional-strengthening strategy has been effective, and to propose and implement appropriate actions to improve the state of the MTPTEC with regard to road transportation.

D. Financial management

- 2.7 The program will be financially managed in accordance with the Financial Management Policy for IDB-financed Projects (document OP-273-2). Resources used to procure consulting services and for administrative expenses, which will be administered by the CEU, will be disbursed in the form of advances on the basis of cash needs for four months of operation; these resources will be deposited in a designated account at the Banque de la République d'Haïti. Disbursements for Component 5 will be deposited in the UNOPS general account. Annual ex post reviews will be conducted of disbursements made in the form of advances to the CEU, and a one-time ex post review will be conducted upon completion of Component 5 of the funds executed by UNOPS. An annual inspection visit will review the financial management of projects executed by the CEU.

E. Other considerations and risks

- 2.8 **Technical viability.** The works to rehabilitate the Croix-des-Bouquets–Fond Parisien segment of RN8, which connects Port-au-Prince to the Dominican Republic, are technically viable according to the complete engineering studies conducted and designs prepared (paragraph 1.7). The European Union has already reached an agreement with the Government of Haiti for financing the remaining 10-kilometer Fond Parisien–Malpasse segment, on the border between the two countries. Due to the rising water level of Lake Azuei, new studies must be conducted, including a land survey, an environmental study, and engineering designs. As this problem also affects the Dominican Republic, the European Union is in talks to reach an agreement with the Dominican government. Since this is the primary connection between Haiti and the Dominican Republic, and the Dominican roads leading to this border crossing are of high quality, the risk that the Dominican Republic may not sign the agreement is considered low. Nor should the end of the segment financed by this program in Fond Parisien be affected; this is also the only connection from the Belle Anse region in southeastern Haiti—where the World Bank has been working to rehabilitate the secondary road network—to Port-au-Prince.
- 2.9 **Economic feasibility.** The economic feasibility of the works along RN8 between Croix-des-Bouquets and Fond Parisien (32.7 kilometers) was analyzed. The economic evaluation used the traditional methodology that looks at benefits from consumer surplus and variation in agency costs between scenarios with and without the project over a 20-year period. The HDM-4 model was used for this analysis. As this was an economic evaluation, economic or social costs were used for all factors in the calculation. The economic feasibility analysis found a net present economic value (NPEV) of US\$12.3 million (discount rate of 12%), an economic internal rate of return (EIRR) of 17.1%, and an NPEV/investment ratio of 0.44. These return indicators are satisfactory, and the investment is therefore considered to have a positive social return. Complementing this was a sensitivity analysis conducted for a scenario of a 20% increase in project costs (investment or recurring) and a 20% decrease in average annual daily traffic (AADT). A 20% increase in project costs yields an NPEV of US\$7.2 million and an EIRR of 14.6%, while a 20% decrease in AADT yields an NPEV of US\$5 million and an EIRR of 14.2%; these figures are highly satisfactory. Only the combination of both conditions brings these indicators to the brink of not being feasible (practically no NPEV and an EIRR of 12%), but this scenario is highly unlikely.
- 2.10 **Execution risks.** On the technical side, the program’s works are not particularly difficult. For bidding processes for works contracts, the project team was able to verify that foreign construction firms interested in Haiti have participated in recent bidding processes for road projects of the Bank and other donors. Nevertheless, given the difficult weather conditions and the vulnerability of the heavy construction market in Haiti, there is a residual risk of cost overruns during implementation of Component 2. For this reason, a strong oversight structure has

been planned, including the hiring of a specialized consulting firm to supervise the work. One of the duties of this firm is the ongoing evaluation of the risk of cost overruns, to ensure that the problem is assessed and resolved in a timely manner. To reduce cost overruns in Component 2 (paragraph 1.7) the project has quality engineering designs (that will be reviewed by experts before the works are put out to bid) with quantities and costs calculated in such a way that there will be no major discrepancies in the works. Meanwhile, this program is allocating US\$2.5 million for maintaining the highways targeted in this intervention and for RN2, in accordance with the PADTH guidelines, and the Bank will participate in maintenance either by providing institutional support or by directly financing a key area of the work.

III. IMPLEMENTATION AND MANAGEMENT PLAN

- 3.1 **Beneficiary and executing agency.** The beneficiary will be the Republic of Haiti, and the executing agency will be the Ministry of Public Works, Transportation, Energy, and Communications (MTPTEC), which is responsible for the planning, programming, construction, contracting, supervision, and upgrading of public works, including the roads and bridges that comprise the road network. It will work through the Central Executing Unit (CEU), which is under the Ministry's authority.
- 3.2 **Execution arrangement.** The MTPTEC, through the CEU, will be responsible for administering this program and managing the operational relationship with the Bank. The CEU is currently administering grants 2348/GR-HA and 2387/GR-HA, which are in their final phase of completion; OFID loan 699/OP-HA; grant 1922/GR-HA, and cofinancing operation ATN/CJ-10885-HA. The CEU is part of the MTPTEC's organizational structure, and its management structure consists of a general coordinator, a financial specialist, a financial consultant, an accountant, an administrator, a procurement specialist, and a team of engineers responsible for the technical monitoring of projects. The CEU has the appropriate structure to coordinate the execution of this new program, and will maintain the functions assigned to it under the previously approved loans. The CEU will be complemented by a planning and monitoring specialist who will be responsible for coordinating the development of annual work plans, budgets, and cash flow projections, and for monitoring execution and preparing quarterly reports on the program's progress. The CEU will be responsible for gathering information on the various output and outcome indicators included in the Results Framework and for monitoring the program's progress against the agreed targets. The need to increase the number of CEU personnel will be evaluated as the various works are started and any new procurement processes are carried out with program resources. Component 5 will be executed through direct contracting of UNOPS (paragraph 3.5). The MTPTEC will sign an agreement with UNOPS, entrusting the latter with specific activities and the authority to administer funds for Component 5 on behalf of the MTPTEC. The Bank's prior no objection is required on the content of that agreement, signature and entry into force of which will be a condition for the start of

- Component 5. The CEU will also be responsible for: (i) planning, executing, monitoring, and controlling all administrative, financial, and accounting procedures, as well as procurement processes (including the development and review of technical specifications and terms of reference); (ii) monitoring and evaluating rehabilitation works through specialized consulting firms hired for this purpose; (iii) implementing the social and environmental plan; (iv) monitoring, recording, and reporting program outcomes by using the agreed indicators; (v) preserving the institutional memory of the program; (vi) preparing, complying with, and reporting the annual work plans required by the Bank in connection with the resources provided; (vii) preparing the program's physical and financial progress reports, as required by the MTPTEC and the Bank; and (viii) making all necessary information and documents available to the external auditor.
- 3.3 The consulting firm to be hired by the CEU to supervise the works for the program will, *inter alia*: (i) carry out technical control measures to ensure that the works comply with technical specifications and environmental-impact mitigation measures included in the environmental designs and evaluations; (ii) verify the quality of services provided by contractors; (iii) maintain laboratory equipment to help carry out the required testing and technical control measures; (iv) support the development of ways to measure the quantity of services provided by contractors; (v) advise the CEU in matters related to the work, including environmental matters or permits needed to use natural resources and provide services to support execution of civil works; (vi) issue its opinion on needed adjustments to or expansions of activities; and (vii) prepare monthly progress reports, including status of the work and progress in implementing environmental control measures, as well as the final report on the work. The start of the work on RN8 will be contingent upon the entry into force of the service contract with the company that will supervise the works. The environmental supervision of the works will be carried out by CEU specialists.
- 3.4 **Procurement.** The program's procurement processes will be in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9), as well as, when applicable, the Special Procurement Provisions following the emergency caused by the 12 January 2010 earthquake in the Republic of Haiti (document OP-387-1). The Bank will conduct ex ante reviews of contracts, except in the case of Component 5, for which ex post reviews will be used as part of an external audit exercise acceptable to the Bank, which will be commissioned by UNOPS upon completion in accordance with these policies (Appendix 1).
- 3.5 **Direct contracting.** The direct contracting of UNOPS will be used for Component 5 (paragraph 1.19), which is fully justified in light of Section III, "Other Methods of Procurement—Direct contracting," paragraph 3.6, "direct contracting is contracting without competition (single source) and may be an

appropriate method under the following circumstances: (e) in exceptional cases, such as in response to natural disasters” (document GN-2349-9), because: (i) UNOPS has extensive experience throughout the world in carrying out road projects using labor-intensive methodologies, including in countries such as Sri Lanka, Afghanistan, and various African countries; (ii) UNOPS has specific experience in Haiti, where it has successfully carried out labor-intensive urban paving projects along RN4 between Léogâne and Jacmel (St. Faustin Bainet Street, 600 meters) and along RN1/Acul des Pins (12.5 kilometers) with active participation by the communities; (iii) the relationship between UNOPS and the MTPTEC during these projects was successful and smooth, and a great deal of professional trust was built between the two entities; (iv) UNOPS is a nonprofit agency, and savings are reinvested in additional works to surpass project targets; and (v) UNOPS has more experience and better prices than the other agencies that were consulted. Its experience, knowledge, technical expertise, institutional strength, and humanitarian management discipline are extremely valuable in executing and administering the resources of this component and achieving its objectives; therefore, no advantage would be gained through a competitive process.

- 3.6 **Disbursement schedule.** The proposed grant is expected to be disbursed over four years, in accordance with the summary schedule in Table II.

Table II: Estimated disbursement schedule (in US\$ thousands)

Year	Year 1	%	Year 2	%	Year 3	%	Year 4	%
IDB	24,783		13,818		8,448		7,951	
Total	24,783	45.06	13,818	25.12	8,448	15.36	7,951	14.46

- 3.7 **Monitoring and evaluation.** The CEU will draft and submit to the Bank the annual work plans for the program and semiannual status reports, indicating the progress on each component and the overall performance of the program, based on the indicators agreed on in the Results Framework. The reports will include: (i) a description of the activities carried out; (ii) updated physical execution and disbursement schedules; (iii) degree of compliance with agreed execution indicators; (iv) a program of activities for the upcoming six-month period; (v) a summary of the status of the program’s financial execution and expected resource flow for the next six-month period; (vi) identification of possible events that could jeopardize program execution; and (vii) a summary and evaluation of the main social and environmental activities carried out during the period, compliance with the Bank’s social and environmental policies, and recommendations to the contractors and supervisors for the next period. Additionally, within the 60 days following the last disbursement, a final program evaluation will be prepared. It will include: (a) financial execution results by component; (b) achievement of targets in accordance with the outcome indicators; (c) compliance with contractual commitments; and (d) evaluation of implementation of works in relation to social and environmental considerations. Program resources (US\$90,000) will be used to commission the services of specialized firms to conduct two independent

evaluations of the work carried out with proceeds from the financing, the fulfillment of targets and program deliverables, and compliance with environmental protection agreements and standards and social safeguards. The first evaluation will be conducted 15 months into the program or when 55% of proceeds from the financing have been disbursed, and the second one will be conducted 24 months into the program or when 70% of proceeds from the financing have been disbursed.

- 3.8 **External audit.** The program will finance the respective financial audits. An annual audit of the project's financial statements will be conducted, as will annual ex post reviews of justifications of advance payments made by the Bank to the CEU. The external audit will be performed by an independent firm acceptable to the Bank, on the basis of the terms of reference agreed upon with the Bank. The audited annual financial statements will be submitted within 120 days after the end of each fiscal year. The report on the final audited financial statements must be submitted within 120 days after the last disbursement. The reports on ex post reviews will be submitted within 60 days after the end of the first six months of each fiscal year. UNOPS will use program resources to commission an external auditing firm acceptable to the Bank to conduct the ex post review of justifications of advance payments for Component 5, which must be submitted to the Bank within 60 days after the date of the justification of the last disbursement to UNOPS.
- 3.9 **Summary of agreements to monitor outcomes.** The Bank will supervise the program with a focus on fulfilling the program's operational objectives. The midterm and final evaluations will be conducted with the assistance of a consultant specifically hired for this purpose. Staff at the Bank's Country Office in Haiti will organize meetings to review progress in the program and in the annual investment plan. The CEU will monitor program implementation and outcomes, as described above. At the end of the program, an Expanded Performance Monitoring Report will be prepared to determine whether the program's objectives were fulfilled once all components have been executed, and lessons learned will be identified for future projects. This evaluation should pay strict attention to proper compliance with budgets and physical targets, and especially the mechanism for coordinating among the institutions providing financing and cooperation for the program.

Development Effectiveness Matrix				
Summary				
I. Strategic Alignment				
1. IDB Strategic Development Objectives		Aligned		
Lending Program		(i) Lending to small and vulnerable countries, and (i) Lending to support regional cooperation and integration.		
Regional Development Goals		Paved road coverage (Km/Km ²).		
Bank Output Contribution (as defined in Results Framework of IDB-9)		Km of inter-urban roads build or maintained/upgraded.		
2. Country Strategy Development Objectives		Aligned		
Country Strategy Results Matrix		GN- 2465	Construct and maintain the road network that will allow the principal cities and production centers of the country to be connected.	
Country Program Results Matrix		GN-2617	The project is included in the Country Program for 2011.	
Relevance of this project to country development challenges (If not aligned to country strategy or country program)				
II. Development Outcomes - Evaluability		Highly Evaluable	Weight	Maximum Score
		8.5		10
3. Evidence-based Assessment & Solution		6.5	25%	10
4. Ex ante Economic Analysis		10.0	25%	10
5. Monitoring and Evaluation		7.5	25%	10
6. Risks & Mitigation Monitoring Matrix		10.0	25%	10
Overall risks rate = magnitude of risks*likelihood		low		
Environmental & social risk classification		B		
III. IDB's Role - Additionality				
The project relies on the use of country systems (VPC/PDP criteria)				
The project uses another country system different from the ones above for implementing the program				
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:				
Gender Equality				
Labor				
Environment				
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project				
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan.				

The Road Network of Haiti is deficient with respect to coverage, level of service and road safety. The network is also in a state of significant deterioration: it is estimated that 80% of the country's roads are either in poor or very poor conditions. The deteriorated state of the road network in Haiti reflects the institutional weaknesses of the sector.

The POD clearly presents the problems to be addressed through the project as well as the factors causing them. The sources of information used in the diagnosis are not presented in the documentation. The magnitudes of the problems are provided and the proposed interventions are clearly linked to the problems identified in the diagnosis. The results matrix has vertical logic. Although the project's impacts are spelled out in the project's objectives, no indicators are presented in the results matrix to measure these impacts. The outcomes and outputs are clearly laid out. All indicators are SMART and have baselines, targets and sources of information. With regards to the data for the PMR, all outputs have annual targets, and the costs of the project are broken down by the outputs included in the results matrix. Additionally, the annual costs of each output are presented.

A cost-benefit analysis of the RN8 road improvement component, covering the majority of the project's costs (55%), was undertaken. All economic benefits were adequately quantified, the costs used reflected real resource costs, assumptions were spelled out and a sensitivity analysis was undertaken with the variables that could affect the project's economic return. The operation has a monitoring and evaluation plan (M&E) which follows the format of the evaluation section of the DEM guidelines. The budget for the M&E is broken down the activity to be carried out in each area. The project will be evaluated using an ex-post cost-benefit analysis and an evaluation of the reflexive type.

Finally, the risk matrix presents the projects risks which are rated for magnitude and probability. Mitigation measures are presented for each risk, as well as indicators to monitor their implementation.

RESULTS FRAMEWORK

HA-L1054

PROGRAM OBJECTIVE	The general objective is to improve the capacity and efficiency of Haiti's transportation sector, promoting improved accessibility to the country's regions and reducing operating costs and travel times. The specific objective of this program is to continue providing support for the execution of works designed to improve the physical conditions of traffic and safety within the national road network, through: (i) financing for part of the cost overruns to supplement financial needs in order to finish work on the Les Cayes-Jérémie segment of Route Nationale 7 (RN7) for grant 1922/GR-HA; (ii) rehabilitation of the Croix-des-Bouquets-Fond Parisien segment of Route Nationale 8 (RN8); (iii) maintenance of program investments, maintenance of Route Nationale 2, and design of a national road safety strategy; (iv) institutional strengthening of the Ministry of Public Works, Transportation, Energy, and Communications (MTPTEC) through a diagnostic assessment and analysis of the road sector's institutional framework and proposed improvements; and (v) creation of job opportunities for the lower-income, unskilled population through the paving of urban roads in selected towns.
--------------------------	--

Expected outcome	Outcome indicator	Baseline	Target	Comments, frequency, source
Component 1: Strengthening of RN7				
Reduced operating costs for a 10-ton truck (C2) ¹	Vehicle operating costs per km	<u>2011</u> : US\$0.63	<u>2012</u> : US\$0.51	<ul style="list-style-type: none"> This segment is 90 kilometers long, starting from the Les Cayes airport and ending in the outskirts of the town of Jérémie. The indicators will be monitored by a specialized firm hired with operation resources upon completion of the pending work. Source: Central Executing Unit (CEU)
Reduced average travel time for the 90-km Les Cayes-Jérémie segment ²	Travel time	<u>2011</u> : 3 hrs., 30 min.	<u>2012</u> : 3 hrs., 5 min.	

¹ The same outcome indicators proposed for the original program under which the project is being carried out (1922/GR-HA) will be used.

² The same outcome indicators proposed for the original program under which the project is being carried out (1922/GR-HA) will be used.

Expected outcome	Outcome indicator	Baseline	Target	Comments, frequency, source
Component 2: Rehabilitation of RN8				
Reduced operating costs for all vehicles ³	Vehicle operating costs per km ⁴	<u>2011</u> : Car: US\$0.20 Pickup: US\$0.27 Bus: US\$0.53 C2 truck: US\$0.54 C3 truck: US\$1.20 Articulated truck: US\$1.32	<u>2015</u> : Car: US\$0.18 Pickup: US\$0.23 Bus: US\$0.38 C2 truck: US\$0.41 C3 truck: US\$0.90 Articulated truck: US\$0.98	<ul style="list-style-type: none">• This segment is 32.7 kilometers long, from the outskirts of Croix-des-Bouquets to the municipio of Fond Parisien.• The indicators will be monitored by a specialized firm hired with operation resources upon completion of the improvement works.• Source: CEU.
Reduced travel time for all vehicles on the 32.7-km Croix-des-Bouquets–Fond Parisien segment	Travel time	<u>2011</u> : Car: 32 min. Pickup: 32 min. Bus: 34 min. C2 truck: 34 min. C3 truck: 37 min. Articulated truck: 40 min.	<u>2015</u> : Auto: 23 min. Pickup: 23 min. Bus: 25 min. C2 truck: 28 min. C3 truck: 32 min. Articulated truck: 28 min.	
Component 3: Road maintenance				
Operating costs for all vehicles do not increase more than 5% ⁵	Vehicle operating costs per km (RN2) ⁶	<u>2012</u> : Car: US\$0.274 Pickup: US\$0.328 Bus: US\$1.134 C2 truck: US\$0.491 C3 truck: US\$0.886 ⁷	<u>2015</u> : Car: US\$0.288 Pickup: US\$0.344 Bus: US\$1.191 C2 truck: US\$0.515 C3 truck: US\$0.930	<ul style="list-style-type: none">• For RN2, the segment in question is 40 kilometers long, starting from Miragoâne and ending in the municipio of Aquin. The segments on RN7 and RN8 are described above.• Operating costs on each road will be monitored by a specialized firm hired with operation resources upon completion of the routine maintenance work.• Source: CEU.
	Vehicle operating costs per km (RN7)	<u>2013</u> : C2 truck: US\$0.51	<u>2015</u> : C2 truck: US\$0.54	
	Vehicle operating costs per km (RN8)	<u>2014</u> : Car: US\$0.18	<u>2015</u> : Car: US\$0.19	

³ Due to improved roughness indices and other roadway characteristics.

⁴ Weighting of costs for different types of vehicles for each of the segments in question.

⁵ As a result of the routine maintenance work carried out.

⁶ Miragoâne–Fonds-des-Nègres

⁷ In the absence of recent data for the road, data for a road with similar characteristics, the Bon Repos–Saint-Marc segment of RN1, are used.

Expected outcome	Outcome indicator	Baseline	Target	Comments, frequency, source
		Pickup: US\$0.23 Bus: US\$0.38 C2 truck: US\$0.41 C3 truck: US\$0.90 Articulated truck: US\$0.98	Pickup: US\$0.24 Bus: US\$0.40 C2 truck: US\$0.43 C3 truck: US\$0.95 Articulated truck: US\$1.03	

Component 5: Labor-intensive urban paving

Creation of jobs for unemployed/unskilled persons	Jobs for unemployed/unskilled persons in block paving of roads	<u>2011:</u> 0 persons employed	<u>2015:</u> 2,500 persons employed	<ul style="list-style-type: none"> The CEU will monitor the labor-intensive paving program. Data on job creation will be obtained from the reports of the nongovernmental organization (NGO) commissioned to execute the program. Source: NGO.
Increase in % of jobs created compared to unemployed persons in the region where the paving work will be carried out, considering the estimated workforce in each region and an equal distribution of employed persons per region	% job creation during the two years of Component 5	<u>2011:</u> Department: Number of unemployed persons OUEST: 599,684 SUD: 120,374 GRAND'ANSE: 121,396 ARTIBONITE: 251,610 SUDEST: 93,851	<u>2012/1013:</u> Department: % persons employed OUEST: 0.8 SUD: 4.8 GRAND'ANSE: 4.1 ARTIBONITE: 1.9 SUDEST: 5.3	<ul style="list-style-type: none"> The CEU will monitor the labor-intensive paving program. Data on job creation will be obtained from the reports of the NGO commissioned to execute the program. Source: Ministry of Economy and Finance, Haitian Institute of Statistics and Information Technology.

[illegible]

Outputs	Baseline/2011	Year 1	Year 2	Year 3	Year 4	Target/2015	Comments, frequency, source
Kilometers of rehabilitation works completed	0	11.6	7.3	7.3	6.5	32.7	<ul style="list-style-type: none"> • The CEU will monitor the works with the support of the supervisory firm. • Annual outcomes will be included in the semiannual management reports that the CEU will submit to the Bank, and will be verified in the field by the Bank's project team. • Source: CEU.
Component 3: Road maintenance							
Kilometers of roadway receiving routine maintenance (RN2)	0	0	40	40	40	120	<ul style="list-style-type: none"> • The CEU will monitor the works with the support of the supervisory firm. • Annual outcomes will be included in the semiannual management reports that the CEU will submit to the Bank, and will be verified in the field by the Bank's project team. • Source: CEU.
Kilometers of roadway receiving routine maintenance (RN7)	0	0	0	90	90	180	
Kilometers of roadway receiving routine maintenance (RN8)	0	0	11.6	18.9	26.2	56.7	
National road safety strategy proposal developed	0	0	1	0	0	1	<ul style="list-style-type: none"> • Monitoring of the proposal will be incorporated into the semiannual management reports submitted by the CEU to the Bank. • Source: CEU.
Component 4: Institutional strengthening							
Study conducted for the institutional strengthening of the road sector	0	0	1	0	0	1	<ul style="list-style-type: none"> • Monitoring of the proposal will be incorporated into the semiannual management reports submitted by the CEU to the Bank. • Source: CEU.

Outputs	Baseline/2011	Year 1	Year 2	Year 3	Year 4	Target/2015	Comments, frequency, source
Component 5: Labor-intensive urban paving							
Kilometers of urban roads paved under the labor-intensive block paving program	0	9	8	0	0	15.5	<ul style="list-style-type: none"> • The CEU will monitor the labor-intensive paving program. Data will be obtained from UNOPS reports. • Annual outcomes will be included in the semiannual management reports that the CEU will submit to the Bank, and will be verified in the field by the Bank's project team. • Source: CEU.

FIDUCIARY AGREEMENTS AND REQUIREMENTS

HA-L1054

COUNTRY:	Haiti
PROJECT NUMBER:	HA-L1054
TITLE:	Support for Haiti's Transportation Sector
EXECUTING AGENCY:	Ministry of Public Works, Transportation, Energy, and Communications (MTPTEC)
FIDUCIARY TEAM:	Patricio Crausaz (financial management)/Nelly C. Wheelock (procurement)

I. Executive Summary

Operation HA-L1054, "Support for Haiti's Transportation Sector," will be financed through a grant from the Inter-American Development Bank, with US\$55 million in initial resources for the Government of the Republic of Haiti. Given the incipient state of development of Haiti's country systems for public financial management and public procurement, this operation will use alternative fiduciary systems and will be carried out in accordance with the policies on financial and procurement management of Bank-financed projects.

This operation will be executed by the Ministry of Public Works, Transportation, Energy, and Communications (MTPTEC) through its Central Executing Unit (CEU). Component 5 of the project, "Urban paving," will be executed by the United Nations Office for Project Services (UNOPS) under an agreement protocol for execution of works, to be signed between UNOPS and the MTPTEC. Up to US\$195 million in additional subsequent Bank financing, and US\$150 million from other donors, is expected over the next five years.

Financial management. The latest evaluation of the public financial management system is included in the "Public Expenditure Management and Financial Accountability Review," published in January 2008, and the study titled "Haiti—Amélioration de Gestion Financière et Comptable" [Haiti—Improvement of Financial and Accounting Management] (International Monetary Fund, 2009). The Public Expenditure and Financial Accountability assessment was updated in the second half of 2011, but the final results have yet to be published. Preliminary results from applying the "Guide for the Use of County Systems" confirmed that transactions related to execution of projects financed with resources from multilateral organizations such as the IDB or the World Bank are not recorded in the national public accounting system at the level of the Ministry of Economy and Finance, making it impossible for financial reports on project execution to be available at a central level. The highest external-control entity, the General Accounting Office [Cour Supérieure des Comptes et du Contentieux Administratif], had its operational capacity severely impaired by the January 2010 earthquake, and though it has

partly regained its ability to fulfill its constitutional duty to perform external control over the management of public funds of the Republic of Haiti, it does not yet have enough material and technical resources to assume external auditing duties for individual projects. Thus, the financial management of Bank-financed projects will continue to use alternative systems implemented through special executing units. External auditing of projects will be carried out by private auditing firms acceptable to the Bank.

Procurement. A recent study¹ assessed the institutional capacities of five ministries, including the MTPTEC, and identified the ministerial procurement committees² and their roles, which administratively fall under the highest office of each ministry and technically under the National Public Procurement Office (CNMP). It also identifies the lack of ministerial procurement units and describes the role of planning (procurement plans based on the institution's budget) and execution (from preparation of bid documents to proposed awarding of contracts) of procurement processes, in the ministries' technical divisions. These divisions specialize in their field but not in procurement, and the ministerial commissions have little or no control over quality.³

Although the MTPTEC has institutional weaknesses related to procurement processes, the Bank has financed three projects⁴ over the last decade for a total of US\$223.9 million and several technical cooperation operations supporting the improvement and rehabilitation of primary and secondary roads. These projects, which have been executed by the MTPTEC through its CEU, required a timely institutional capacity assessment by the Bank, which initially revealed significant risks that have gradually diminished with the capacity acquired through the execution of projects. Thus, based on the Bank's previous assessments, recent studies, and the track record of executing the aforementioned projects, the operation is believed to have a medium level of risk. The fiduciary team will again assess the CEU's capacities in late 2011 using the Institutional Capacity Assessment System methodology for evaluating institutional capacities. Based on the results of this new evaluation, the risk level will be updated if appropriate, as will the supervision agreements. Also, country systems will not be used in executing procurement processes for this project, but instead the execution agreements and requirements described here will be used within the framework of the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9).

¹ September 2009 study by the French firm Linpico for strengthening the procurement structures of five ministries, financed by loan 1632/SF-HA.

² The 2007 PEMFAR study mentions the creation of the National Public Procurement Office (CNMP) as a result of the decree of 3 December 2004, which was abolished and replaced with Law CL 06 2009-009 of June 2009. It also describes how the CNMP created the ministerial committees and specialized agencies in all ministries and State enterprises.

³ Documents for processes financed by the national budget and/or international organizations such as the IDB, the World Bank, and the European Union, which should be subject to ex ante review by the ministerial committees, usually go directly to the highest office for decisions and/or signature.

⁴ 1638/SF-HA for US\$74.1 million; 991/SF-HA for US\$49.8 million, and 1922/GR-HA for US\$100 million, complemented by technical cooperation operations ATN/8676-HA, ATN/8959-HA, and ATN/8960-HA.

II. Fiduciary context of the executing agency

The general responsibility for program management and execution will belong to the MTPTEC's Central Executing Unit (CEU). The CEU is currently administrating grant agreements 2384/GR-HA and 2387/GR-HA, which are in their final phase of execution; OFID loan 699/OP-HA; grant 1922/GR-HA; and cofinancing operation ATN/CJ-10885-HA. The CEU will rely on the specific technical experience of UNOPS to execute works to rehabilitate urban roads using labor-intensive construction methods for Component 5, "Urban paving."

Financial management:

The CEU has a management structure consisting of a general coordinator, a financial specialist, a financial consultant, an accountant, an administrator, a procurement specialist, and a team of engineers responsible for the technical monitoring of projects. The current financial management structure is deemed adequate for the demands related to execution of the new program. The CEU is also currently responsible for managing other projects financed by the World Bank and European donors.

Accounting, recordkeeping, and financial reporting are carried out with the ACCPACC 4.1 computer accounting system. The system may be parameterized to compile accounting and financial information in accordance with whatever investment categories are established for the project. The CEU maintains the accounting of various projects using the modified cash method, i.e., it records expenses when paid and revenues when received in the bank account. The transaction filing system is effectively classified by revenues and outlays in chronological order. Supporting documentation for each transaction is easily identifiable.

In 2011 the CEU adopted a methodology for better planning of cash flows needed to execute project-related activities. Though its financial projections did improve, further efforts are needed to make planning and budget control more reliable. In particular, the CEU will need assistance in implementing a system for developing, monitoring, and controlling project budgets that will coordinate procurement planning, management of contracts in execution, and activity timetables. Efforts should be strengthened to increase the CEU's capacity to monitor, in a timely manner, any changes in quantities and prices of materials and work in executing works contracts to identify and prevent significant changes to original budgets in a timely manner.

Component 5, "Urban paving," will be executed by UNOPS under a contract with the MTPTEC. A validation of the financial management procedures and system of UNOPS-Haiti indicates that these are structured on the basis of policies issued by United Nations headquarters (organizational directives) and are consistent with international best practices. The system relies on the use of internal procedures manuals that clearly set forth work flows and approvals, internal controls, appropriate levels of authority and responsibility for budget approval, execution, recording of transactions, monitoring, and reporting. The level of approval delegated to the local level for contracting and payments is US\$250,000; larger amounts up to US\$1 million require the approval of the regional office in Panama; and amounts above US\$1 million require the approval of headquarters

in New York. The system uses the ATLAS application, which allows for the automated management of a project's financial cycle (budgeting, execution, treasury, accounting, and reporting). The levels of authority in the application are parameterized on the basis of the thresholds established in organizational directives.

The financial cycle for each project to be executed by UNOPS starts with the confirmation of the source of financial resources. Once the source is confirmed and the agreement protocol is entered into with the agent, the cycle begins with the opening of the "program budget allocation" (PBA) in the ATLAS system. The PBA uses specific codes to identify the country where the project will be executed, the project title and number, the donor, the beneficiary, and the financing agreement, along with other pertinent information. UNOPS has the capacity to carry out accounting and financial reporting for the projects it executes in accordance with parameters and principles agreed upon with the beneficiary and/or donor.

The funds received from all donors financing projects executed under mandate by UNOPS are received in the organization's central account in a New York bank. The funds are subsequently allocated to the local office in the country executing the specific project based on the need to meet payment obligations. This procedure is consistent with the Bank's disbursement procedures. The funds for Component 5, "Urban paving," will be disbursed on the basis of planned liquidity needs for execution of activities over a six-month period. At the conclusion of each six-month period, UNOPS must submit satisfactory justifications for the use of at least 80% of the previous advance and an updated projection of cash needs for the following period. The Bank will disburse advance payments to the organization's central account in New York.

UNOPS has an appropriate internal control environment governed by a corporate ethics policy that sets standards of conduct for its own personnel and its suppliers. Particularly significant are organizational directives number 2, Accountability Framework; number 3, Financial Regulations and Rules; number 10, UNOPS Fraud Policy; number 23, Policy on Financial Disclosure and Declaration of Interest Statements; and number 27, Internal Control and Risk Management Framework; the purpose of these directives is to promote and maintain good financial administration practices and to prevent fraud, corruption, and collusion.

UNOPS's accounting books and records are subject to internal and external audits in accordance with specific regulations. These regulations allow for a private firm to verify project-specific transactions, as long as the firm is directly hired by UNOPS.

III. Fiduciary risk evaluation and mitigation actions

In the fiduciary risk evaluation, the program was found to have a medium level of risk in the accuracy of budgetary programming and annual cash flows needed to execute projects, as the CEU has displayed weaknesses in anticipating, controlling, and measuring in a timely manner any event that could affect the cost of the works. More and better coordination between procurement planning, activities, and management of contracts in execution, on the one hand, and the planning of monthly cash flows needed to carry out plans, on the other, will help to mitigate delays in execution and cost

overruns. To mitigate these risks, as part of the new program, CEU personnel will be assisted in an initial phase and on a recurrent basis in order to use financial planning methodologies (budget and treasury) coordinated with procurement and activity planning, and to take initiatives to strengthen the CEU's financial management policies, procedures, and instruments. Part of these resources will also be used to improve the capacity to plan and monitor the works.

IV. Considerations for the special conditions of the contract

Signature of the agreement protocol between UNOPS and the Government of Haiti for execution of labor- intensive Component 5, "Urban paving." This condition applies to procurement and financial management. The Bank's prior review and no objection are required for the signature of this agreement protocol.

V. Agreements and requirements for procurement execution

1. Procurement execution

Procurement of works, goods, and nonconsulting services. Contracts for works, goods, and nonconsulting services⁵ generated under the project and subject to international competitive bidding (ICB) will be executed using the standard bidding documents issued by the Bank. Bidding processes subject to national competitive bidding (NCB) will be executed using national bidding documents agreed upon with the Bank for this project. The project's sector specialist is responsible for reviewing the technical specifications for procurement processes during the preparation of such processes. In keeping with Section V, clause 9 of the General Conditions of the Contract in the Bank's standard document for contracting small-scale works, the operation calls for subcontracting the Laboratoire National du Bâtiment et des Travaux Publics for all works contracts. This provision will be included in all bidding documents for works and the subcontract and cost will be taken into account by bidders in their bids.

Procurement of goods:

No goods are expected to be procured for this project. However, if any goods need to be procured during the project, they must be procured using the procedures described in the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9).

Procurement of works:

The works to rehabilitate the 32.5-kilometer Croix-des-Bouquets-Fond Parisien segment of RN8, at an estimated cost of **US\$28.3 million**, will be commissioned through an ICB process. Due to the nature of the work, no prequalification is planned for this contract. The scope of the contract is the

⁵ Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9), paragraph 1.1: "Nonconsulting services are treated as goods."

rehabilitation of the road and includes, *inter alia*, the improvement and compacting of the road bed; the widening of the existing road, and structural rehabilitation of the pavement with a layer of natural gravel at least 25 centimeters thick, asphalt paint, and a layer of asphalt of at least 12 centimeters thick; rehabilitation, replacement, and construction of drainage; construction of retaining walls, implementation of pavement markings and road signs, and implementation of socioenvironmental mitigation and protection measures.

Works to strengthen RN 7 (Les Cayes Airport–Jérémie), including an estimated 10 kilometers of highway, drainage construction, and signposting, will be financed through an ICB process with an estimated budget of **US\$10 million**.

The program also includes road maintenance works along approximately 163 kilometers of highway on RN2 (40 kilometers), RN7 (32.7 kilometers), and RN8 (90 kilometers). These works, estimated at **US\$2,545,000**, will be commissioned through contracting process using price comparison (PC) (US\$45,000) and an ICB process (US\$2.5 million). The Bank's standard ICB bidding document will be used for the ICB process, and a bid document agreed upon with the Bank, which must be consistent with the Bank's standard ICB document, will be used for the national competitive bidding process.

The program calls for contracting small-scale road safety works for RN8. For this contract, the National Road Safety Strategy will be the basis, which has already been designed through a consulting contract, as described later in this Procurement Plan. The estimated amount of these works is **US\$176,700**, and national competitive bidding will be used.

Direct contracting of works. The program will execute Component 5 through a direct contract with the United Nations Office for Project Services (UNOPS). This direct contract, estimated at **US\$7.42 million**, is justified due to the special nature of the contract and UNOPS's suitability for executing it. In terms of the nature of the contract, it combines quality for specific works of varying type and criticality with the human and social element that entails the provision of jobs to a significant number of low-income people within the country's current context. Moreover, UNOPS is suitable because it has extensive experience throughout the world in carrying out road projects with labor-intensive methodologies, including in such countries as Sri Lanka (400 kilometers), Afghanistan, and many African countries; it also has specific experience in Haiti, where it has successfully carried out labor-intensive urban paving projects on RN4 in Léogâne via Jacmel/Bainet, St. Faustin Bainet Street (600 meters) and 12.5 kilometers along RN1/Acul-des-Pins, where it achieved the active participation of the respective communities; a third factor is the successful, smooth relationship between UNOPS and the MTPTEC during the aforementioned projects; and,

lastly, UNOPS adds value to the program as a nonprofit entity that reinvests savings in additional works to surpass project targets. The nature of the contract and the suitability of UNOPS combine to create outstanding qualities in terms of extensive experience, knowledge, technical expertise, institutional strength, and discipline in human resources management for executing and administering resources and achieving the objectives of this component in such a way that, and consistent with paragraph 3.6(e) of Section III of the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9), no advantage would be gained through a competitive process. The contract to be signed will incorporate the general and specific conditions stemming from these procurement policies. UNOPS will execute the component as a contract administration contractor, in accordance with paragraph 3.10 of Section III of the aforementioned policies.

Nonconsulting services: No procurements of nonconsulting services are planned in this program.

2. Selection and hiring of consultants

Selection and hiring of consulting firms:

The selection and contracting of consulting firms for the project through processes subject to the method of quality- and cost-based selection (QCBS) and other selection methods described in Section III of the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9) will be carried out using the standard requests for proposals issued by the Bank. The project's sector specialist will be responsible for reviewing the terms of reference during the preparation of processes for the selection and contracting of consultants.

The program calls for a major consulting contract for the supervision of works, estimated at **US\$1.9 million** for Component 2. In addition, there will be a supervision contract for small-scale road safety works, together with the design of a national road safety strategy; the design of a maintenance plan for RN2; conducting studies to strengthen Haiti's transportation sector; and carrying out the monitoring, evaluation, and financial audit of program.

Selection and contracting of individual consultants:

Individual consultants will be commissioned to strengthen the CEU's capacities and to provide some consulting services for which teams of personnel will not be required, relying instead on the person's experience and qualifications. The provisions set forth in paragraphs 5.1 to 5.4 of Section V of the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9) will be used in the selection and contracting of individual consultants.

3. Recurring expenses

Recurring operating costs, estimated at US\$2 million, will cover the cost of operating and administering the CEU for two and a half years. These operating costs, which are necessary for project execution, are not considered investment procurement processes and therefore may be contracted using the executing agency's procedures. The executing agency will ensure that the procedures used for these contracting processes uphold the highest standards of efficiency, economy, and transparency described in the Bank's procurement policies (documents GN-2349-9 and GN-2350-9). The CEU will maintain records on the use of these funds for subsequent verification in the audits.

4. Thresholds (thousands of US\$)

- a. The current thresholds regularly used on Bank-financed projects for the Republic of Haiti are as follows:

Works			Goods			Consulting services	
International competitive bidding	National competitive bidding	Price comparison	International competitive bidding	National competitive bidding	Price comparison	Consulting contract with international advertising	Shortlist 100% national
≥1,000	100≥1,000	<100	≥100	25≥100	<25	>200	<100

- b. The thresholds for this project are set by the Bank in the Special Procurement Provisions following the emergency caused by the 12 January 2010 earthquake in the Republic of Haiti (document OP-387-1):

Works		Goods		Consulting services	
International competitive bidding	National competitive bidding / Price comparison	International competitive bidding	National competitive bidding / Price comparison	Consulting contract with international advertising	Shortlist 100% national
≥1,000,000	>1,000,000	≥250,000	<250,000	>200	<100

5. Main procurement processes

Activity	Type of bidding process	Estimated date	Estimated amount (US\$000)
Works			
Rehabilitation of RN8, Croix-des-Bouquets–Fond Parisien segment, 32.5 km.	ICB	May 2012	28,000
Supplementary works to strengthen RN7	ICB	December 2012	10,000
Maintenance of RN2, RN7, and RN8	ICB	January 2012	2,500
Urban paving (UNOPS)	DC	January 2012	7,420
Implementation of a road safety corridor on RN8	PC	June 2013	176.7
Consulting services			
Supervision of works to rehabilitate RN8, Croix-des-Bouquets–Fond Parisien segment	QCBS	May 2012	1,970
Audits	QCBS	May 2012	140
Consulting contract for institutional strengthening of the MTPTEC	QCBS	May 2012	240
Monitoring	QCBS	May 2012	300
Evaluation	QCBS	May 2012	90
Design of the national road safety strategy	QBS	May 2012	240
Design of maintenance plan for RN2	QBS	January 2012	45

6. Supervision of procurement processes

Ex ante reviews will be conducted of procurement processes, except those for Component 5, “Urban paving,” which will be subject to ex post reviews.

VI. Financial management

Financial management of the program will be in accordance with the Financial Management Policy for IDB-financed projects, OP-273-1.

1. Programming and budget

The CEU will prepare annual budgets to execute the project based on the programming of activities and the procurement plan. The CEU will implement a methodology and procedures that allow it to monitor budget execution on a monthly basis for contracts in execution (balances executed and to be executed) as well as future commitments of funds in accordance with the procurement plan and activity plan. A report on any changes will be prepared by the CEU’s financial specialist and submitted to the CEU’s general coordinator.

2. Accounting and information systems

The current ACCPACC system and the accounting and financial reporting procedures in use at the CEU are consistent with the requirements of this operation.

3. Disbursements and cash flow

Resources from the financing allocated to road works, except for those included in Component 5, “Urban paving,” will be disbursed in the form of direct payments to the provider. Resources to finance consulting services and administrative expenses, which will be administered by the CEU, will be disbursed in the form of advance payments based on cash needs for four months of operation; these resources will be deposited in a designated account in the Banque de la République d’Haïti. Resources to finance the execution of Component 5, “Urban paving,” which will be administered by UNOPS under a mandate from the MTPTEC, will be disbursed in the form of advance payments based on cash needs for six months of execution; these payments will be deposited by the Bank directly to the UNOPS general account.

4. External control and reports

External auditing will be performed by an independent firm acceptable to the Bank, in accordance with terms of reference agreed upon with the Bank. The firm will be commissioned with program resources. It will perform an annual audit of the project’s financial statements, as well as annual ex post reviews, using agreed procedures, of the justifications for the use of advance payments made by the Bank to the CEU.

The reports on the annual audited financial statements will be submitted within 120 days after the end of the fiscal period. The report on the final audited financial statements will be submitted within 120 days after the date of the last disbursement. The reports on ex post reviews, using agreed procedures, will be submitted within 60 days after the end of the first six months of the first fiscal year.

UNOPS-Haiti will use program resources to commission an external auditing firm acceptable to the Bank, which may be the same firm that performs the overall financial audit of the program, to carry out the ex post review, using agreed procedures, of justifications for the use of advance payments for Component 5, “Urban paving.” The ex post review report will be submitted to the Bank within 90 days after the date of the last justification of funds disbursed to UNOPS.

5. Financial supervision plan

Ex post reviews will be used for financial supervision. The fiduciary specialists will carry out an annual supervision visit to the CEU and/or the works executed as part of the program.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/11

Haiti. Nonreimbursable Financing ___/GR-HA to the Republic of Haiti.
Support for Haiti's Transportation Sector

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the IDB Grant Facility (hereinafter referred to as the "Account"), to enter into such contract or contracts as may be necessary with the Republic of Haiti, as Beneficiary, for the purpose of granting it a nonreimbursable financing to cooperate in the execution of a program of support for Haiti's transportation sector. Such nonreimbursable financing will be for an amount of up to US\$55,000,000, which form part of the Account, and will be subject to the Terms and Financial Conditions and the Special Contractual Conditions in the Project Summary of the Grant Proposal.

(Adopted on __ ____ 2011)

LEG/SGO/HA-35442157-11
HA-L1054