

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

HAITI

SUPPORT TO THE EDUCATION PLAN AND REFORM IN HAITI IV

(HA-L1080)

GRANT PROPOSAL

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ELECTRONIC LINKS	
REQUIRED	
1.	PEP (Pluriannual Execution Plan) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39060081
2.	Monitoring and Evaluation Arrangements http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39120554
3.	ESMR (Environmental and Social Management Report) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39120569
4.	Complete Procurement Plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39120570
OPTIONAL	
1.	HA-L1080: History and Lessons Learnt from School Construction http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39058705
2.	HA-L1080: Overview of initial targets and results achieved by IDB's Education Program and Donor Coordination http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39184930
3.	Detailed Budget http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39120571
4.	Final Report of the EPT Process Evaluation http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38864633
5.	Draft Report Diagnostic of DAA MENFP http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39041687
6.	Economic Analysis http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39059153
7.	<i>Document Cadre de Politique Nationale pour le Developpement Integre de la Petite Enfance</i> http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39060824
8.	<i>Stratégie de Recrutement et de Formation de Ressources Humaines pour la Petite Enfance</i> http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39004566
9.	<i>Evaluation du Fonctionnement du Programme de Subvention Education Pour Tous</i> http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38854157
10.	IDB Mid-Term Evaluation of the Education Program in Haiti http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38877864
11.	Progress Monitoring Report HA-L1049, HA-L1060, HA-L1077, HA-L1080 and co-financing http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39058696
12.	Safeguard Policy Filter Report and Safeguard Screening Form http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39058571

ABBREVIATIONS

AOP	Annual Operation Plan
BMPAD	<i>Bureau de Monétisation du Programme d'Aide au Développement</i>
CAP	<i>Certificate d'aptitudes pédagogiques</i>
CDB	Caribbean Development Bank
COH	<i>Comite Olympique Haitien/Haitian Olympic Committee</i>
DGS	<i>Direction Genie Scolaire</i>
EA	Environmental Assessment
ECD	Early Childhood Development
EFA	<i>Education pour Tous/Education for All</i>
ENI	<i>Ecole Normale d'Instituteur</i>
ESMP	Environmental and Social Management Plan
ESMR	Environment and Social Management Report
FAES	<i>Fonds d'Assistance Economique et Social/Fund for Economic and Social Assistance</i>
FCA	Finnish Church Aid
FIA	<i>Formation Initial Accélérée/Accelerated Pre-Service Teacher Training Program</i>
GoH	Government of Haiti
GSE	<i>Groupe Sectoriel Education/Sector Group in Education</i>
HRF	Haiti Reconstruction Fund
IEA	International Association for the Evaluation of Education Achievement
IHSI	<i>Institut Haitien de Statistique et d'Information</i>
INFP	<i>National Institute for Technical Training/Institut National de le Formation Professionnelle</i>
IRR	Internal Rate of Return
LNBTB	Laboratoire National du Batiment et Travaux Publics/ National Laboratory on Buildings and Public Works
MAECD	Ministère des Affaires Etrangères, Commerce et Développement de Canada
MEF	Ministry of Economy and Finance
MENFP	Ministry of Education and Professional Training
MO	Manual of Operations
MOU	Memorandum of Understanding
MTPTC	<i>Ministère des Travaux Publics, Transport et Communication/Ministry of Public Works, Transportation and Communication</i>
NGO	Non-Governmental Organization
PCU	Project Coordination Unit
PEP	Project Execution Plan
PIRLS	Progress in International Reading Literacy Study
PO	Plan Operationnel/ Operational Plan (for Education)
PU	Procurement Unit
PSG	Project Specific Grant
PSUGO	<i>Programme de Scolarisation Universelle, Gratuite et Obligatoire/Program for universal, tuition-free and compulsory education</i>
SDC	Swiss Development Corporation
TIMSS	Trends in International Mathematics and Science Study
TTI	Teacher Training Institutions

UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations International Children's Emergency Fund
UTE	<i>Unité Technique d'Execution/ Technical Execution Unit</i>
WB	World Bank

PROJECT SUMMARY
HAITI
SUPPORT TO THE EDUCATION PLAN AND REFORM IN HAITI IV
(HA-L1080)

Financial Terms and Conditions				
Beneficiary: Republic of Haiti			Amortization period: n/a	
Executing Agency: Ministry of National Education and Professional Training (MENFP) ; Ministry of Finance (MEF)			Original WAL: n/a	
			Disbursement period: 48 months	
Source	Amount	%	Grace Period n/a	
IDB Grant Facility Operations	24,000,000	99.0%	Interest rate: n/a	
Local	250,000	1.0%	Supervision and inspection fee: n/a	
TOTAL	24,250,000	100.0%	Credit fee: n/a	
Parallel Financing	5,700,000		Currency: US\$	
Co-financing	5,000,000			
Project at a Glance				
Project objective/description: The Bank's education sector program for Haiti supports three pillars of the Government of Haiti (GoH)'s PO including: (i) improving access to education (early childhood and basic education); (ii) improving the quality of education (with a special focus on basic literacy and numeracy); and (iii) strengthening the institutional and governance capacities of the MENFP.				
Special contractual clauses: Prior to the first disbursement for Sub-Component I.1.: (i) UTE shall update its manual of operations necessary to perform this operation which shall be approved by MEF. Its manual should include: (a) an Environmental and Social Management Strategy; (b) operational budget, including budget for supervision activities by the Environmental Unit; and (c) a Staffing Plan, and (d) the assessment and management standards and guidelines for the project ; (ii) the MENFP shall submit a list of eligible construction sites; (iii) the MENFP will send a summary report on the status of all the 58 sites that received temporary structures after the earthquake; (iv) MEF will renew and submit to the Bank a copy of the signed Memorandum of Understanding (MOU) with the National Laboratory for Buildings and Public Works (LNBTP) stating the terms of collaboration for collaboration on geotechnical studies; (v) the MENFP shall provide a copy of a valid Memorandum of Understanding (MOU) signed with MEF establishing the terms of the respective collaboration and undertakings of each executing agency (¶3.7); Prior to the first disbursement for Components I (sub-component I.2),II, III and IV: (i) MENFP shall create the UCP/MENFP by Ministerial decree and hire (a) one Project Coordinator, (b) two technical coordinators, (c) a financial specialist, and (d) an accountant; (e) transmit documentation officially confirming the creation of the PU and its staffing; and (f) provide both the PCU/MENFP and PU with needed office space (¶3.2); (ii) the MENFP/EPT shall update its Manual of Operations to be approved by MENFP (¶3.4), and (iii) the PCU/MENFP shall prepare its Manual of Operations to be approved by MENFP (¶3.4)				
Environmental and social clause: (i) the Beneficiary, through UTE shall notify the Bank of: (a) any and all non-compliance with any environmental, health and safety, social and labor requirement by this Agreement; and (b) an of any significant environmental, social, labor, health and safety accident, impact, event, claim, material complaint or any other known risk; (ii) the Beneficiary, through UTE shall make sure that all contractors hired, comply with the applicable environmental, labor, social and health and safety requirements set forth in this Agreement and in the ESMR; and (iii) the Beneficiary, through UTE shall submit semi-annual Environmental and Social Compliance Certificates and reports, to the satisfaction of the Bank after start-up of construction (¶3.8)				
Exceptions to Bank policies: None.				
Project qualifies for: SEQ <input checked="" type="checkbox"/> PTI <input checked="" type="checkbox"/> Sector <input checked="" type="checkbox"/> Geographic <input type="checkbox"/> Headcount <input type="checkbox"/>				

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, justification

- 1.1 **Education in Haiti: the continued struggle to improve access and the quality.** Four years after the earthquake, Haiti's main educational challenges still can be synthesized as "achieving universal access (to primary education) and improving the quality of education at all levels." Recently, considerable progress has been made in the former. According to 2010/11 school census data, the estimated net enrollment rate for children aged 6-12 years old reached 88% in 2010, compared to the estimated rate of 50% in 2005/06.¹ On the other hand, few comparable advances have been made in education quality: 1 out of 4 students in 6th grade and more than 3 out of 4 students in 12th grade failed the 2014 national examinations (MENFP 2014).² The results are not surprising given that the main characteristics of the sector remain largely unchanged: (i) most teachers are insufficiently prepared to teach (see ¶1.3); and (ii) low education quality standards result in weak learning outcomes, and (iii) only 43% of non-public schools are formally recognized by the Ministry of National Education and Professional Training (MENFP 2013/14)³. Together, these challenges highlight the need for the MENFP to introduce interventions focused on improving the quality of education, starting at the early childhood level, and to strengthen its capacity to regulate the sector.
- 1.2 **The Bank's support to Haiti's Education Sector.** This operation (\$24 million) is the fourth of five operations pledged by the Inter-American Development Bank (IDB) to the Government of Haiti (GoH) as part of its US\$250 million support of the Haitian "*Plan Operationnel*" (PO) 2010-2015 defining Haiti's educational goals during that period.⁴ The IDB currently supports the following 3 pillars of the PO: (i) improving access to education (preschool and primary education); (ii) improving the quality of education (starting at the preschool and early grades focusing on literacy and numeracy); and (iii) strengthening the institutional and governance capacities of the MENFP (see ¶1.12). The support through the proposed operation will reinforce these pillars (see ¶1.15), complementing previous operations (HA-L1049, HA-L1060, and HA-L1077).
- 1.3 **2014: The year of quality improvements.** Triggered by the poor examination results, the MENFP shifted its focus towards a quality agenda. To this end, in August 2014, the Minister of Education introduced 12 measures to "reinvent" schools in Haiti, of which the five major ones call for: (i) reform of teacher training

¹ Estimated net enrollment rates in 2005-2006 according to the Survey of Mortality, Morbidity and Utilization of Services - IV, IHE et MEASURE DHS / ICF International.

² <http://www.haitilibre.com/en/news-11781-haiti-education-exam-results-disappointing-the-minister-manigat-announced-a-package-of-measures.html>

³ See L. Wolff 2008. "Education in Haiti. The Way forward" Washington DC PREAL; K. Luzincourt et al "Education and Conflict in Haiti: Rebuilding the Education Sector after the 2010 Earthquake. Washington DC. Institute of Peace; "Programme D'Interventions Prioritaires en Education (PIPE) by MENFP in collaboration with the Global Partnership for Education 2014. Working Group on Education and Training (2010). "Pour un pacte national sur l'éducation en Haiti."

⁴ The MENFP is planning to update the PO to cover the period 2015 – 2020.

and careers; (ii) issuance of approved guidelines and norms for school construction; (iii) call for a school “identity” (ID) card; (iv) implementation of standards for Early Childhood Development (ECD); and (v) the development of a sustainable financing strategy for the education sector.

- 1.4 **MENFP Top Priority: Teacher Training.** Results of the 2013/14 school census, which surveyed 82,094 teachers in the public and non-public sectors, show that 56% of them have no professional qualification (MENFP 2014). Furthermore, teaching methods in Haitian classrooms focus on rote learning, that is, learning through memorization and do not foster the development of 21st century skills, such as critical thinking, problem solving, or teamwork (MENFP 2014). Cognizant of the need to “professionalize” the teaching corps and the importance of good teachers for student learning⁵, in April 2014, the GoH passed a decree/law de-linking the teaching profession from the general public service to allow for higher salaries and, most importantly, defining entry requirements and career paths for teachers. To this end, all teachers will be required to obtain a temporary teaching license⁶, those eligible for retirement are encouraged to leave, and new teachers will enter the teaching service through a competitive process only. To implement the Decree, the MENFP will need to develop a national strategy for teacher training and professional development, create a program to certify teachers, provide training to the 56% of untrained teachers (as well as development opportunities to the rest of the teaching force), and strengthen the capacity of existing training institutions and the responsible technical direction at MENFP.
- 1.5 **New Guidelines for School Construction.** Since 2011, the *Direction du Genie Scolaire* (DGS) of the MENFP has been working with donors to elaborate a set of tools and procedures for the planning, design, and execution of school infrastructure projects. These documents are expected to ensure the application of adequate quality standards by the various Execution Agencies (including the *Unité Technique d’Execution* (UTE), and the *Fonds d’Assistance Economique et Social* (FAES)), and to render the entire project cycle for infrastructure more cost effective. In April 2014, the MENFP published a decree specifying the guidelines for school construction, including: (i) three prototype school models validated by both the MENFP and the Ministry of Public Works (MTPTC); and (ii) the procedures to be followed to obtain MENFP’s approval for new projects. Although there is still no mechanism to “enforce” the use of these prototypes, this is a major step by the Ministry to better coordinate and oversee school construction and to

⁵ The recent evidence in the literature posits that the number of years of schooling while important is overridden by the quality of learning (see Bruns and Luque 2014). Meanwhile, Hanushek and Woessmann (2012) link low economic growth outcomes observed in the Latin American region vis-à-vis performance in Asian countries and conclude that educational achievement is the determining factor. A key input into the educational achievement puzzle is the effects of teachers on student learning (see Chetty, Friedman and Rockoff 2014; Hanushek and Rivkin 2010).

⁶ Starting this year, the MENFP will provide all teachers with a “provisional” teaching license effective September 30, 2014. The license will be valid for two years and renewal is conditioned on professional development or verification that teachers have the requisite academic training and teaching experience. To issue this license, the MENFP has started to develop a teacher registry supported by HA-L1060.

ensure that future schools meet specific quality standards. Building on these advances, this operation will continue to invest in school construction⁷.

- 1.6 **School ID.** Since August 214, the Ministry is requiring all schools to be registered, and no new schools may be opened without prior Ministry approval. Currently, only about 43% of the 14,602 non-public schools had some type of operating permit by the MENFP (census 2010/11). Starting in 2013, the MENFP began expediting the processing of operating permits for schools and processed over 1,143 requests in the last 18 months. Nevertheless, an estimated 6,715 schools have no documentation submitted. Resources from the third operation (HA-L1077) will support the completion of the school registry and the reform of the school accreditation process.
- 1.7 **Setting Standards for Early Childhood Development (ECD).** This sub-sector faces the same challenges in terms of access and quality as primary education. According to the latest school census 2013-14, of the 594,032⁸ children enrolled at the preschool level only 7.6% attend tuition free establishment (public centres). Furthermore, the ECD curriculum used in public schools was developed in 1982 and is in urgent need of updating. Additionally, there are no MENFP approved pre-service or in-service training programs for ECD educators. Results of a diagnostic study of ECD Human Resources⁹ also show that the non-public providers and NGOs train teachers using their individual programs without a common standard. Recognizing that early childhood lays the foundation for all learning (Vegas 2010¹⁰), the MENFP, in collaboration with the Ministries of Health and Social Affairs, has drafted an ECD policy.¹¹ The policy aims at developing integrated programs (with health and nutrition components) and points to the urgent need to upgrade the skills of ECD teachers and other personnel in the sub-sector. To provide a uniform approach, in 2013, the MENFP developed together with UNICEF a new preschool education (3-6 year olds) program that was validated in June 2014. Thus, support for the implementation of the new ECD program and the development of a quality training program for ECD personnel as well as technical assistance will be necessary to enable the MENFP to effectively set and assure that quality standards are met.
- 1.8 **Tuition Waivers.** To facilitate access to education, the GoH implemented different subsidy programs. Since 2007, the Education for All (EFA) project, financed by the Global Partnership for Education (GPE), the World Bank (WB), the Government of Canada, the Caribbean Development Bank (CDB), and the IDB, provides students in non-public schools with a subsidy of US\$90/student per year to cover tuition

⁷ For the possible link between quality infrastructure and learning, see “Learning in Twenty First Century Schools” IDB Education Network 2012.

⁸ According to the ECD policy (2012) the 0-6 age group represents 13% of the total population. As there is no recent population census, it has been difficult to provide numbers on the size of this age group. Estimations from the IHSI based on the 2003 census have proven to be incorrect.

⁹ See [EEO#8](#).

¹⁰ Emiliana Vegas and Lucrecia Santibáñez, 2010. “The Promise of Early Childhood Development in Latin America and the Caribbean.”

¹¹ See [EEO#7](#). The Policy was validated in December 2012 but has not been implemented yet.

fees.¹² In parallel, the GoH has implemented the *Programme de Scolarisation Universelle, Gratuite et Obligatoire* (PSUGO) managed by the Prime Minister's Office, modeled after the EPT program. Today, it is estimated that both programs subsidize 24% of students in grades 1-6 enrolled in non-public schools (MENFP 2014). The PSUGO is financed through taxes collected on international phone calls and remittances. However, the subsidy programs were not designed as long-term solutions, and today they both suffer funding shortages and limited future donor contributions (WB US\$24 million and CDB US\$12 million until 2016). The MENFP has now instructed schools to not take in new students for the school year 2014/15 with the expectation of tuition free education. Therefore, supporting the MENFP/GoH in developing a sustainable strategy is crucial to achieve the goal of universal free access to education.¹³

- 1.9 **Taking stock of the Bank's education program in Haiti (including operations HA-L1049, HA-L1060, HA-L1077, and co-financing).** Following the 2010 earthquake, the IDB committed to provide US\$250 million in Grant financing to Haiti's education sector over the period 2010 to 2015 and to raise the same amount in co-financing resources (see ¶1.21 and ¶2.2). Initially, the Bank decided to support five of the 9 pillars defined in the Operational Plan (PO) for the Education sector developed in 2010 by the GoH: (i) Expanding access to education (infrastructure and tuition waiver program); (ii) Improving the quality of education (teacher training, school kits); (iii) Governance and institutional strengthening of the MENFP; (iv) Reform of technical and vocational education; and (v) Reform of higher education. What has the IDB program achieved compared to the original indicative targets of 2010 (see [EEO#2](#) for an overview)? The first 3 operations had a strong focus on improving access to education (pillar I) where considerable progress was made by financing 299,972 tuition waivers for primary education students; HA-L1080 will bring an additional 31,738 children (reaching 27% of the planned 2010 target). The infrastructure component however, suffered from significant delays due to unforeseen circumstances and to date, no school has been completed yet. However, the reorganization of this component resulted in the commencement of construction activities for 101 schools in 2014 and are expected to be completed by the end of 2015 (see [EEO#1](#) lessons learnt for infrastructure). In terms of quality, although the Bank program delivered 148% of the planned schools kits, to date only 920 teachers have been trained. Thus, the areas where the Bank has not been able to reach the expected results are mainly infrastructure and quality. In the area of Governance no specific targets were defined but advances were made with the completion of three school censuses (2010-2013). The new operation will contribute to develop a new system for student assessment. Very little progress was achieved in Pillars IV and V and they are no longer form part of the Bank's program (see below).

¹² Forstmann et al. (2014) present experiences in a select number of countries with tuition waiver programs ([EEO#9](#)).

¹³ A first attempt at defining such a strategy has been made in August 2014 under the EPT program financed by the World Bank. IDB will provide additional resources from ATN/KP-13472-HA to develop a more in-depth strategy.

- 1.10 **IDB Mid-Term Evaluation of the Education Program in Haiti.** In 2013, the Bank conducted a mid-term evaluation of Haiti education program ([EEO#10](#)). The resulting report concluded that the Bank's program was falling short of delivering the expected results due to the following factors: overly optimistic expectations for the education system, exceeding low execution and absorption capacity and extremely large data needs at government agencies compounded by an inadequately short time period for execution. Thus, one of the main recommendations from the mid-term evaluation was to be more selective and strategic in the Bank's education support to Haiti. As a result, in this fourth operation and in the overall program, the bank will focus on the Pillars I-III and on achieving three main objectives: (i) in the short term, ensure that teachers gain the needed qualifications to be more effective in classrooms; (ii) in the medium-term, students gain the basic skills needed to succeed in school and later in life; and (iii) in the medium- and long term, the Government is strengthened in its capacity to manage, deliver services, and regulate the education sector.
- 1.11 **Donor Coordination.** The IDB's Education program coordinates its activities with other donors in Haiti at a strategic level through the sectoral group in Education coordinated by UNESCO and also on specific areas of intervention, in particular the infrastructure component, teacher training, and school accreditation ([EEO#2](#)).
- 1.12 **Portfolio Size, Structure and Disbursements.** Table 1.1 indicates that of the overall amount of US \$207 million, 60% (US\$124 million) remains undisbursed. Out of this amount, US\$22.1 million are currently committed. It is expected that during the first semester of 2015, of the remaining balance of US\$124 million, a significant portion of the US\$79.5 million of IDB resources and US\$22 million of co-financing resources will be committed as the infrastructure component advances (expected US\$46 million). In addition, the third operation (HA-L1077) has only become eligible in August 2014 and activities will soon translate into commitments. In light of these advances, the fourth operation is presented to the Board for the following reasons: (i) the challenges experienced with the infrastructure component, that is, inadequate supervision and poor quality of work, have been addressed. The GOH used the slowdown in activities to develop instruments and new partnership modalities that improve construction management (see ¶1.5, ¶1.15 and [EEO#1](#)), the pace of implementation, and ensure quality (e.g. Finnish Church Aid); (ii) a second executing agency for infrastructure (UTE) with a proven track record after 2010 has been incorporated with a single mandate for construction, (iii) the reorganization of the infrastructure component allowed MENFP and the Bank to focus on the quality of education. Recognizing the continued capacity constraints, though, this operation has been reduced to an overall envelope of US\$24 million; (see ¶1.10); (iv) the fourth operation will allow the children receiving tuition waiver to complete primary education (grades 1-6); (v) the operation will signal the continuous support to the education sector from the Bank considering the new MENFP administration efforts to prioritize quality; and (vi) a renewed opportunity to dialogue with other donors and leverage additional resources for the sector (see ¶1.16).

Table 1.1: Haiti Portfolio Size, Structure and Disbursements (as of 10/07/2014) in \$USD (000)

	Current Approved Amount	% disb.	Disb. Amount	Undis. Amount	% of total undisb.	Current Comm.	Current Available	# of operations
Grants	150.0	33%	50.1	99.9	67%	20.4	79.5	3
Co-Fin.	53.8	56%	30.1	23.7	44%	1.7	22.0	8
TC	3.8	84%	3.2	0.6	16%			5
Total	207.6		83.4	124.2		22.1	101.5	16

Note: HA-L1049 approved in Nov., 2010; eligible in July, 2011; HA-L1060 approved in Nov. 2011; eligible in March, 2012; and HA-L1077 approved in November 2012; and eligible in August 2014.

1.13 **Need to strengthen MENFP's project execution capacity.** For the execution of the previous operations, the MENFP has relied heavily on the FAES for project management for both school construction and quality of education components. FAES is an autonomous agency under the authority of the Ministry of Finance and Economy (MEF). Experience has demonstrated that this institutional arrangement has contributed to implementation delays, as FAES itself has been working over capacity and is undergoing institutional reform. As a result, the Bank has accepted the MENFP's proposal that the quality components of the proposed new operation be managed by the Ministry and that only school construction be executed by a third party. Consequently, a Project Coordinating Unit (PCU) will be created within the MENFP under this operation (see ¶1.23).

1.14 **Strategic Alignment.** The operation HA-L1080 is consistent with the Country Strategy with Haiti, 2011-2015 (GN-2646), as it contributes to the objectives of improving access and the quality of education. It is also consistent with the Sector Framework Document for Education (GN-2708-2) which points to five dimensions of successful integrated education systems including qualified teachers, quality preschool programs, adequate infrastructure and materials; good school to work transition programs; and high expectations for students. The program will also contribute to the lending program priorities of the Ninth General Increase in the Resources of the Inter-American Development Bank (AB-2764) (GCI-9): (i) lending to small and vulnerable countries; and (ii) lending for poverty reduction and equity enhancement since it supports GoH in expanding of access to education and improving the quality of education.

B. Objective, components and cost

1.15 The Bank's education sector program for Haiti supports three pillars of the GoH's PO including: (i) improving access to education (early childhood and basic/fundamental education); (ii) improving the quality of education (with a special focus on basic literacy and numeracy); and (iii) strengthening the institutional and governance capacities of the MENFP. The components of the proposed operation are listed below:

1.16 **Component I: Improving Access to Education (US\$19.8 million).** This component contributes to the objective of expanding access to education. Key activities that will be financed include: (i) the replacement of maximum five public schools providing improved access to education for 4,100 children from preschool to grade 9 in two shifts; and (ii) providing tuition-free primary education for 31,738 students in non-public schools, thus promoting access and retention.

- 1.17 **Sub-component I.1: Improve access to quality infrastructure (US\$5.6 million IDB and US\$10.7 million parallel financing).** The MENFP, through the UTE, will construct schools taking into account the lessons learned from previous operations (see [EEO#1](#)), including: (i) improved planning of school locations; (ii) use of standardized school prototypes and new school standards guidelines; (iii) utilization of international procurement processes for construction and supervision; and (iv) improved coordination among GoH agencies. The selection of school construction projects will target the replacement of the remaining 14 temporary structures built after the 2010 earthquake (HA-L1040). However, should the sites not be suitable to build a full school, the selection criteria used in the previous operations will be used for site selection including the replacement of dilapidated schools and communities with no public schools in their vicinity. Some resources will also be used to provide temporary office space for MENFP staff during the reconstruction of the new MENFP building under HA-L1077. At most, five schools will be rebuilt and fully furnished using IDB resources.
- 1.18 **Additional Financing (US\$10.7 million).** In addition to the 5 schools funded by the IDB, it is expected that both one parallel and one co-financing agreement that are currently under discussion will allow the construction of an additional 10 schools, benefitting 8,200 children in double-shift schools. To do so, the Bank is in conversation with the Yucatan Fund of Mexico to sign a partnership agreement to provide co-financing resources for up to US\$5 million for the construction of 5 schools; this co-financing agreement will be executed by UTE¹⁴. In addition, the Bank is in the process of finalizing a Letter of Intention with the SDC for the amount of \$5.7 million (5 schools) in parallel financing. Jointly, the IDB financing and the additional funding will finance the construction and equipping of 15 schools.
- 1.19 **Sub-component I.2. Provide access to free education through the Tuition Waiver Program (US\$3.5 million).** This component will continue to subsidize the tuition payments for students in the MENFP/EPT program who enrolled in 1st grade between 2010 and 2012 through the end of primary education (grades 1-6). The EPT program was introduced in 2007 and provides US\$90 per child per school annually to 1,140 non-public schools benefitting 262,818 children. Of the US\$90 per student, 77% (approximately US\$69) is earmarked for administrative expenses, including salaries of teachers, and the remaining 23% is earmarked for the provision of textbooks by schools. This subcomponent will benefit 31,738 students.
- 1.20 **Component II: Improve the Quality of Education (US\$9.1 million).** This component will focus on teacher training for primary education teachers as well as expanding access to early childhood development (ECD) services and training for ECD teachers and staff.
- 1.21 **Sub-Component 2.1. Teacher Training (US\$5.6 million).** To address the issues outlined in ¶1.3, the component will support MENFP by: (i) providing technical assistance for the maintenance of a national teacher registry developed under

¹⁴ This cofinancing will follow some of the parameters of the model that was established with the Finnish Church Aid (FCA), a non-government agency, where FCA supports FAES in the completion of site-specific designs using the school prototypes, and supervision of construction firms.

HA-L1060; (ii) developing and implementing a certification process of existing Teacher Training Institutions (TTI) to deliver better structured and targeted in-service training for primary education teachers in both the public and non-public sectors; (iii) formulating and subsequently executing a training program for teacher trainers, including school inspectors; (iv) supporting the certification and related training and professional development of teachers at the basic school level; (v) developing and implementing a mentoring program to accompany teachers after completion of their training, and for school directors to enable them to provide instructional leadership at their schools (Branch et al 2012; Loeb et al 2012)¹⁵; (vi) providing technical assistance to the *Direction de Formation et Perfectionnement* (DFP) to allow it to function effectively in the role of regulator for the sector responsible for the development and enforcement of standards for teachers; and (vii) evaluating the teacher training program (see [EER#2](#)).

1.22 Sub-component 2.2. Early Childhood Development (ECD) (US\$3.5 million).

The objective of this subcomponent is to support the MENFP in providing quality services in schools consistent with the new ECD program. Grant resources will be used to finance the following activities: (i) the development of a pre-service ECD teacher training program; (ii) the elaboration of a training program targeting the faculty at training institutions as well as school inspectors; (iii) the piloting of the new ECD program in 150 public preschool classrooms that are currently being constructed targeting 4-5 year olds, including delivery of an in-service training to classroom teachers allowing them to effectively teach the new program; (iv) technical assistance to the MENFP to monitor and evaluate the progress of the above activities; and (v) an evaluation of the new ECD program (see [EER#2](#)).

1.23 For children younger than four years, growing up in very poor households where most parents are illiterate¹⁶ and have a very limited of child development stages, a lack of access to quality ECD programs causes a great disadvantage for their future development (Vegas and Santib  n  ez 2010; Group 0-3). Given the limited supply of public ECD programs, grant resources will support the development and piloting of a parental education program where trained community agents will work with an initial 100 families on methods to stimulate and interact with their children to foster their development and future learning.¹⁷

1.24 Component III: Governance/institutional strengthening (US\$2.6 million). This component will provide technical assistance to the MENPF in the following key areas: (i) “embedded” long-term consultancy technical assistance to support the Ministry’s Technical Directions in planning and implementing activities related to Component 2 and project management. On September 10, 2014, the Ministry of Education of Finland (MOEF) signed a MOU with the MENFP confirming its interest to provide technical expertise in the areas of teacher training, ECD,

¹⁵ Branch, G., E. Hanushek, and S. Rivkin. 2013. “School Leaders Matter.” *Education Next* 13; Loeb, S., D. Kalogrides, and T. B  teille. 2012. “Effective Schools: Teacher Hiring, Assignment, Development, and Retention.” *Education Finance and Policy* 7 (3)

¹⁶ According to the CS, in 2010 GDP per capita in Haiti was US\$659; 72% of the population lived on less than US\$2 /day and the adult literacy rate was 53% (IDB CS GN-2646).

¹⁷ For both ECD initiatives, the selection criteria will be included in the operational manual to be finalized.

curriculum development, student assessments, and policy development. It is planned that the MOEF will provide senior advisors (secondments) to work in these areas. Grant resources will cover travel and logistical arrangements of the Finnish experts; and (ii) given the continued dearth of timely and reliable information on the education sector, the International Association for the Evaluation of Education Achievement (IEA) will be directly contracted to: (a) analyze the existing databases on the national examinations results to create baseline information on student achievements; (b) create new assessment tools for the early grades in literacy and mathematics. Specifically, IEA will be responsible for developing new assessment instruments for 2nd-grade pre-literacy skills in both French and Creole as well as for 4th-grade literacy and mathematics competencies; (c) pilot and evaluate the assessment instruments; and (d) provide technical assistance to the MENFP to carry out the assessments in the future and to institutionalize them.

- 1.25 **Component IV: Project Administration and Supervision (US\$ 2.1 million).** This component will finance: (i) administrative costs of the Program Coordinating Unit (PCU/MENFP), including salaries of technical personnel and accountants; (ii) monitoring and evaluation; and (iii) financial audits. To address some of the challenges experienced in the previous operations involving communication and coordination among MENFP and the executing units (UTE, FAES), for this operation the MENFP requested that an internal PCU/MENFP (¶3.2) be created to lead the program's overall planning and implementation process; particularly for the institutional strengthening and quality improvement components (II and III). The MENFP will rely on UTE for school construction (Component 1.1) and the EPT unit for the tuition waiver program (Component 1.2).
- 1.26 **Costs.** The total cost of this operation is US\$24,250,000 million with US\$24 million financed by Bank (see Table 1.2) and a US\$250,000 contribution in national counterpart resources. Parallel and co-financing resources in the amount of US\$10.7 million by the SDC and the Government of Mexico respectively will complement the operation; for both contributions discussions are currently ongoing.

Table 1.2: Cost Table (US\$ 000)

Component	Source				Possible additional funding			
	IDB	Local	Total	%	Co-fin.	Parallel	Grand Total	%
Component I	9,115	-	9,115	37.59	5,000	5,700	19,815	56.70
Improve Access to Quality Infrastructure	5,579	-	5,579	23.01	5,000	5,700	16,279	46.58
Tuition Waiver Program	3,536	-	3,536	14.58	-	-	3,536	10.12
Component II:	9,064	-	9,064	37.38	-	-	9,064	25.93
Teacher training in-service	5,614	-	5,614	23.15	-	-	5,614	16.06
ECD Program	3,450	-	3,450	14.23	-	-	3,450	9.87
Component III	2,597	-	2,597	10.71	-	-	2,597	7.43
Strengthening MENFP	1,597	-	1,597	6.58	-	-	1,597	4.57
New assessment tools for early grades	1,000	-	1,000	4.12	-	-	1,000	2.86
Component IV	2,113	250	2,363	9.74	-	-	2,363	6.76
Project Coordination	1,743	250	1,993	8.22	-	-	1,993	5.70
Midterm and Final Review	120	-	120	0.49	-	-	120	0.34
Audit	250	-	250	1.03	-	-	250	0.72
Contingency	1,111	-	1,111	4.58	-	-	1,111	3.18
Total	24,000	250	24,250	100	5,000	5,700	34,950	100
%	99.0	1.0	100		14.3	16.3	100	

C. Key results indicators

- 1.27 At the end of the 48 months execution period, it is expected that: (i) a total of 4,100 children from preschool to grade 9 will annually benefit from improved learning facilities; (ii) 31,738 students (grades 1-6) will benefit from the tuition free education through the tuition waiver program; (iii) 3750 5-year olds will benefit from the new ECD curriculum; and (iv) the MENFP will have developed baselines for the level of mathematic and literacy skills for 4th graders (see [EER#2](#)).
- 1.28 **Economic Analysis.** The cost benefit methodology was utilized to derive the economic feasibility of the main components. The results of this ex ante economic analysis suggest that the benefits of construction (Component 1.1) and the tuition waiver program (component 1.2) outweigh the costs, and is a good return to investment. The construction component results in benefit cost ratio of 1.7 (utilizing a discount rate of 12%) and internal rate of return (IRR) of 15.8%. The Net Present Value for the tuition waiver component results in a benefit cost ratio of 1.9 and IRR estimated at 27.6%. Sensitivity analyses were conducted for both components to assess the reliability of the results and the rigor of the analysis (see [EEO#6](#)).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 The proposed operation is the fourth operation amounting the Bank's grant resources to US\$174 million out of a committed envelope of US\$250 million to support the PO developed after the earthquake. To reach the target of raising an additional US\$250 million in co-financing, the Office of Outreach and Partnership (ORP) will continue to work with EDU and CDH to raise additional resources using the mechanism established under HA-L1049 where the Board approved a proposal that allows Management to receive contributions from donors to support any approved component in the form of a Project Specific Grant (PSG) or through a trust fund contribution (including the Haitian Reconstruction Fund (HRF)), each administered by the Bank, without the preparation and approval of a separate project proposal. In addition, management will not charge the 5% administrative fee for donor co-financing contributions (GN-2586, ¶8.2).
- 2.2 The Board is therefore again requested to authorize the President, or such representative as he shall designate, to enter into such agreements as may be necessary with donors and with the Republic of Haiti to receive, administer, and allocate to this operation any co-financing resources aimed at supporting and executing the components of this operation. Each operation presented to the Board will report on co-financing results (as do the regular Haiti Progress reports).

B. Environmental and social safeguard risks

- 2.3 The program's net social impact is expected to be positive, as communities will benefit from safer schools and increased access to quality education. The operation is classified as Category [B](#) according to the IDB's Environmental and Safeguards Compliance Policy (OP-703) and is in compliance with it. The key impacts and risks are associated with Component 1.1, which includes the construction of 5 new schools to replace temporary structures built by the IDB immediately after the 2010

earthquake. These impacts are expected to be minor to moderate, highly localized, typical of small to medium scale construction works, and manageable through the implementation of environmental, health and safety mitigation measures.

- 2.4 Potential negative impacts associated with the functioning of the schools could be significant if not managed adequately, possibly resulting in unsafe conditions for children and teachers (health hazards such as diarrhea and intestinal worm infections) due to inadequate water supply, sanitary facilities, and waste management. The component is considered to be high risk of non-compliance with IDB environmental and social safeguards, given that Haiti has historically lacked agencies to regulate the construction and rehabilitation of infrastructure, and lacks adequate sanitation (water, wastewater and waste infrastructure, and associated treatment facilities).
- 2.5 Building upon lessons learned, the Bank's due-diligence identified that in spite of progress made through previous operations, the capabilities, processes, and tools for environmental and social impact assessment and management by the responsible EA need to be enhanced. Therefore, the Bank established additional requirements to improve the environmental and social safeguards of this operation as described in [EER#3](#) for inclusion in the Grant Agreement.

C. **Fiduciary risk**

- 2.6 All executing agencies of this operation will be supervised according to the provisions made in Annex III. Results of a recently completed evaluation of UTE's procurement capacity indicate that improvements were noted resulting in a medium risk for the execution of Component 1.1. The risks and mitigation measures proposed for UTE are also listed in [Annex III](#).
- 2.7 Recent updates of UTE/MEF financial management institutional capacity, confirms the existence of a satisfactory level of capacity for the financial management of projects and suggests a low financial management risk rating. Advances of funds will be based on activities derived from pre-approved AOP and procurement plan and will be for the equivalent of funding needs required for six months for UTE. Medium risk is determined for EPT due to: (i) weaknesses in the monitoring of the schools subsidies program particularly in determining the number of students' beneficiaries of the program; (ii) weaknesses in the timely planning of disbursements; and (iii) delays in the submission of financial reports. Ex post supervision methodology is recommended for the disbursement process for UTE/MEF and EPT. For the tuition subsidies, payments will be based on the procedures established in the EPT. Payment will be made in two tranches (60% and 40%) each school year (see [Annex III](#)).
- 2.8 **PCU/MENFP.** In August 2014, an assessment of MENFP's financial and administrative unit, known as *Direction des Affaires Administrative* (DAA), was completed. The evaluation report identified many weaknesses in DAA's management of MENFP funds (see [Annex III](#) for details). As a result of the assessment and to ensure an effective management of donor funded projects, the MENFP will create a new Project Coordinating Unit (PCU/MENFP), which will manage the technical and fiduciary aspects of the project under the leadership of

Direction Générale (DG). In parallel, an action plan is being developed for the strengthening of the DAA. Advances of funds will be based on activities derived from pre-approved Annual Operational Plan (AOP) and procurement plan and will be for the equivalent of funding needs required for three months. Disbursement Supervision will be ex-ante for PCU/MENFP during the first year. The PCU's capacity will be reassessed to see if disbursement supervision could be ex post.

- 2.9 The institutional assessment of the MENFP identified procurement as a high risk as the Ministry has recently dissolved its previous procurement structure and created a new procurement unit (PU). The new PCU/MENFP will carry out all procurement with the newly created PU related to Component 2 and Component 3. To strengthen the PU, the MENFP receives technical assistance under the technical cooperation (TC), ATN/FC-14198-HA. As a result of the TC, the MENFP is developing a short-term action plan to minimize the risks associated with procurement. Details of the risks and mitigation actions proposed are listed in [Annex III](#).
- 2.10 **Audits.** The PCU/MENFP will be responsible for the recruitment of external auditors eligible to the Bank to perform the audit of the program (PCU/MENFP, UTE/MEF, and EPT) as follows: (i) annual financial audit of the program to be submitted within 120 days after the closure of each fiscal year for each executing unit; (ii) semiannual ex post review of procurement process to be submitted within 60 days following the close of each semester of the fiscal year for components executed by PCU/MENFP and UTE/MEF; and (iii) a final financial audit of the program to be submitted within 120 days after the date of the last disbursement (PCU/MENFP, UTE/MEF, and EPT). The auditors will prepare separate reports for each executing unit. For Component I.2. related to subsidies given to schools for students' tuition, auditors should also provide an opinion on subsidies given to beneficiaries.

D. Other key issues and risks

Type of Risk	Risk	Mitigating Measure
Development	Unavailability of sites due to currently operating schools on premises and non-conformity of land with MENFP standards	<ul style="list-style-type: none"> • To ensure suitable sites, IDB/MENFP to evaluate proposed sites prior to project approval. • Budget available for school relocation during construction.
Development	Low effectiveness of teacher training program due to lack of anchorage in a teacher training and professional development policy	<ul style="list-style-type: none"> • Technical assistance (long-term) in the areas for curriculum development, teacher training, assessment and evaluation.
Public Management and Governance	Delayed implementation of education policies and reform due to limited institutional capacity of the current Ministry of Education and executing units	<ul style="list-style-type: none"> • Creation of PCU/MENFP • Technical assistance to MENFP for procurement and financial management, project management
Macro-economic and fiscal sustainability	Lack of financing to sustain the education policy due to high dependence on external financing, low economic growth and lack of fiscal reforms	<ul style="list-style-type: none"> • Technical Assistance to develop a financing strategy for education sector (ATN/KP-13472-HA)

III. IMPLEMENTATION AND MANAGEMENT PLAN

E. Summary of implementation arrangements

- 3.1 As in the previous operations, the project will be executed by various agencies, including the Ministry of Finance through UTE for school construction (Sub-Component I.1), and Ministry of National Education and Professional Training (MENFP) through the Education for All (EFA/EPT) which will be responsible for the tuition waiver program (Sub-Component I.2), and through the newly created Project Coordinating Unit (PCU/MENFP) that will be responsible for improving the quality of education and institutional strengthening (Component II and Component III).
- 3.2 **Project Coordination Unit (PCU/MENFP).** The PCU/MENFP will be in charge of the programming and monitoring of activities, with UTE and the EPT. It will be responsible for the overall administration of the program and will act as the main interlocutor with the Bank. The PCU will be led by a Project Coordinator and include: (i) two education experts; (ii) a monitoring and supervision specialist; (iii) a financial specialist and accountant; and (iv) a project administration assistant. The Coordinator will be the liaison with the Ministry's fiduciary units, as procurement will be done by the recently created MENFP PU, as well as the UTE and EPT. S/he will respond directly to the General Director of the Ministry. PCU staff will provide support to the technical and administrative units, under the Coordinator's leadership. The Coordinator will work with the MENFP in staffing the PCU. The unit will maintain an adequate documentation filing system and registry/inventory of products financed by the operation. **As a prior condition to first disbursement for Components I (Sub-Component I.2), II, III and IV, MENFP shall create the UCP/MENFP by Ministerial decree and hire: (a) one Project Coordinator, (b) two technical coordinators, (c) a financial specialist, (d) an accountant for the PCU/MENFP; (e) transmit documentation officially confirming the creation of the PU and its staffing; and (f) provide both the PCU/MENFP and PU with needed office space.**
- 3.3 **Special Disbursement.** To allow the creation of the new PCU/MENFP, an initial disbursement for up to US\$300,000 will be made to the extent the MENFP fulfills to the Bank's satisfaction all the standard general conditions prior to the first disbursement set forth in the grant agreement (with the exception for the following clause: submission of evidence of reliable financial information systems and internal control mechanism for components II, III, and IV). In addition, the coordinator and the financial specialist will have to be recruited. The special disbursement will finance activities by the PCU for up to a period of six months enabling MENFP to fulfill the conditions prior to the first disbursement and shall include: expenses for the technical personal and materials required for the mounting of the PCU including accounting software/license, and office equipment (see ¶3.2).
- 3.4 **Operation Manual (OM).** The OM will provide the fundamental principles for the program's implementation, including the roles and responsibilities of all three executing units as well as the MENFP PU, the mechanisms for programming, execution, and fiduciary norms, and the selection criteria for ECD activities. **The PCU/MENFP shall prepare its manual of operations and MENFP/EPT will**

- update its OM to include the activities of the project as a condition prior to first disbursement for component I (Sub-component 1.2), II, III and IV; both to be approved by MENFP.**
- 3.5 **Program Execution Plan (PEP).** The programming of activities and the results matrix will be presented in a PEP document (first 18months Annual Operations Plan (AOP), 48 months execution plan, Procurement Plan, and Disbursement projections) that will be updated semi-annually during the execution period. This exercise will be undertaken by the PCU/MENFP in collaboration with the UTE, EPT, and the concerned MENFP's units. The updated PEP will be approved by the Ministry's General Director prior to its presentation for the Bank's no-objection no later than 60 days after grant eligibility.
- 3.6 In addition to the PCU, the MENFP will create an in-house technical and strategic steering committee that provides oversight to project implementation but mainly serves to anticipate, identify, and resolve implementation bottlenecks. The technical committee will meet monthly; whereas the strategic committee, chaired by the Minister, will convene on a semi-annual or ad-hoc basis. The PCU/MENFP will serve as the Secretariat to both committees. The MENFP will send the TORS for both committees and their members to the Bank for no-objection.
- 3.7 **As special conditions prior to first disbursement for the school construction Sub-component I.1:**
- (i) UTE shall update its Manual of Operations necessary to perform this operation which shall be approved by MEF. Its manual should include at least: (a) an environmental and social Management Strategy; (b) operational budget, including budget for supervision activities by the Environmental Unit, (c) Staffing Plan, and (d) the assessment and management standards and guidelines for the project (see Section V of the ESMR ([EER#3](#))); and
 - (ii) the MENFP shall submit a list of eligible construction sites; (iii) the MENFP will send a summary report on the status of all the 58 sites that received temporary structures after the earthquake; (iv) MEF will renew and submit to the Bank a copy of the signed Memorandum of Understanding (MOU) with the National Laboratory for Buildings and Public Works (LNBTP) stating the terms of collaboration for geotechnical studies; and (v) the MENFP shall provide a copy of a valid MOU signed with MEF establishing the terms of the respective collaboration and undertakings of each executing agency.
- 3.8 **Environmental and Social Clause:** (i) the Beneficiary, through UTE shall notify the Bank of: (a) any and all non-compliance with any environmental, health and safety, social and labor requirement by this Agreement; and (b) an of any significant environmental, social, labor, health and safety accident, impact, event, claim, material complaint or any other known risk; (ii) the Beneficiary, through UTE shall make sure that all contractors hired, comply with the applicable environmental, labor, social and health and safety requirements set forth in this Agreement and the ESMR; and (iii) UTE shall submit semi-annual Environmental

and Social Compliance Certificates and reports to the satisfaction of the Bank after start-up of construction.

- 3.9 **Procurement.** Procurement of works, goods, and services as well as the contracting of consultants will be governed by Bank Policies of the procurement of goods and works and for the selection and contracting of consultants (GN-2349-9 and GN-2350-9 respectively). Procurement thresholds and other arrangements are listed in the Fiduciary Annex ([Annex III](#)).
- 3.10 **Single Source Selection** is proposed for the implementation of the development of national assessments tools under Component 3. The International Association for the Evaluation of Education Achievement (IEA), the agency responsible for international assessments (like the Progress in International Reading Literacy study (PIRLS) and Trends in International Mathematics and Science Study (TIMSS)), will be contracted to analyze the existing databases available on the national examinations at the MENFP to create baseline information on student achievements and to develop new national assessment tools for pre-literacy (Grade 2) and literacy and Mathematics (Grade 4). The contract is estimated to be US\$1.0 million. According to GN 2350-9, ¶3.10 (d), this agency is qualified and considered a special agency with exceptional worth for the assignment (see [Annex III](#)).

F. Summary of arrangements for monitoring results and evaluation

- 3.11 **Monitoring.** The MENFP, through the PCU/MENFP, will present to the Bank semi-annual progress reports reporting on the accomplishments and progress made on the indicators included in the results framework and other matters related to execution using a software application (see [EER#2](#) for more details).
- 3.12 **Evaluations.** Four different evaluations are planned: (i) Mid Term and Final Evaluation; (ii) an annual process evaluation; (iii) Evaluation of the teacher training program (component 2.1); and (iv) Evaluation of the pilot implementation of the ECD program (component 2.2). For the first one, once the program is at 50% of resources committed or at the end of twenty-four (24) months, whichever comes first, a mid-term evaluation will be conducted and a final evaluation (about 90% of disbursement) will be done. All evaluations will be conducted by independent external consultants.
- 3.13 The evaluation of the teacher training component will assess how teachers in the public sector use class time and other available teaching resources to support student learning in fundamental schools in Haiti. We will explore the effect of the teacher training over 1 year on the percentage of time devoted to instructional activities of teachers in the fundamental by applying of a quasi-experimental design. The treatment group will be the 1000 teachers trained in 2016-2017, a valid comparison group will be build using the newly developed teacher registry that contains detailed information about the level of training, education and other demographic characteristics using propensity score matching. The ECD component will be evaluated by performing a process evaluation of the implementation of the pilot project on ECD curriculum and the in-service teacher training for teachers in preschool. The objective will be to identify the main challenges of implementation

and scaling-up, and collecting data on Early Childhood Development among beneficiaries schools in Haiti (see [EER#2](#) for more details).

Development Effectiveness Matrix				
Summary				
I. Strategic Alignment				
1. IDB Strategic Development Objectives		Aligned		
Lending Program	(i) Lending to small and vulnerable countries, and (ii) Lending for poverty reduction and equity enhancement.			
Regional Development Goals	Share of youth ages 15 to 19 who complete ninth grade.			
Bank Output Contribution (as defined in Results Framework of IDB-9)	(i) Students benefited by education projects (girls, boys), and (ii) Teachers trained.			
2. Country Strategy Development Objectives		Aligned		
Country Strategy Results Matrix	GN-2646	(i) Improved access and quality of education, and (ii) Strengthened MENFP institutional capacity and governance system.		
Country Program Results Matrix	GN-2756-2	The intervention is included in the 2014 Operational Program.		
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
		9.9		10
3. Evidence-based Assessment & Solution		9.8	33.33%	10
3.1 Program Diagnosis		3.0		
3.2 Proposed Interventions or Solutions		4.0		
3.3 Results Matrix Quality		2.8		
4. Ex ante Economic Analysis		10.0	33.33%	10
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis		4.0		
4.2 Identified and Quantified Benefits		1.5		
4.3 Identified and Quantified Costs		1.5		
4.4 Reasonable Assumptions		1.5		
4.5 Sensitivity Analysis		1.5		
5. Monitoring and Evaluation		9.8	33.33%	10
5.1 Monitoring Mechanisms		2.3		
5.2 Evaluation Plan		7.5		
III. Risks & Mitigation Monitoring Matrix				
Overall risks rate = magnitude of risks*likelihood		Medium		
Identified risks have been rated for magnitude and likelihood		Yes		
Mitigation measures have been identified for major risks		Yes		
Mitigation measures have indicators for tracking their implementation		Yes		
Environmental & social risk classification		B		
IV. IDB's Role - Additionality				
The project relies on the use of country systems				
Fiduciary (VPC/PDP Criteria)				
Non-Fiduciary	Yes	(i) Strategic Planning National System, (ii) Monitoring and Evaluation National System, (iii) Statistics National System, and (iv) Environmental Assessment National System.		
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:				
Gender Equality				
Labor	Yes	Bank requirements and supervision will promote compliance with ILO Declaration on Fundamental Rights at Work during construction, in particular in areas away from cities where construction workers have to be lodged in the campsite.		
Environment	Yes	IDB requirements and supervision will promote good practices on effluents and waste management with the objective to avoid water and soil contamination, both during construction and functioning of the schools.		
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		Yes	The technical cooperation and transactional budget funds of the complementary operations were utilized to provide technical assistance to the MENFP as follows: diagnostic study to inform the formation of the MENFP executing unit; institutional assessment of the MENFP organs to support the fiduciary functions during execution; process evaluation of the tuition waiver program. In addition, the Bank provided opportunities for bilateral cooperation with the Government of Finland for technical assistance support in the areas of teacher training, curriculum development and student assessment and evaluation; and organized a mission and workshop in 2013 to discuss options for the development of national assessment instruments with IEA and MENFP.	
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		Yes	The evaluation of the teacher training program consists of a DID strategy to better understand how the program affects teaching practices. There is very little evidence about teaching practices used in Haitian's classrooms. Analyzing how primary teachers in Haiti allocate their time between different activities in the classroom and which policies are more appropriate to improve them is a crucial investment area.	

The POD includes an adequate diagnosis because it identifies the main problems, the beneficiary population, the main factors that affect them and provides empirical evidence on its determinants. The proposed solutions have evidence on their effectiveness in similar contexts. The results matrix has vertical logic. The impact indicators are expressed as objectives and therefore are not SMART. The impact indicators do not have a baseline or target level because the information to establish them is not available. Product and output indicators are SMART and include both baseline and target values except for the PPVT indicator. It is stipulated that the baseline for this indicator will be available until 2017 and no target level is established.

The economic analysis includes a calculation of the NPV with benefits and costs separated by components I and II. Both calculations arrive to a positive NPV. The monitoring and evaluation plan includes appropriate mechanisms to collect information. The detailed budget does not group costs by products, but includes separate annual amounts. The sum of planned costs is equal to the loan amount. The evaluation of the program includes a process evaluation to evaluate the DIT program and DID to evaluate the impact of teacher training. The monitoring and evaluation plan also includes an ex-post cost effectiveness analysis.

The main risks identified are (i) limited capacity by the Ministry for procurement, for which a reorganization of the process, the creation of a unity, and terms of reference to establish a system are proposed as mitigation measures; and (ii) lack of executing agency capacity to meet environmental and social safeguards, for which performing preliminary evaluations and plans, and improving supervision are proposed as mitigation measures. The implementation of these mitigation measures can be followed.

RESULTS FRAMEWORK

Project Objective	The Bank's education sector program for Haiti supports three pillars of the GoH's PO including: (i) improving access to education (early childhood and primary education); (ii) improving the quality of education (with a special focus on basic literacy and numeracy); and (iii) strengthening the institutional and governance capacities of the MENFP.
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IMPACT

Impact Indicators	Base Level (2017)	Target Level (2018)	Comments
Test Scores for students (grade 4) in literacy (Creole/French) improved	TBD	TBD	Baseline on Literacy (4 th grade) to be obtained under this operation; The baseline value will not be available before 2017. IEA report.
Test Scores for students (grade 4) in Mathematics improved	TBD	TBD	Baseline for 4 th grade Mathematics to be obtained under this operation The baseline value will not be available before 2017. IEA report.

OUTCOMES

Outcome Indicators	Base Line	2015	2016	2017	2018	Target Level (2018)	Comments
Preschool to 9 th grade students benefitting annually from improved learning spaces. - Girls - Boys	0 (2013) 40,000 (estimated 2015)*		Girls: 3,690 Boys: 3,690	Girls: 6,150 Boys: 6,150	Girls: 6,150 Boys: 6,150	Girls: 6,150 Boys: 6,150 For a total of 52,300	UTE technical reports, Semi-annual progress reports; these indicators include the 15 schools to be financed (5 IDB, 5 SDC, 5 GoM) Number of children benefitting from 1 school is 410 students x2 shifts=820.
Grade 1 to 6 students benefitting from tuition-free education - Girls - Boys	Total: 57,640 (2013)* Girls: 28,581 / Boys: 29,059			Total: 21,372 Girls: 10,597 Boys: 10,775	Total: 10,366 Girls: 5,140 Boys: 5,226	31,738 15,737 16,001	EPT semi-annual reports; mid-term and final evaluations. These children will attend grades ,5 and 6.
% of classroom time used for instructional purposes increased for newly trained teachers	TBD			5% increase		5%	Teacher training evaluation report; data collection for the evaluation of the teacher training.

Indicator	Base	Year 1(2015)	Year 2(2016)	Year 3(2017)	Year 4(2018)	Target	Comments
Component 1.1 Improve access to quality infrastructure							
Outputs							
Schools built or rehabilitated					5	-5	UTE Bi-Annual progress reports, procurement documents, project budget
Schools equipped and open for enrollment					5	5	UTE Semi-annual progress reports Mid-term and final evaluations
Tuition waivers distributed				21,372	10,366	31,738	EPT Semi-annual progress reports Mid-term and final evaluations
Component 2. Improve the Quality of Education							
Outputs							
Primary teachers trained			500	1000	1000	2500	Bi-Annual progress reports by PCU
Progress Report on Teacher certification process				1		1	Bi-Annual progress reports by PCU
ECD program evaluation report					1	1	Bi-Annual progress reports by PCU at MENFP, Mid-term and final evaluations; which will include ECD baseline study development.
Pre-service ECD teacher training document					1	1	Approved document by MENFP
Pilot on Parental Education Program Report					1	1	Bi-Annual progress reports by PCU
Teacher training evaluation report					1	1	Bi-Annual progress reports by PCU
Component 3. Governance/ Institutional Strengthening							
Operations Manual for the new MENFP assessment tools for learning outcomes in Math and literacy in 4 th grade completed and approved.	0				1	1	MENFP approved copy of Operations Manual
Number of specialists who provide long Term technical Assistance in the areas of teacher training, Early Childhood Development, and assessment in place.	0	1	2			3	MOU with Finland; agreements with specialists from Finland signed by MENFP and Ministry of Education in Finland.

- Baselines calculated on indicators from the previous operations HA-L1049, HA-L1060, HA-L1077

FIDUCIARY ARRANGEMENTS

COUNTRY: Haiti

PROJECT N° HA-L1080

NAME: Support to the Education Plan and Reform in Haiti IV

EXECUTING AGENCY: MENFP, MEF/UTE

FIDUCIARY TEAM: FMP/CHA: Nelly Wheelock, Takady Konate, Marise E. Salnave

I. Executive Summary

- 1.1 The program constitutes the 4th installment of the Bank's US\$250 million commitment to Haiti's Education Plan increasing total amount of Bank's grant resources to US\$174 million. The objective of the proposed program is to support the Education Plan and Reform in Haiti; more specifically to support three pillars of the GOH including: (i) improving access to education (preschool and primary education); (ii) improving the quality of education (starting at the preschool and early grades focusing on literacy and numeracy); and (iii) strengthening governance capacity of the MENFP. Program will be executed by a newly created Project Coordinating Unit (PCU/MENFP) under the leadership of MENFP *Direction Générale*, by the Education for All (Education pour Tous-EPT) and by the Technical Project Unit of the Ministry of Finance (Unité Technique d'Exécution-UTE/MEF).
- 1.2 The most recent evaluation of public financial management systems in the Republic of Haiti, the PEFA assessment report, was conducted in 2011 and published in February 2012. Country financial management systems and external control mechanisms, as evidenced by this recent diagnostic, would require further improvements to conform to levels consistent with fiduciary management of Bank funded projects. To mitigate these weaknesses the Bank will continue to (i) rely on special project execution units for the execution of all projects; (ii) to implement special fiduciary arrangements for the implementation of its projects; and (iii) and to conduct close operation supervision of project execution units. External control will be performed for all Bank operations by independent audit firms acceptable to the Bank in accordance with the Bank's financial reporting and audit guide.
- 1.3 In 2013, an assessment of the National Procurement System was performed applying the national procurement systems evaluation methodology of the OECD/DAC-World Bank Working Group indicators. This assessment was conducted by the National Procurement Commission (CNMP for its acronym in French) with IDB support. The assessment results indicate that important reforms need to be done and to this end, a Strategic Action Plan for the modernization of the system was prepared. However, as of today this plan has not been published yet by the highest authorities; furthermore, the mandate of the members from the National Procurement Commission expired in May 2014 and a new Commission has not yet been appointed. Based on the diagnostic results, no country systems can be used for the procurement of this project as it will take considerable time to achieve the improvements outlined in the Strategic Action plan and to arrive at the use of best international practice.

II. Executing Agency's Fiduciary Context

A. MENFP's new Project Coordinating Unit (PCU/MENFP)

- 2.1 In August 2014, an assessment of MENFP's financial and administrative unit, known as Direction des Affaires Administrative (DAA), was completed. The evaluation reports stated many weaknesses identified in DAA management of the ministry's funds including

(i) inexistence of an operating manual, (ii) lack of internal controls, (iii) lack of operational effectiveness (48 days on average to process disbursement), (iv) weak personnel management, (v) lack of a financial and/or accounting systems; and (vi) no proper safeguards of financial information. As a result of the assessment and to ensure an effective management of donor funded projects, MENFP will create a new Project Coordinating Unit (PCU/MENFP), which will manage the technical and fiduciary aspects of the project under the leadership of Direction Générale (DG). In parallel, an action plan is being developed for the strengthening of the DAA.

- 2.2 The new Project Coordinating Unit will be liable for Component II, III and IV, particularly on the quality aspect of the proposed operation and will also be responsible for the overall management of the project including overseeing the preparation of the PEP and POA, technical supervision of activities, the financial reporting and the monitoring and evaluation of results. The creation of the PCU will be a condition for the eligibility of components I (Sub-component I.2) II, III and IV. As a condition for special disbursement (¶3.3 POD) it is recommended that a seasoned accountant be recruited by the project to oversee the fiduciary aspect of the program, including budgeting, accounting, reporting on use of funds, payments and disbursement requests and contracting of audits.
- 2.3 At stated in ¶2.1, the results of the recently completed institutional assessment of MENFP points to a high risk pertaining to the Procurement Function. The staff working in the previous procurement structure was dissolved on August 18th 2014, and the MENPF is in the process of creating a new unit with support from the IDB Technical Cooperation (TC) ATN/FC-14198-HA which targets a total of three institutions. Through this TC, the Bank is strengthening the MENFP's procurement function through the implementation of a short term action plan including technical assistance. It is expected that as a result of this support, the MENFP will have developed a long term action plan that will allow the Bank and other interested donors to continue strengthening its procurement capacity.

B. Ministry of Economy and Finances through the Unite Technique d 'Execution (MEF-UTE)

- 2.4 UTE/MEF will be executing activities foreseen under Sub-component I.1 related to infrastructure. UTE/MEF was established by ministerial circular within the MEF in January 2005 and is headed by an executive director who reports directly to the Minister of Economy and Finance. He is seconded by: (i) a deputy executive director; (ii) a financial director; (iii) one administrator; (iv) a deputy financial director; and (v) four accountants. As per its operational structure, the financial and the procurement units oversee all projects and one manual of operation is being used for all operations handled by the UTE with dedicated annexes for each operation. UTE/MEF uses modified cash basis for accounting purposes. The accounting of the projects managed by UTE/MEF is done using ACCPAC software system which generates financial reports by project and funding source. Financial information is exported to Excel for the preparation of financial statements required by the Bank. UTE/MEF has extensive experience in Bank financed operations and is executing several bank operations including the Caracol Industrial Park (2552/GR-HA, 2779/GR-HA, 3132/GR-HA), economic infrastructure rehabilitation project 2384/GR-HA and more recently school construction (2643/GR-HA and 2863/GR-HA).
- 2.5 Based on a recent update of the procurement institutional capacity of MEF-UTE, the Bank was able to confirm that important improvements have been made in terms of the

reorganization of the procurement function; consequently, the MEF/UTE can with very little additional effort assume the execution of Component I.1 for the project HA-L1080. As of today, the former UTE Procurement Director has been promoted to the Executive Director's *adjoint*, and is in charge of quality assurance for planning and execution. UTE recently hired a new Procurement Director and is in the process of hiring one (1) additional procurement specialist to have a total of 5 specialists responsible for the procurement of nine (9) operations (5 of them financed by IDB). MEF-UTE is also in the process of adopting a Project Management Solution that will integrate all systems including a Financial Management and an Electronic Filing System.

C. Ministry of Education and Professional Training (MENFP) through EPT

- 2.6 EPT will be executing Sub-Component I.2 of the new operation which consists in distributing subsidies to a predetermined universe of beneficiaries. The financial management unit of EPT is in need of additional staffing to support current bank projects. During the last inspection visit on May 12, 2014, it was recommended that an additional accountant from *Direction Generale* be added to EPT fiduciary team to support IDB project. With the new project, an additional accountant will be needed to ensure financial management functions are performed efficiently. The May 2014 site visit also validated General Clause 3.1 on a functioning financial management system.
- 2.7 The funds that will be executed through EPT will not require the application of IDB Procurement Policies.

III. Fiduciary risk evaluation and mitigation actions

A. MENFP's new Project Coordinating Unit (PCU)

- 3.1 An assessment of MENFP institutional capacity was conducted in August 2014 during the preparation of project HA-L1080. The results indicate that that MENFP's *Direction des Affaires Administratives (DAA)* has weak fiduciary systems and suggests a high financial management risk rating. To minimize risks and for effective project implementation, MENFP will create a new PCU. The PCU/MENFP will develop an Operation Manual (OM) to include mechanisms for budget development and monitoring, internal controls, procurement, the safeguarding of financial information, disbursement processes and the management of fixed assets. The OM must include flow charts for annual budget cycle, disbursements, filing systems, internal safeguards. The OM must also include a section with a clear description of how roles and responsibilities of the technical team and those of the fiduciary team and processes to be followed for the management of potential conflicts of interest. Because the creation of the PCU is not formally finalized, the financial fiduciary risk is considered high. The Bank recommends the hiring of an experienced Accountant dedicated to the project who will responsible for the management of program resources including the preparation of financial reports and second accountant which will be responsible for the recording of transactions.
- 3.2 Based on the results of the MENFP's institutional assessment for procurement¹, the Bank has identified severe weaknesses in the procurement function, with high risk for the execution of this project.

¹ Available upon request if more details are needed.

- 3.3 To mitigate this risk the following measures are currently being implemented in the MENFP: (a) the reorganization of the Procurement Function; (b) the creation of a Procurement Unit (MENFP-PU) in charge of all procurement processes including planning, procurement and fiduciary monitoring of entire cycle of contract management and recruitment of procurement personnel with a Procurement Coordinator to be in charge of all procurement investment expenditures; (c) development of Terms of Reference for the establishment of a MENFP-PU procurement filing system; and (d) the reorganization of the CMMP's procurement control function. The Bank is supporting all these initiatives through the Technical Cooperation ATN/FC-14198-HA.

B. Ministry of Economy and Finances through the Unite Technique d'Execution (MEF-UTE)

- 3.4 Recent updates of UTE/MEF financial management institutional capacity, confirms the existence of a satisfactory level of capacity for the financial management of projects and suggests a low financial management risk rating. Nonetheless, the following risks were identified: (i) lack of integrated management systems to ensure continued quality and reliability of management information and (ii) the lack of formal procedures for administration of fixed assets. To mitigate these risks, UTE/MEF will be implementing with financing from HA-L1076 an integrated financial management system. The OM should be updated to include policies and procedures for the administration of fixed assets. For the execution of all its projects, the Bank recommends the strengthening of its accounting team with the hiring of an additional accountant.
- 3.5 Based on the recent update of the procurement institutional capacity of MEF-UTE, the Bank determined a medium risk for the execution of Component I.1 of project HA-L1080.

C. Ministry of Education and Professional Training (MENFP) through EPT

- 3.6 On June 25, 2014 an inspection visit was performed by the Bank to ensure that the recommendations made for the strengthening of EPT financial management unit were implemented. As recommended in the last assessment report, a reorganization of the different tasks among the financial personnel was implemented and accounting software was installed. The Bank had observed the following: (i) weaknesses in the monitoring of the schools subsidies program particularly in determining the number of students' beneficiaries of the program. As a mitigation measure, the Bank recommends strengthening the supervision of school grant program (opportune scheduled field visits) including the timely confirmation of the number of students to ensure that funds disbursed through grants to schools correspond to actual numbers thus reducing the gap between the actual number of students and estimates determined by MENFP; and (ii) weaknesses in the timely planning of disbursements. As a mitigation action, the Bank recommends that measures be taken to improve the planning of disbursement of funds for the payment of grants to schools. Based on the above, the Bank considers the overall risk rating of the EPT to be medium.
- 3.7 There is no procurement risk related to the execution through EPT.

IV. Aspects to be considered in the Special Conditions of Contract

- 4.1 To move forward the contract negotiations by the project team, herein are the fiduciary arrangements that must be considered in the special conditions:

- (a) The new PCU/MENFP must be officially created by a Ministry decree as a condition for special disbursement.
- (b) PCU/MENFP will recruit appropriate personnel (see ¶3.1) to strengthen its financial management team to support the execution of this new operation.
- (c) MENFP/PU must be officially created as a condition to full eligibility. This unit should be independent and at same level of the institutional financial administration. This condition shall not apply for Component I.1.
- (d) MENFP/PU will be adequately installed and equipped and will recruit appropriate personnel to ensure procurement execution of this operation. This condition shall not apply for Component I.1.
- (e) MEF-UTE, EPT and PCU/MENFP will include new project code in accounting systems to reflect the current operation.
- (f) Special Accounts and authorized signatures: PCU/MENFP, UTE /MEF, and EPT will open separate bank accounts at the Central Bank of Haiti for the management of grant resources.

4.2 **Audit special requirements.** PCU/MENFP will be responsible for the recruitment of external auditors eligible to the Bank to perform the audit of the program (PCU/MENFP, UTE/MEF and EPT) as follows: (i) annual financial audit of the program to be submitted within 120 days after the closure of each fiscal year for each executing unit; (ii) semiannual ex-post review of procurement process to be submitted within 60 days following the close of each semester for components executed by MENFP/PCU and UTE/MEF and (iii) a final financial audit of the program to be submitted within 120 days after the date of the last disbursement (PCU/MENFP, UTE/MEF and EPT). The auditors will prepare separate reports for each executing unit. For component I.2 related to subsidies given to schools for students tuition, Auditors should also provide an opinion on subsidies given to beneficiaries.

4.3 **Special disbursement.** To allow the creation of the new PCU/MENFP to be financed by an initial disbursement of up to US \$300,000 to the extent the MENFP fulfills to the Bank's satisfaction all the standard general conditions prior to disbursement set forth in grant agreements, except for the evidence of reliable financial information systems and internal control mechanism for components II, III and IV. In addition, the Coordinator of the new PCU and a seasoned accountant will have to be recruited. Funds will be used to finance the hiring of technical personnel, an accountant, administrative expenses, the installation of accounting software activities and the preparation of operation manual.

V. Fiduciary Arrangements for Procurement Execution

- 5.1 Procurement for the proposed project will be carried out in accordance with the Policies for the Procurement of Works and Goods financed by the Bank (GN-2349-9), of March 2011; and the Policies for the Selection and Contracting of Consultants financed by the Inter-American Development Bank (GN-2350-9), of March 2011, complemented by the special procurement provisions for Haiti on GN-2654 while in place.
- 5.2 The procurement plan (PP) will include 18 months of project execution starting on the date the Grant Agreement for this project enters into effect. The MENFP has prepared a PP that has been agreed with the Bank. Prior to execution, each executing agency (MENFP/PU and MEF-UTE) will prepare a separate PP to be coordinated by the PCU and these will be agreed upon with the Bank. The PPs will be updated semiannually with the semester

activity project report, or whenever necessary or as required by the Bank. The detailed PPs will be available at both executing agencies (MENFP/PCU and MEF-UTE). MENFP/PCU will execute Component II and III and MEF-UTE will execute Component I.1.

- 5.3 **Procurement of Works, Goods and Non-Consulting Services.** Goods and Works requiring international competitive bidding (ICB) will be contracted using the standard bidding documents (SBDs) issued by the Bank. Procurement subject to national competitive bidding (NCB) will be undertaken using national bidding documents agreed upon with the Bank or satisfactory to the Bank in the absence of an agreement. For contracts of goods, works and non-consulting services in which the procurement method of Price Comparison is applied, the executing agencies will use models of documents agreed with the Bank.
- 5.4 **Procurement of Works.** The Bank will finance in Component I.1, the construction of schools financed by IDB funds. There will also be a parallel financing from the Swiss Development Cooperation (SDC) in the amount of \$5.7 million for the construction and equipment of 5 schools and a potential co-financing of US\$5 million from the Government of Mexico.
- Direct contracting: If needed, the provisions under clause 3.6 of the GN-2349-9 will apply.
 - Procurement of non-consulting services: The Executing Unit will use the standard document agreed by the Bank for this type of services.
- 5.5 **Selection and Contracting of Consultants.** The selection and recruitment of consulting firms required by the project and subject to the methods of Selection Based on Quality and Cost (SBQC) and other selection methods provided in Section III of the Policies for the Selection and Employment of Consultants financed by the Bank (GN-2350-9) will be executed applying the Bank's Standard Documents of Request for Proposals (RFP). The terms of reference review for the selection of consulting services is a responsibility of the project Team Leader.
- 5.6 **Single source selection.** This has been proposed for the implementation of the development of national assessments tools under components 3. The International Association for the Evaluation of Education Achievement (IEA), the agency responsible for international assessments (such Progress in International Reading Literacy study (PIRLS) and Trends in International Mathematics and Science Study (TIMMS)), will be contracted to analyze the existing databases available on the national examinations at MENFP and to create baseline information on student achievements and to develop new national assessment tools for pre-literacy (Grade 2) and literacy and Mathematics (Grade 4). IEA has been conducting international assessments in Mathematics and Literacy since the 1960s. More information about the organization is available at www.iea.nl. The contract is estimated to be US\$1.0 million. According to the Bank's Policies for the Selection of Consultants, GN 2350-9, the justification for the single source selection of this agency is consistent with paragraph 3.10 (d) based on its unique and qualified and considered a special agency with exceptional worth for the assignment.
- 5.7 **Selection of Audit firm.** The selection process to contract the Audit firm will be realized through the invitation of the firms in a short list of Audit firms qualified and approved by the Bank. Only the firms approved by the Bank will be part of this short list. For this process, the UCE will use the IDB standard document for the selection of Audit firms. The

Audit will include in addition to the revision of procurement process compliance and contract administration, the ex post revision of all price comparison and individual consultancies realized through competitive processes.

- 5.8 **Other consultancies.** The operation will finance (a) Teacher training through Component 2.1²; (b) Early childhood development through Component 2.2; These consultancies will execute through standard competitive selection processes. Individual consultants, national and international will be selected according to Annex V of the document GN-2350-9.
- 5.9 **Recurrent Expenses.** The following recurrent expenses, also known as operational costs, will be financed by the Bank: (i) all expenses required and agreed with the Bank for the execution of the project ; (ii) all executing unit individual consultants contracts required for the execution of the project; and (iii) per diem (if any) and wire transfers if agreed with the Bank. Operational costs do not include the salaries of public workers.
- 5.10 **Domestic preferences.** Goods and non-consulting services are not envisioned for this operation, however, if needed, the clause of domestic preferences will apply. Bids offering goods originating in the borrower's country will receive a 15% price preference in contracts requiring international competitive bidding, as established in Appendix 2 of the procurement policies GN-2349-9.
- 5.11 **Advance contracting and retroactive financing.** Not applicable to this project.
- 5.12 **Project procurement thresholds table.** The threshold amounts agreed by the Bank for Haiti have been modified through Procurement Provisions for Haiti (GN-2654), which apply during the term of the Bank's strategy in Haiti 2010-2015. For purposes of the execution of this operation, the tables with the thresholds that apply regularly and those that apply under the Procurement Provisions for Haiti are considered. Any modification of these provisions will apply immediately to the procurement execution of this operation and if it ceases to have effect, the procurement of this operation would then run under the regular thresholds.

Table 6.1: Regular threshold amounts for Haiti

HAITI – LIMIT AMOUNTS (IN THOUSANDS OF US\$)							
Works			Goods			Consulting	
ICB	NCB	PC	ICB	NCB	PC	International	100% National
≥1.000	100<1.000	<100	⇒100	25<100	<25	>100	<100

Table 6.2: Threshold amounts under procurement provisions for Haiti

HAITI – LIMIT AMOUNTS (IN THOUSANDS OF US\$)					
Works		Goods		Consulting	
ICB ³	NCB ⁴ /PC ⁵	ICB	NCB/PC	International	100% National
≥1.000	<1.000	≥100	<100	>100	<100

- 5.13 **Procurement supervision.** Based on the identified risk, all contracts will be subject to prior (ex-ante) and ex post review by the Bank in accordance with Appendix 1 of the policies. This may change if during the supervision of the execution of the project the

² This operation foresees a specific activity related to teachers training to be conducted by national training institutes. An estimated amount is provided in the procurement plan and may vary according to the number of teachers to be trained. These training institutes will be selected under QCBS method and restricted to national institutes as per the objectives of the program.

³ ICB: International Competitive Bidding

⁴ NCB: National Competitive Bidding.

⁵ PC: Shopping.

Bank determines that the risk has become low. The thresholds here defined apply only to the procurement supervision and have no implication over the revision of the technical aspects done by the Team Leader over the procurement processes. The technical supervision will be defined by the Team Leader. All contracts under ex post procurement supervision will be reviewed during the Audit of operation (see below).

- 5.14 **Supervision arrangements for the executing agency of MENFP/PU.** All procurement supervision will be EX ANTE. After the first three contracts of goods, non-consulting services and works applying the competitive⁶ method of Price Comparison and the first three competitive⁷ selection processes of Individual Consultancies, the Bank may apply ex post supervision according to the thresholds defined here below:
- Ex post – Price Comparison
 - Contracts of Works < US\$200 thousand
 - Contracts of Goods
 - Contracts of Non consulting services
 - Ex post – Individual Consultants
 - Contracts of Individual Consultants.
- 5.15 **Supervision arrangements for the executing agency of MEF-UTE:** all procurement supervision will be EX ANTE, except for the contracts under the competitive⁸ methods and thresholds defined for ex post here below:
- National Competitive Bidding
 - The first three NCBs will be supervised EX ANTE and the rest will be supervised EX POST
 - Ex post – Price Comparison
 - Contracts of Works < US\$200 thousand
 - Contracts of Goods
 - Contracts of non-consulting services
 - Ex post – Individual Consultants
 - Contracts of Consultancies
- 5.16 **Records and files:** The Executing Unit will keep centralized procurement records by contract and in an orderly manner. This filing method will include all documents starting with the procurement plan, including all documents from the procurement process and contract management, through the end of contract execution.

5.17 **Main Procurement Activities**

Activity	Procurement Method	Estimated Date	Estimated Amount US\$
Goods			
Equipment for schools	ICB	2016	250,000
Equipment for libraries	ICB	2016	400,000
Works			
Construction of schools	ICB	2015	8,200,000
Services			
Electricity sources	ICB	2015	550,000
Firms			
Teacher's training	QCBS	2015	2,925,000
Evaluation of learning outcomes	SSS	2015	1,000,000

⁶ Single source selection and Direct Contracting will be always EX ANTE

⁷ Single source selection and Direct Contracting will be always EX ANTE

⁸ Single source selection and Direct Contracting will be always EX ANTE

Governance-Institutional strengthening	QCBS	2015	1,196,800
Supervision of works	QCBS	2015	200,000
Parental education program	QCBS	2016	500,000
Teacher training evaluation	QCBS	2016	500,000
Audit	QCBS	2015-2019	250,000
Individuals			
Project Director	Comparison of qualifications (national individual consultant) (COQ NII)	2015-2019	264,000
Coordinators Component I	COQNII	2015-2019	184,800
Coordinator Component II	COQNII	2015-2019	184,800
M&E Specialist	COQNII	2015-2019	184,800
Financial Specialist	COQNII	2015-2019	253,440

VI. Financial Management

- 6.1 **Programming and Budget.** The recent assessment of DAA demonstrated that the fiduciary unit of MENFP is rated as high risk and ineffective to implement this new project. Because of the risks associated with DAA, country systems will not be used during the implementation of Programming and budget execution and monitoring at the program level will rely on IDB's project financial management formats and procedures for guidance.
- 6.2 UTE/MEF, EPT and PCU/MENFP will provide annually an operation plan (AOP), procurement plan and a twelve-month detailed financial plan. The financial plans will coincide with the Haitian fiscal year and will respect the budget lines defined in the grant agreement (investment categories). The execution of the program's financial plans will be evaluated quarterly for PCU/MENFP until the unit is function. The execution of UTE/MEF and EPT's financial plans will be evaluated every six (6) months.
- 6.3 **Accounting and Information Systems.** Each EA will maintain establish an electronic system to generate financial reports of income and expenses by project and funding source if applicable.
- 6.4 **Disbursements and Funds Flows (including any use of the country's treasury system).** Project financial management may be guided by OP-273-2. The PCU/MENFP will prepare annual planning of project cash flows to be reviewed quarterly. UTE/MEF and EPT cash flow planning will be updated every six months. Financial plans will be based on activities derived from the Annual Operation Plan and Procurement Plan and payment terms agreed with suppliers. Advance of funds methodology will be used for the disbursement of project funds. For each new advance, each EA will need to justify 80% of advance received. Each unit will establish separate bank accounts for the management of grant and counterpart resources if applicable. Disbursement Supervision will be ex-ante for PCU/MENFP during the first year. The capacity of the new PCU will be reassessed to see if disbursement supervision should be ex-post. For UTE/MEF and EPT, disbursement mechanism will be ex-post. Exchange rate valid at the day of transaction will be used to record all expenses made in local currency; the Central Bank of Haiti exchange rate will be used at the reference rate.
- 6.5 **Internal Control and Audit.** As a new Executing Agency, MENFP will not have an internal audit function established. The internal control environment of PCU/MENFP, as financial fiduciary service, is not considered appropriate for the purposes of implementing the project.

Mitigation: Internal control should be put in place through the development of: (i) an operational manual specific for the PCU, (ii) a finance and accounting system for recording and reporting, and (iii) a physical and electronic filing system. For UTE/MEF the internal control environment is considered appropriate for the purposes of implementing the project. However it may be improved through the implementation of (i) of an integrated management system and (ii) the adoption of a policy and procedures for administration of fixed assets. In the case of EPT, Bank recommends that an internal auditor be recruited under the direct supervision of the Program Coordinator with the task of monitoring rigorously the school subsidies program and to ensure the financial control at the level of the unit.

- 6.6 **External Control and Reporting.** Audits will be performed in accordance with Bank's Guidelines for Financial Reports and External Audits as described in Section IV. Financial audit cost will be financed by IDB grant and estimated at US\$250,000. The program financial statements will correspond to the fiscal year. The audit firm will carry out audit on the basis of specific terms of reference to be agreed between MENPF/PCU and the Bank.
- 6.7 **Financial Supervision Plan.** Fiduciary staff of the Bank will perform periodic inspection visits to PCU/MENFP, UTE/MEF and EPT, which are aimed at reviewing the capacity of the project and the execution of financial plan.
- 6.8 **Execution Mechanism.** Each executing unit will maintain proper financial management systems and will prepare an AOP and Procurement Plan and a twelve-month financial plan indicating cash flow needs for the execution of project's activities stemming from AOP and procurement plans. The twelve-month financial plan will be the basis for advance of funds disbursements, which will cover the funding needs of six months of project execution for UTE/MEF and three months for PCU/MENFP.
- 6.9 For the tuition subsidies, payments will be based on procedures established in EPT. Payment will be made in two tranches (60% and 40%) each school year. Payment of the first tranche (60%) will be subject to the receipt of the approved school listing and will be deposited in the EPT Central Bank Account opened to that effect. EPT would then transfer funds from the Central Bank account to accounts of the approved School Management Committee (SMC) opened at *Banque Nationale de Crédit* (BNC). Payment of the second tranche (40%) will be subject to the receipt of an interim financial report and the integrated technical report of the SMC as required by established EPT procedures. The SMC which have not complied with established procedures will be excluded in the second payment.