



INTER-AMERICAN DEVELOPMENT BANK
COUNTRY OFFICE OF HAITI

PROJECT COMPLETION REPORT (PCR)¹
PART ONE

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| PROJECT NAME: | Road maintenance and Rehabilitation |
| SUB-PROJECT: | N/A |
| PROJECT NUMBER: | HA 0041 |
| LOAN NUMBER: | 945 SF-HA |
| COUNTRY: | HAITI |
| EXECUTING AGENCY(IES): | Ministry of Publics works, Transport and Communication |
| SECTOR: | Transportation and Roads |
| MODALITY²: | Investment specific project |
| DATES APPROVED: | 8 February 1995 |
| DATES COMPLETED: | 2 August 2002 |
| LOANS AMOUNTS: | IDB: 45,000,000 IDA: 50,000,000 UE: 40,000,000 KfW: 5,000, 000 GOH:5,000,000 |
| FINAL PROJECT IMPLEMENTATION CLASSIFICATION (HS, S, U, VU): | Unsatisfactory |
| FINAL PROJECT ASSUMPTIONS CLASSIFICATION (H, L): | Low |
| FINAL DEVELOPMENT OBJECTIVES CLASSIFICATION (HP, P, LP, I): | Improbable |

¹ The detailed instructions for completing this report are designed to elicit information about project design and execution in a manner that is consistent with logical framework methodology and the Project Performance Monitoring Report (PPMR) system, of which the PCR is the final output. Please answer all questions that are relevant for the project being reviewed, clearly indicating any questions that are not applicable..

² Investment, global, time-slice, sector, hybrid, reimbursable TC, etc.

I. Project Objectives and Components³

Based on the latest formally agreed-upon statement of project objectives and components (reflected in the most recent version of Annex A of the loan contract and related technical cooperation agreement, if any):

Introduction:

In June 1993 and November 1994, multi-agency task forces (including UNDP, IDB, IDA, OAS and USAID) visited Haiti to evaluate the macroeconomic situation and identify the main issues and sectoral needs that could be addressed by a sweeping Emergency Program. It was designed to cover a period of 18 months until a traditional medium term strategy could be put in place. The IDB's role was to meet urgent needs with an emergency infrastructure program (PURE I & II) and deal with medium term issues through other projects like the one financed with loan 945/SF-HA to upgrade the road infrastructure.

The Road Program was prepared in 1989/91 but was shelved during the 1991– 94 embargo. It was hurriedly revived and approved in early 1995 in the vanguard of the efforts to rebuild Haiti after the devastating political upheavals that seemed to culminate in late 1994 with the return of President Aristide.

The project was based on fundamental institutional and policy reform. It was meant to be a massive intervention by four major donors to finance the full cost of the Ministry of Works Road Program to return 50% of Haiti's intercity highway network to 'normal' within four years and arrest the deterioration of 100% of the road network. Significant employment was to be created by the use of labor-intensive methods of maintenance. It also intended to create a new governance structure for the sector that included decentralization, outsourcing and sustainable funding to maintain the roads. Success would have provided a huge boost to private economic activity and improved living standards for the poor. This was not to be.

This very ambitious project quickly fell victim to the very crisis whose aftermath it was meant to rectify. The key assumption that the political crisis was over and the mopping up phase had begun proved to be wrong. In fact, the crisis had merely entered a new phase. The context was inappropriate for such sweeping governance change.

Unfortunately, the Government was not committed to the governance reform needed for it to succeed. The Government dragged its feet when it came to removing illegal dwellings from the right-of-way. The Government was unwilling to introduce cost recovery measures and was not able to control destructively overweight vehicles. The Ministry's institutional structure was supposed to be modernized to reduce force account and increase outsourcing. However, the Government chose to undermine this by creating a parallel capacity for force account in the Presidential Palace. During execution the basis for selecting roads gradually moved away from technical criteria and toward political exigencies. The Government failed to generate a single new source of revenue so roads were not maintained and project execution was

³ Throughout the report, the discussion of objectives and components should include the TC element of the project (if any), whether financed under the project itself or under a parallel operation. In cases where the operation was targeted at specific beneficiary groups (such as in Small Projects), those targets should be included among the objectives, components and performance indicators, and reported on accordingly. In the case of sector or hybrid operations, the policy matrix should be substituted for references to Annex A of the loan contract, and the policy measures described in the matrix should be included in the "components" of the project.

interrupted by suspension of disbursements due to deficient debt servicing and the failure of the reform program.

The sheer magnitude of the undertaking was a daunting logistical and institutional challenge. This was compounded by the fact that it was co-financed by four separate donors. The whole pie was worth over US\$140.0 million and the Bank's slice was just US\$45.0 million. Clearly all four donors had to play their part for the overall project to succeed. Unfortunately, the financing consortium fell apart. In the end, only US\$83.0 million of the intended US\$140.0 was ever disbursed and it took seven, not four years to do so.

The World Bank, European Union and IDB were meant each to finance connecting sections of highway throughout Haiti and the KfW was to build major bridges. In the end, only the IDB completed part of its sections. The World Bank was the first to pull out of the donor consortium. The World Bank was supposed to finance the studies and the rehabilitation of the heavily traveled road linking the capital city to the second largest city in the North. However, after suffering several documented instances of lack of respect of procurement procedures and citing deep dissatisfaction with the Government's continued failure to advance the institutional reform arrange for maintenance of the roads and control axle loads, the World Bank first suspended its disbursements in October 1998. Once the reform agenda was revived the World Bank resumed its support in 1999. However, these problems coupled with failure to service debt led to the definitive cancellation of the World Bank participation in the Program in 2002. The European Union decided to cancel the contractor's contract for National road # 3 when the contractor tried to absconded rather than honor its contract. The European Union then decided to abandon its participation in this program entirely in order to finance another road more ready to be launched. The collapse of the donor co-financing consortium should have triggered a reassessment of the viability of the program, however, no such review took place.

Although this was considered to be a specific project it was approved without final designs. In addition, the IDB part of the project became steadily reduced to the sections of the highway to the cities to the south of the capital, Jacmel and Cayes. As time went by cost overruns for the IDB portion were so substantial that it became clear that the IDB loan could not finance even these highway sections. The solution at first was to eliminate about the link to the third largest city, Les Cayes. However, as costs continued rising it became necessary to find more funds. Accordingly, the labor-intensive maintenance activities were cut. However, cost escalation did not stop and more financing was needed to complete the surviving section. This is how US\$ 6.1 million of loan 838/SF-HA ended up being used to co-finance the road to Jacmel already being financed with 945/SF-HA. With a bizarre twist the project was closed in August 2002 when the Government requested cancellation of US\$3.1 million of loan 945/SF-HA while the project financed by loan 838/SF-HA could not be completed due to lack of resources.

The IDB was the only agency to actually complete the construction of one of the sections of highway originally approved. In addition, we disbursed a full 107% of our financing while the other donors never even reached 50% of theirs. Despite these achievements in the face of daunting odds, the impact of our effort was stymied by the fallout from the political crisis, the lack of commitment by Government to governance reform and the collapse of the co-financing consortium. The vaunted expectations of the Bank when the project was approved have been frustrated and there is little hope that the works completed will have a lasting impact on the economy and the quality of life in Haiti.

In conclusion, Haiti's external debt has been increased significantly but its limited institutional capacity is no better than it was at the outset of the project. The economy is in worse shambles, governance reform was frustrated, living conditions continue to plummet and the lasting impact of the works financed by our loan is woefully lower than intended. This

astounding conclusion is a stark reminder of the huge challenge we face in designing and executing successful projects in Haiti. The devastating impact of political unrest, weak institutional capacity and poor governance was sorely underestimated. We have a lot to learn from this Program.

The Government has confirmed on August 2, 2002 his decision for the closing of the project and the cancellation of the pending balance in joint agreement with the Bank, for the preparation of July 2003 reactivation and the strategy of the posterior transition.

I. Project's objectives and components

A. Succinctly present the project's objectives⁴.

The road maintenance and rehabilitation program was geared to introduce policy changes and to foster institution building over the medium term, and arrest the deterioration of the existing network. This program had the highest priority for the reconstruction of the Haitian economy. It was expected to be under execution by the time the EERP (Emergency Economic Recovery Program) infrastructure component was completed.

Program benefits were to have been substantial in terms of reduced transport costs, foreign exchange savings, increased employment through the development of labor-intensive techniques and impact for the poor through the reestablishment of regular access to markets and social services for the poor. The roads selected were those with the highest traffic and most in need of repair.⁵ The institutional restructuring of the Ministry, together with improved mechanisms for cost recovery to finance road maintenance was expected to also ensure that the investments financed under the program were sustainable.

The main objectives of the four-year program were:

- a) Assist the government in implementing its four-year road maintenance and rehabilitation program on the inter-city and Port-au-Prince road network using a time slice modality.
- b) Strengthen road planning and management within a comprehensive restructuring program of the Ministry,
- c) Foster private sector and community participation in the works of rehabilitation and maintenance
- d) Assist the government to define the strategy and the mechanism to finance the maintenance of the road network.

The objectives also included significant improvements in the environmental aspects of project execution and design.

⁴ "Objectives" refers to "purposes" as used in the logical framework approach (see Appendix 1). In the case of a program that has more than one objective, succinctly describe the objective of each contributing project.

⁵ See page 32 for source of information about the preparation of the interurban and urban program.

B. Briefly describe the project's components⁶.

The components designed to achieve the objectives were the following:

Component 1. Institutional Strengthening & Studies: This included the institutional strengthening and restructuring of the Ministry and Public Works as well as five specific studies. The institutional reform was aimed at developing the ministry's new normative role, to the exclusion of force account activities. The studies were as follows:

| Donor | Study | Budget US \$ |
|-------|--|-----------------|
| IDA | 1. Traffic Master Plan for Port-au-Prince | 800.000 |
| IDA | 2. User Charges Mechanism | 200.000 |
| IDB | 3. National Transport Master Plan | 600.000 |
| IDB | 4. Promoting private participation | 100.000 |
| IDB | 5. Drainage network for Port-au-Prince | 200.000 |
| IDB | 6. Institutional strengthening of the Ministry | * |
| Total | | 1.900.000 |

* No allocation in the original budget

Component 2. Highway Roads and Urban Street Rehabilitation & Maintenance: This component was designed as a time slice to cover four years. Rehabilitation of 400 km and periodic maintenance of 200 km of priority interurban roads representing 50% of rehabilitation needs, and routine maintenance works on 2.700 km of interurban roads. Rehabilitation of 35kms of urban roads and routine maintenance of 200 km of urban roads in Port-au-Prince. The Loan Proposal also includes the goal of performing routine maintenance on 2,700 kilometers of interurban roads using both traditional and labor-intensive modalities. The breakdown by donor for this specific project was as follows:

| | Donor | Roads | Amount A.O* US\$ |
|----------|-------|--|------------------------|
| Highways | IDB | Jacmel road 43kms & Highway # 2, rehabilitate 108kms, and maintain 72kms | 27.360.499 |
| | IDA | Saint-Marc /Gonaives 54kms | 14.000.000 |
| | EU | Port-au-Prince / Hinche 95kms | 31.500.000 |
| | Total | 300Kms rehabilitation and 72kms maintenance | |

*Bidding cost

The list below covered the first year of the program:

| | Donor | Streets | Budget US \$ | A.O (96-97) US\$ |
|-------------|-------|---|-----------------|---------------------|
| Urban Roads | IDB | Peuple, Poupelard, Tiremasse, Saint-Martin, Saint-Gerard, Christophe, Bolosse 2 nd and 4 th | 2.496.781 | 4.911.000** |
| | IDA | Lamartinière, Charles Sumner, Quai, Cesar, Reunion, Delmas 48-60 and Martin L. King | 2.925.973 | N/A*** |

** This amount does not include the cost for Saint-Martin and Saint Gérard even go, the cost was still 50% higher than expected.

*** This was eliminated from the project due to cost overruns in other higher priority activities.

⁶ "Components" refers to "outputs" as used in the logical framework approach (see Appendix 1). In the case of a program that has more than one objective, succinctly describe the components required to achieve each of the objectives.

Component 3.- Bridge Improvement Program: Bridge rehabilitation (10), maintenance (21) and replacement (5). This was the responsibility of the KfW.

Component 4.- Labor intensive works: This subcomponent financed rehabilitation work, protection and maintenance entrusted to small companies and local community associations. The urban road works were included in the goals of the routine maintenance works (2700kms) sub component. The IDB and IDA were meant to finance this component.

Component 5.-Supervision equipment and small maintenance tools: This component sought to: (i) encourage and facilitate maintenance by local communities; (ii) provide basic tools to the brigades in charge of maintenance; (iii) help small local firms to carry out maintenance work; (iv) provide the National Laboratory of Building and Public Works (LNBTP) with new equipment; and (v) provide means of transportation and computer systems support to MTPTC for the follow-up of the program and for supervision of road works.

C. Briefly describe the main assumptions⁷ on which the successful implementation of project components is based, as well as the assumptions on which the overall achievement of project objectives is based.

No logical framework exercise was conducted for the program. The assumptions were therefore presented in the summary of the economic analysis and in the form of risks included in the viability section of the Loan Proposal. Several assumptions were also reported on during execution in the context of the PPMR.

- (a) The local counterpart funds will be available on time
- (b) The local private sector will be motivated to participate in project execution and will have the excess capacity to do so.
- (c) The Government will establish a maintenance policy that is backed up by a new system for ensuring sufficient financing is available to carry it out. This was to take the form of a new Maintenance Fund to be approved by Parliament.
- (d) Effective controls will be put in place to control the axle load of heavy vehicles above the weight for which the roads were designed and thereby protect them from damage.
- (e) Debt service will be effected in a timely manner
- (f) Instead of treating the contribution of all co-financing donors as the contractual condition that it was, it was treated as an assumption.

II. Project Results and Development Objectives

A. Based on Section I (A, B, C), succinctly describe: The actual level of achievement of project components:

⁷ Assumptions refer to external events, beyond the project manager's control, whose non-fulfilment can affect the achievement of project components and/or objectives (see Appendix 1).

No donor besides the Bank complied fully with its specific financing commitment. Several activities were never financed and the overall financing was significantly less than intended. This had a profound impact on the achievement of project components. Another major factor was the massive increase in costs that caused continuous increases in the value of the construction contracts. This was largely due to long lag between the situation obtaining when the designs were prepared and when the construction work got underway. In addition, there was a costly mid-stream policy shift by the Government to specify Haitian highways for 13 tons not the 8 for which the project had been designed.

In the case of the IDB, cost overruns were covered by eliminating other project components and transferring the funds to the sole remaining construction component as well as using funds from another Bank loan. In the case of the EU the contractor could not respect the contract amount and tried to abscond to the Dominican Republic but was stopped by the GOH and his contract was cancelled. The World Bank financing was cancelled due to procurement problems, continued failure to effect institutional reform and arrears. In light of the collapse of the financing consortium and arrears, the KfW also withdrew its financing for the program.

The difference between contractual co-financing and actual amounts disbursed is shown below.

| US\$ millions | | | | |
|---------------|--------------|--------------|-------------|----------|
| Source | Initial | Adjusted | Actual | Actual % |
| IDB | 45.0 | 45.0 | 48.0 | 106% |
| IDA | 50.0 | 50.0 | 24.6 | 49.2% |
| EU | 20.0 | 40.0 | 10.0 | 25% |
| KfW | 5.0 | 5.0 | 0.7 | 14% |
| GoH | 5.0 | 5.0 | 6.1 | 122% |
| TOTAL | 125.0 | 145.0 | 89.3 | |

The amount for the IDB is the sum of US\$41.9 million disbursed from loan 945/SF-HA plus an additional US\$ 6.1 million from IDB loan 838/SF-HA to co-finance the works contract for this project when funds ran out for completion of the Jacmel road. The IDB portion of the financing was the last to be cancelled. On August 2nd 2002, the Government unilaterally cancelled the undisbursed balance of **US\$3.068.000**, after spending the preceding year in arrears with the Bank.

Component No. 1: Institutional Strengthening and Studies

(i) Studies

Four of the six studies were completed. However, none were of any use in the intended governance and policy reform.

| Study | Outcome |
|---|--|
| 1. Traffic Master Plan for Port au Prince | This generated a twenty-year plan for improving traffic flow and control that is now defunct |
| 2. User Charges Mechanism | The draft law was prepared and submitted to Parliament but not yet passed |
| 3. National Transport Master Plan | This generated a fifteen-year rehabilitation and maintenance plan that is now defunct |

| Study | Outcome |
|--|---|
| 4. Promoting private participation | Never completed. In addition, the public sector force account capacity was increased in the Presidential Palace |
| 5. Drainage network for Port-au-Prince tertiary roads. | Part of study was already done for 35kms using other financing. |
| 6. Reform of the Ministry of Works | Never completed due to non-acceptance by Ministry given overly expensive design and lack of consensus between MTPTC and consultant firm in charge of the study. |

The studies permitted partial achievement of the first stage of the reform program. However, the actual implementation of the plan never took place due to lack of funds and resistance to governance reform.

(ii) Road Studies

Although this was a specific project final designs were not available when it was launched. As a matter of fact, the subcategory 1.3 “Pre-investment studies”, was meant to finance the designs for the rehabilitation component. However, the funds were also used to prepare another Bank project 991/SF-HA. As surplus was created in this component when The Japan Special Fund through ATN/JF-3407-HA, financed several studies.

- (1) ATN/JF-3407-HA financed the designs for the following sections of road were financed: Port-au-Prince – Cayes, Carrefour Dufort –Jacmel and Port-au-Prince - Hinche and Hinche- Carrefour La Mort. In April 1995 a contract was signed with the firm BCEOM to conduct the designs. This assistance was essential to the Bank part of the Program since it financed the studies needed for the highway sections originally meant to be financed with loan 945/SF-HA.

This unforeseen financing freed up IDB funds allocated to sub rubric 1.3 in the cost table of 945/SF-HA that could then be used to pay for the designs for 300kms of rural roads need for the preparation of the loan 991/ SF-HA. **An amount of US\$797,933 was used for these designs.** For this, four contracts were signed in September 1996 with the following local firms: Compac, Bejv, Cecom and LGL.

- (2) The EU financed the rehabilitation studies for 173kms of interurban roads in the department of the South and “Grand d’Anse” (Cayes –Jérémie; Corail- Pestel; Miragoane –Petit trou de Nippes). Subsequently, it was also decided to finance the designs for the Cap-Haitien/Ouanaminthe Highway that is not part of the Program.
- (3) The World Bank financed the rehabilitation studies of the National #1 roads Port-au-Prince / Cap-Haitien (250 kms) and Gonaives / Port-de-Paix (51 kms), the study was at level APS.

(iii) Training

Training was not a specific subcomponent of the project but it appears as a subcategory in the cost table in the rubric of institutional strengthening. IDB funds financed the training in Belgium and Haiti of the personnel of the Ministry in the following fields: Traffic, road Maintenance, Topography, geotechnics, control of work and road Inspectors.

IDA financed procurement training by l'UNOPS for the Ministry's staff. Two experts of this organization should have participated in the partial management of the IDA funds. But after the recruitment of the firm (Cadic Gombert) to support the execution unit, it was decided that, the services of the experts of UNOPS were not necessary anymore and in any case all the main contracts were already adjudicated.

The French Cooperation unexpectedly also contributed to this activity by financing a training program for the engineers of the Ministry and also small and medium local private sector firms. The goal of the program was to increase staff performance. Fifteen small and medium contractors also benefited from training, which aimed at a better control of maintenance work and contract management.

Three cycles of training were organized with the French Cooperation. The treated topics were (i) the choice of projects and their timeliness; (ii) technical standards, the design and the realization of the projects; and (iii) monitoring and evaluation of projects. These seminars benefited 71 employees of the MTPTC.

Component No. 2: Road Rehabilitation

World Bank: There were several instances of procurement problems with World Bank funding and dissatisfaction with the Government's continued failure to advance the institutional reform. Once the reform agenda was revived the World Bank resumed its support in 1999. However, these problems coupled with failure to service debt led to the definitive cancellation of the World Bank participation in the Program in 2002. In addition, IDA financing was also used for a section of road not originally approved. A significant amount of the funds invested by the World Bank went to finance an unanticipated 9.2km by-pass from Highway No.1 to the Port of Port au Prince La Saline- Bon Repos road. This piece of road was not foreseen or analyzed when this specific project was approved. The idea seems to have been that trucks from the north of Haiti would go straight to the port instead of passing through the heart of the city. However, today it is little used due to: (i) lack of economic activity; (ii) the poor quality of Highway No.1 that was supposed to have been improved by the World Bank, rehabilitation works were started on part of this road (Saint-Marc – Gonaives 54kms) in November 2000 but was never completed; and (iii) security concerns since it goes directly through one of the largest slums in Port au Prince, Cite Soleil, that is experiencing significant unrestrained lawlessness.

The KfW abandoned the original goals of the Bridge Rehabilitation Component #3 to help the World Bank bump up its financing for the rehabilitation of the section of Highway #1 from Saint Marc to Gonaives (54kms) (IDA 90% and KfW 10%) and IDB for the bridges on National road # 2. The works for highway # 1 started in November 2000. However, Haiti fell into arrears with the World Bank and in January 2002, disbursements were suspended and the works could not be completed. The KfW had no choice but to also suspend disbursements on the road. Unfortunately, it did not revert to its original goals. Instead it chose to cancel the funds. The section of Highway #1 between Saint-Marc and Gonaives is one of the most degraded. This means that the non-accomplishment of these project activities has had a very negative impact on the achievement of project objectives. Furthermore the failure to complete this section severely reduced the impact of a separate road financed by the IDB connecting Pont-Sondé to Mirebalais. The IDB road is therefore effectively isolated from important coastal areas.

The World Bank financed the designs for maintenance of 935kms of roads. The World Bank also financed periodic maintenance for a section of Highway #1 Hasco-Bon Repos (13.2kms).

The IDB: The IDB part of the Program included the rehabilitation of National Highway No 2 from Carrefour (a heavily urbanized 2 km strip of road that created a bottleneck since it was the sole entry point to the capital city from the south of Haiti) to Les Cayes (the third most important urban pole in the country). The IDB was also supposed to finance a highway connecting National Highway #2 to the coastal tourist town of Jacmel. The project, at that point, included the bridges for Highway #2. The economic feasibility of the National Highway #2 was evaluated when the Project was approved but the connection to Jacmel was not.

Eventually, cost overruns caused the IDB and the Ministry to review the works contract and agreed to several contractual amendments canceling the first two kilometers of the National Highway # 2 (Carrefour at Mariani), removing the bridges and also eliminating the stretch of the National Highway #2 from Petit Goave all the way to Les Cayes, which should have been received a routine maintenance except for Virgile localized in PK 106. The works localized in Virgile were still executed by the contractor. The hunt for funds to complete the roads also led the Bank to eliminate the Labor Intensive Road Maintenance Works. The IDB finally rehabilitated about 100 kilometers of highway, including the Jacmel Road (43kms) and a part of Highway # 2 (47 kms). These rehabilitation works were completed in 1999, but the bridges were never rehabilitated since the IDB resources for the bridges ran out and the subsequent commitment by the KfW to pay for them was retracted when it abandoned the co-financing consortium. The bridges were situated in the first 47kms of the road (Mariani – Petit Goave).

Cost overruns also caused the IDB to transfer US\$6.1 million from a totally separate loan (838/SF-HA) to co-finance the construction contract for the Jacmel section of Highway being financed with the resources of loan 945/SF-HA and for the supervision contract. Not only was there no initial economic analysis of this section, but neither was there any technical or economic study to justify the additional works approved.

For highway #2, the contract was signed with the contractor for a total amount of US\$22,401,420.28. The degree of deterioration found at the time of initiating the works was so considerable, that the decision was made to rebuild the total highway surface in asphalt concrete in place of reinforcing concrete continue (BAC) with an thickness of 20cms on the first 22kms and at the same time to modify the specifications in the construction contract from 8 tons to handle 13 tons loads in response to a policy decision by the Ministry. Three technical missions from SETEC recommended by the Ministry were done between April and August 1997 (Mrs. Pathier, Guerin, Guilloux) in order to analyze all these changes and the report confirmed the decision of the Ministry for the change in the specifications for the section until Miragoane. After this an amendment was signed in October 9th 1998 for the priority works.

The cost impact of the various additional and complementary works have been estimated as follows. In many cases the exact cost impact is not available since they were not presented separately.

For RN2

| Contract Modification | Original Cost | Final Cost | Difference | Difference |
|--------------------------------|-----------------|----------------|------------|------------|
| Road Works | | | | |
| Eliminate Bridges | US\$ 1,347,466 | US\$ 737,664 | 609,602 | - 54 % |
| Roadway: Change BAC to Asphalt | US \$ 5,531,653 | US\$ 5,527,952 | 3,701 | 0.7% |

| | | | | |
|--|------------------|-----------------|-------------|--------|
| concrete and specifications 8tons @ 13tons (include elimination 2 first kms) | | | | |
| Eliminate Petit Goave – Les cayes (92kms) | US \$ 7,326,258* | | 7,326,258 | - 100% |
| Urgent Maintenance on the first 22kms | 0 | US \$ 1,095,000 | 1,095,000 | 100% |
| Embankments and Increase roadway width | US\$ 374,409 | US\$ 1,790,799 | - 1,416,390 | 354 % |
| Drainage Works | US\$ 814,674 | US\$ 2,040,235 | -1,225,561 | 152% |
| | | | | |

* This amount includes the cost for the works in the section "Virgile".

The original contract was signed for US\$22,401,420.28 and after the above-presented modifications was reduced to US \$ 20,501,420. The decision to abandon the rest of this major highway linking the capital city to the third largest urban center in Haiti was due to a change in priorities by the Government. It was considered more important to complete the road to Jacmel and rehabilitate the urban streets.

For the Jacmel Road

The original value of the contract was US\$4,959,078.32 and this rose to US\$11,708,354.62 after the two contract amendments.

Complementary works financing by 945/SF-HA

| Contract Modification | Original Cost | Final Cost | Difference |
|--------------------------------------|---------------|--------------|-----------------|
| Road Works | | | |
| Slope stabilization I (amendment #1) | 339.330 | 1.583.304.65 | US \$ 1.244.073 |
| TOTAL | | | |

Complementary and additional works financed by 838/SF-HA for amendment # 2

| Contract Modification | Final Cost US \$ |
|------------------------------|---------------------|
| Road Works: | |
| Adjustment post installation | 346.284.61 |
| Additional works | 2.629.383.47 |
| Complementary works | 2.190.303.57 |
| TOTAL | 5.165.971.65 |

There was no traffic study showing that the vehicles using the road to Jacmel were heavier than anticipated in the specifications that were bid. Nor was there any economic analysis of the proposal. It seems the decision was based on a policy decision by the Ministry to no longer build roads in Haiti for 8-ton loads. There are no quantitative traffic studies of the vehicles using the Jacmel road, however, based on visual observation it seems that the nature of the traffic does not justify the costly increase in specifications.

The IDB was also supposed to finance routine maintenance of the section of Highway # 2 (Carrefour Moussignac- Saint-Louis du Sud) (92km). The works contract was signed with a private firm on June 4th 2001, but the works never started because the IDB suspended disbursements for lack of adequate debt service.

Furthermore, the IDB was also supposed to finance routine maintenance of 9Kms of secondary roads in Poste Pierrot in the Artibonite Department with labor-intensive techniques. However, the work was never carried out due to the suspension of

disbursements for lack of adequate debt service. The Ministry of Works was not able to assume responsibility for the works due to lack of fiscal resources.

The IDB financed the supervision of rehabilitation works, however, cost overruns made it necessary to increase the supervision sub-component from US\$2.5 to US\$4.9 million.

It is bizarre that the Bank transferred US\$6.1 million from loan 838/SF-HA to finance the Jacmel road due to cost overruns that exceeded the funds available under loan 945/SF-HA. However, after the Jacmel road was completed there was still over US\$3.1 million of loan 945/SF-HA that was unused and summarily canceled. Ironically, the transfer from 838/SF-HA left that project (Ponte Sonde – Mirebalais Highway) without sufficient funds to complete the works. This odd situation reflects the fact that the Ministry preferred to retain the funds unused under 945/SF-HA since it had more global uses, even if it meant shortchanging the other project. This strategy failed since the funds were canceled in the end.

The European Union: In 1995 the EU financing (US \$ 20,000,000) was eligible at the beginning of the program. The EU financing was doubled in 1996 since the amount of his financing was not sufficient. After an international bidding, the works contract for RN3 with the enterprise was signed in April 5th 1997. However, disbursements actually reached 25% of this. The Contractor was only able to complete 9km of road works during 18 months before he tried to abscond the Dominican Republic taking his equipment with him, but was stopped by GOH at the border. His contract was canceled. The guarantee was an insurance guaranty and GOH had difficulties to recover it. After a new unsuccessful call for bids for this road, an Italian firm was contracted to re-do the studies, but they have yet to be completed. In 2002 the EU transferred the funds to finance a separate project Cap-Haitien – Ouanaminthe not part of the priority of the Program at the beginning of the project, but was making part of the list of the road considered in the loan proposal (see page 31). They gave up on the governance and policy reform but are willing to finance road works anyway.

The KfW: Although this was a source of co-financing without which the IDB portion could not be completed the financing agreement was not signed until March 1998 a full three years after the Bank loan was approved and two years after the first disbursement of the Bank financing. The original goals were not met. All the money was to be used for bridges; however, it was diverted to help complete the World Bank and IDB road works. Only about 13% of the KfW financing was eventually disbursed; most of this went to help close the financing gap for the IDB financed stretch of National road # 2. The rest was cancelled when the World Bank suspended its financing. The KfW was not willing to finance works in a hostile policy environment.

(b) Rehabilitation and periodic and routine maintenance of urban roads:

The IDB used almost all the funds allocated to this subcomponent for rehabilitation of urban roads; however, it was not possible to do any work on three streets (shown in the table below) due to cost overruns. It is unknown whether the World Bank rehabilitated the roads originally selected; however, it did complete periodic maintenance work on 6km of urban roads.

| Donor | Approved Streets | Outcome |
|-------|--|--|
| IDB | du Peuple, Poupelard, Tiremasse, Saint-Martin, Saint-Gerard, Christophe, Bolosse 2 nd and 4 th | All roads, except Saint-Martin, Saint-Gerard and Bolosse 4 th , were completed. |

| Donor | Approved Streets | Outcome |
|-------|---|---|
| IDA | Lamartinière, Charles Sumner, Quai, Cesar, Reunion, Delmas 48-60 and Martin L. King | IDA did not realize rehabilitation works. IDA financed maintenance of 6 kilometers of urban roads in the Metropolitan Area of Port-au-Prince and the studies of rehabilitation for 35kms of streets in this same area. |
| GOH | Since IDA did not realize rehabilitation works, parts of those works were realized by GOH | GOH assumed responsibility for part of IDA's roads. US\$ 4.0 million for 5kms of urban roads: Lamartinière, Charles Sumner, Bois Patate, urban roads at Cap-Haitien and more rehabilitation at Fonds des Nègres for 0.4kms. |

When the program was prepared the urban streets to be rehabilitated were grouped in order to have various "lots" under US\$1 Million with the expectation that they would be executed by local contractors. Nevertheless the offers were all for amounts that exceeded the contractually required threshold for international competitive bidding. Even so, contracts were signed for more than the US\$1.0 million threshold.

In addition, due to the high degree of deterioration of other urban streets in Port-au Prince, the Ministry decided to add more streets to this component. Instead of issuing another call for bids it was decided to take advantage of the capacity of the same Contractor TECINA to execute the additional rehabilitation works even though they were worth more than the mandatory threshold for international public bidding. Accordingly, the street of Tiremasse was added to the rehabilitation program in Port-au-Prince.

Component 3. – Bridge Rehabilitation

The Government asked the KfW to modify the original bridge program approved for this specific project to include 5 bridges along the part of Highway #2 under rehabilitation with IDB funds. The river crossings were:

- Rouyonne River (new bridge on the by-pass road at Leogane)
- Petit Frère River (rehabilitation of existing bridge)
- Mariani River (rehabilitate existing bridge)
- Grand Fond River (rehabilitate existing bridge)
- Gressier River (rehabilitate existing bridge)

These works also considered: (i) the backfilling and the concreting of the approaches of the bridges; and (ii) the works to reinforce the banks of the rivers (hang gabions) on the approach to the bridges. Nevertheless, the bridges were never rehabilitated.

Component 4.- Labor-intensive works (HIMO)

The IDB funds slated to support labor-intensive works were all transferred to pay for rehabilitation works and supervision cost overruns on the Highway Rehabilitation Component. Since IDA funds allocated to labor-intensive works were increased, it can be said that this decision did not affect the achievement of overall project objectives.

IDA was the only donor that financed high intensity labor works. It financed 63kms of highway and 5kms of urban roads. Using this modality, IDA also financed paving of 7300m² of the Croix des Bossales market. Both small private companies and community associations participated in this subproject.

Component 5. - Acquisition of equipment:

IDB financed the acquisition of equipment for the National Laboratory and IDA financed the purchase of vehicles for the project and computer materials for the executing unit. IDA financed small tools for communities to execute the HIMO program and the goals were met for this component. The following table shows the achievement in percentage terms of project objectives for components 2, 3 and 4.

| Description | Original (Km) | Actual (Km) | Actual (Km) | Actual (Km) | Actual (Km) | Actual% |
|---|---------------|-------------|--|-------------|-------------|---------|
| Donor | | IDB | IDA | UE | GOH | |
| Urban Rehabilitation | 35 | 4.6 | 3 | - | 5 | 36% |
| Highway Rehabilitation | 400 | 100 | 6 ** | - * | 0.4 | 26.6% |
| Highway periodic maintenance | 200 | - | - | - | | 0% |
| Urban maintenance | - | - | 6 | - | - | - |
| Labor Intensive Highway and routine maintenance | 2700 | *** | 73.6 | - | - | 2.7% |
| Routine maintenance of urban roads | 200 | 2.2 | - | - | - | 1.1% |
| Urban Labor Intensive Works | - | **** | 5kms of street 7300m ² market area | - | - | - |
| Highway Re-habilitation studies | 685 | 300 (1) | 250 | 98 | | 94% |
| Urban Re-habilitation studies including electrical & potable water networks | 35 | | 35 | | | 100% |

* See component 2 page 10

** See component 2 page 9

*** See component 2 page 10

**** See component 4 page 11

(2) see page 8 roads studies

Environmental Aspects:

All studies realized by the program and by other donors from 1996 to 2002 contributed to improving the consideration of environmental impacts of works. An Environmental Unit was created within the Ministry. A procedural manual was prepared to account for the environmental aspects of works.

B.- Are there any differences between the current assessment of components or objectives, and the latest formal statement of components and objectives agreed upon with the borrower? If so:

1. Describe and explain differences between planned and attained results with respect to the components of the project.

The project was supposed to support and be executed in the context of profound policy and governance reform. As is the case for all time slice operations there had to be substantial agreement between donors and the Ministry on these aspects. However the time slice modality was approved before the policy and governance reform was in place. The upshot was that the reforms never took place and the project evolved into a simple effort to complete roads work in a hostile policy environment that effectively undermined its sustainability.

2. Describe and explain differences between planned and currently expected results with respect to the objectives of the project.

The road maintenance and rehabilitation program never brought about the intended policy changes. It did not foster institution building over the medium term, nor did it arrest the deterioration of the existing network. The program lost any priority it might once have had for the reconstruction of the Haitian economy. It was expected to have been under execution by the time the EERP (Emergency Economic Recovery Program) infrastructure component was completed, however, delays caused this goal to be missed.

The PURE II program was supposed to be completed during the 24-month emergency period ending in 1996 before this project got underway. However, PURE II did not start execution until after the emergency period expired. In addition, PURE II was still being executed in 2002 when loan 945/SF was cancelled. The loan proposal for 945/SF-HA expected PURE II to be completed by time this project get underway, however, this was not this case.

The Program did not generate substantial benefits in terms of sustainable reductions in transport costs for any of the roads analyzed at the time of approval neither were there any lasting savings of foreign exchange. This was due to the fact that many of the approved works were even realized and necessary steps to maintain the investments were never put in place. In addition, increased employment through the development of labor-intensive techniques was short-lived and disappeared as soon as the World Bank financing ended. The anticipated positive impact to benefit the poor through the reestablishment of regular access to markets and social services was frustrated by general economic stagnation and declining provision of social services as aid flows dropped off dramatically. Assistance amounted to about US\$620 million in 1995 and dropped steadily to a mere US\$120.0 million in 2002. The IDB was the only donor to complete at least part of the sections of road originally selected. The institutional restructuring of the Ministry, improvements in traffic control and new mechanisms for road maintenance funding never materialized so there is little basis for expecting that the investments financed under the program will be sustainable.

C. Did the project achieve anything of importance that was unexpected? If so, explain.

No

D. What is the likelihood of achieving the project's agreed objectives and for them to be sustainable? Explain, considering: (i) the degree of completion of the project's components and their use; and (ii) whether the assumptions necessary to achieve the project's objectives are still valid and likely to continue being valid. (Examples of factors that could have an impact on sustainability include: borrower commitment; policy environment; institutional capacity; technical,

financial and economic viability; social impact; and incentives for stakeholders to sustain the project).

Viability of the assumptions

- (a) The local private sector will be motivated to participate in project execution and will have the excess capacity to do so.

Local firms were both motivated and capable of taking on the additional work. This includes both road works and supervision services. This is not sustainable, however, since the Ministry does not have the funds to continue to provide the work. In addition, the Presidency developed a significant capacity to conduct force account works.

- (b) The Government will establish a maintenance policy that is backed up by a new system for ensuring sufficient financing is available to carry it out. This was to take the form of a new Maintenance Fund to be approved by Parliament.

The law was drafted and presented to Parliament but has never been ratified. There is no anticipated date for creating the fund and even less of an idea of when the fund would be established and operational.

- (c) Effective controls will be put in place to control the axle load of heavy vehicles above the weight for which the roads were designed and thereby protect them from damage.

The loan proposal noted that the lack of axel load data on the roads does not permit a good review of road construction standards. To remedy this situation the following actions were realized. Two mobile scales were installed in the Metropolitan Region, one at Boutilliers and the other at Braches (at the level of the National road # 2). The control was carried out from June 1997 to December 1999 for Boutilliers station; the penalties applied from November 1998 to December 1999 for this station and from March 1999 to December 1999 for Braches station. However, the initiative failed since the fines were too low to finance the cost of mounting the control. There is no idea of when or if the Ministry will ever reestablish the stations. The Bank's investment depended on governance factors that were treated as assumptions instead of being contractual conditions.

- (d) Debt servicing will be effected in a timely manner

The Government was unable to service its debt on a regular basis, which ended up interrupting execution and finally caused the total paralysis of the program.

- (e) Co-financing will be provided as intended

Instead of treating the contribution of all co-financing donors as the contractual condition that it was, it was treated as an assumption. The donors did not respect their commitments. Given the significantly divergent strategies and agendas of donors in Haiti it is probably not realistic to make this sort of assumption.

E. -In your judgement, are any of the project's objectives unlikely to ever be achieved and if so, why?

None of the Project's development objectives are likely to be achieved on a sustainable basis.

F.- If the ex-ante analysis of the project included a calculation of the project's rate of return or cost-efficiency analysis, what was the rate of return or what were the cost-efficiency estimates? What is the comparable rate of return, or re-estimated cost-efficiency analysis, after project execution? (Note, recalculation of the project's economic justification should be undertaken in all cases where reliable information is available and where this can be done within the required time frame.)⁸.

The loan proposal presents a variety of selection criteria for Highway sections and urban roads. During the preparation of the program the procedure used to evaluate and to select highways and roads was based essentially on the projection of traffic and changes in vehicle operating costs. These parameters were used in the highway design and maintenance standard model (HDM III) for the interurban component. For the urban component priority was assigned to roads with the greatest traffic volume combined with the greatest need for rehabilitation and periodic maintenance.

No traffic data is available at this time neither is there an up to date survey of the state of repair of roads. Accordingly, it is not possible to recalculate the economic feasibility of the Program. Nevertheless, it is possible to hazard a guess as to the probable feasibility based on the extent to which the assumptions underpinning the economic analysis proved to be accurate. The key assumptions were as follows:

- (a) Subsequent maintenance, rehabilitation, reconstruction or improvement should be done in a timely fashion to ensure the useful life of the investments. This is not the case.
- (b) The project investments will be implemented according to the agreed schedule. All investments were delayed and many were never completed.

The economic analysis was used to identify the urban and highway projects for the first year. The intention was that any new works incorporated into the project after that should have been subjected to the same sort of analysis. This did not happen.

For the sections financed by the IDB an economic feasibility analysis was conducted only for National road # 2, but not for Carrefour Dufort/ Jacmel (43kms). Finally, the section of highway that was eventually completed (Jacmel road), generated significant cost overruns (120%) compared with the original contract amount. Unfortunately, no economic analysis was conducted for any of the contract variations that led to these massive increases in costs.

It is clear that increasing costs by such a dramatic amount made the various highway sections and roads no longer economically viable. It is also important to note the importance of vehicle weight controls and the disastrous impact on the road when it was decided to abandon them.

Given the significant reduction in investments; the fact that their individual feasibility relied on all other components being implemented; cost overruns; delays in execution

⁸ If staff of the country office do not have the expertise to undertake this analysis, short-term consultants may be hired (in which case provision should be made in the relevant country office business plan).

and the absence of any measures to ensure maintenance it is highly improbable that the IDB part of the project was economically feasible. The sweeping non-compliance with the reform program had a disastrous impact on the feasibility of the Program.

III. Changes in the Original Objectives, Components and Assumptions

- A. Did any significant changes occur in the project's objectives, components or assumptions during execution (after project approval)? If so, describe these changes and provide your assessment as to why the changes were required.

The objectives remained the same although the components changed significantly as all donors either cancelled their financing, modified specifications, allowed the reform components to be abandoned or saw their scope and effectiveness steadily reduced by unanticipated cost overruns. By the time the Program was finally closed in 2002 there was no longer any relationship between the objectives and the surviving components at that point.

- B. In the case of sector or hybrid operations, describe compliance with policy conditionality, answering the following questions for each tranche:

1. Were all components (policy measures) carried out in the required time frame?

N/A

2. Were all components (policy measures) carried out as originally designed in the loan contract?

N/A

3. If significant changes did occur in the content or timing of components, (policy measures), explain what modifications were made and attach a revised policy matrix highlighting those modifications.

N/A

- C. Based on PPMR's presented to headquarters in connection with the Annual Report on Portfolio Management, provide the end-of-year performance classifications for each year the project was in execution.⁹

| END OF YEAR PPMR PERFORMANCE CLASSIFICATION | YEARS IN EXECUTION | | | | | | |
|--|--------------------|------|------|------|------|------|------|
| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
| Development Objectives (DO) [HP, P, LP, I] | | P | P | P | P | P | P |
| Implementation Progress (IP) [VS, S, U, VU] | | S | U | U | S | S | S |
| Probability of Assumptions holding true [H, L] | | H | L | L | H | H | H |

⁹ For projects approved prior to the introduction of the PPMR system, complete the information beginning with the year in which the first end-of-year PPMR was presented, leaving previous years blank.

IV. LESSONS LEARNED FROM THE PROJECT

A. Project Design

1. Were the original objectives of the project (at loan approval) realistically formulated? If not, why not?

The objectives of the project far exceeded what could realistically be expected. The fundamental error was to think that the political crisis had ended and that the time was ripe to rebuild and consolidate the incipient democratic process. The crisis was not over and soon got even worse. In that environment a project based on governance reform was entirely out of place. Donors soon became fatigued and dropped out, leaving the IDB battling along to complete a fraction of the original physical goals in a hostile policy environment that eventually scuttled the Program.

2. Were the original (at project approval) components of the project appropriate (i.e., necessary and sufficient) for achieving the project's stated objectives?

The decision to approve the project without any allowance for contingencies or cost escalation proved to be a fatal error. This resulted in the decision to totally abandon several project activities and even go so far as to use an entirely separate loan to fill the financing gap on a construction contract.

The intention to eliminate the force account of the public sector for road works was rendered pointless by the fact that Program design did not anticipate the Government's decision to simply shift that capacity from the Ministry of Works to the Presidential Palace with the support of the Japanese Government.

The decision to approve this specific project without final designs was disastrous.

The failure to ever assess the economic feasibility of the road to Jacmel was an error. This blatantly contradicted the stated procedure of using the approved selection criteria to ensure feasibility.

The Loan Contract included the condition that all donors meet with the Ministry twice a year first to evaluate activities during the preceding period and assess second the plan for the next period. The Loan Proposal went so far as to state that any objection by the Bank to the evaluation or the plan must be rectified to the Bank's satisfaction within 60 days of the meeting or corrective measures would be taken specifically including suspension of disbursements. However, the project design did not call for the bi-annual meetings to take account of changes in the macro-policy context or evolving donor commitment.

The loan contract permitted the IDB financing to be disbursed without all the other co-financing being formalizing.

In order to ensure that the results of the five specific studies would be implemented the Loan Contract required that a plan of action to implement them be presented during the first bi-annual meeting following completion of each study. Since no date was established for completion of each study, this clause

had no teeth. It ended up being possible to keep on executing road works regardless of the total breakdown of the vital governance reform.

It is unfortunate that the conditions in the Bank loan contract did not mirror identical conditions in the contracts of the co-financing agencies. This was a co-financing operation in name only.

3. Were project assumptions correctly identified and realistically assessed? Were they adequately covered by conditionality in the loan contract to mitigate risks, or by steps to address risks within the design of the project? Were any assumptions omitted that should have been explicitly considered?

The assumptions proved to be unrealistic. The commitment to governance reform was not sufficient, the political crisis spread, economic growth stagnated and the works were never completed.

The co-financing consortium was essential to the achievement of the development objectives of bringing about a fundamental reform in the way road maintenance and rehabilitation was done in Haiti and restoring the network to working order. However, the project design was not adequate since it did not build in pre-determined responses to the disappearance of donors from the consortium. The co-financing was treated like an assumption and not a contractual condition.

4. Was the planned sequencing of the components adequate?

It was not a good idea to approve this specific project without final designs.

The PURE II program was supposed to be completed during the 24-month emergency period ending in 1996 before the project got underway. However, PURE II did not start execution until after the emergency period expired. In addition, PURE II was still being executed in 2002 when the loan 945/SF-HA was cancelled. The loan proposal for 945/SF-HA expected PURE II to be completed by time this project got underway, however, this was not this case.

It should not have been possible to continue financing roads works when the reform process failed.

It should not have been possible to start disbursing the Bank loan unless the co-financing was also activated. Neither should it have been possible to keep on disbursing the Bank loan when the co-financing consortium fell apart.

5. Was the institutional capacity of the executing agency and other institutions or agencies involved in the program adequately assessed in the project's design? If not, explain.

There was sufficient additional support through consultants to make up for personnel and systems shortcomings at the Ministry to ensure the project could be executed. However, there was not sufficient permanent capacity to continue to implement the maintenance and rehabilitation plan without donor support. In addition, the design overlooked the possibility that the Government would give the

impression of complying with reforms like the elimination of its force account capacity, while just recreating it within the President's Office (CNE).

6. What aspects of the project's design most contributed to the project's successes and/or failures?

The Cause of Success:

The experience of the firms and individual consultants that brought their know-how to the different aspects of the program and firms that contributed to the specific studies

The Causes of Failure:

- a) The design included bi-annual meetings including all donors and the executing agency. Any evidence of non-compliance with the work plan was to result in either the suspension of disbursements or the modification of the project. However, the design failed to include the means to do either. On the one hand, each donor had its own criteria for determining whether financing would continue. This meant that blatant disregard for project goals and procedures had no impact on disbursements. On the other hand, this was a specific project and therefore structured around construction contracts with private firms that were not susceptible to temporary cancellation. In other words, the review mechanism had no teeth. The World Bank suspended its financing due in large part to the Government's blatant disregard for the institutional reform; however, this did not deter other consortium members from continuing to disburse. This turned out to be a co-financing operation in name only.
- b) The project was approved before the construction contracts were ready to be bid. The lag between the preparation of final designs and starting road works was too long and generated significant cost overruns. For example designs were completed in 1995 for National Highway # 2, but the construction contract was not signed until 1997. By that time, the road conditions had degraded significantly and the designs were no longer valid.
- c) The failure to include indicators that could detect non-achievement of institutional reform permitted the creation of a new force account capacity in the Office of the President of the Republic that totally undermined the project.
- d) The failure to insist on the creation of a new mechanism to finance road maintenance led directly to the failure of the Program.

B. Project Execution

1. What aspects of project execution most contributed to the project's successes and/or failures?

Contributions to Success:

The aspects that contributed to the success of the Program are:

- (a) The works executed by the Program were realized following technically established norms.
- (b) The good relations between the Bank and the Executing Agency.

Contributions to Failure:

- a) Delays in resolving expropriation problems and moving utilities (water, electricity) obstructing road works caused significant cost overruns and delays.
- b) The difficulties of obtaining acceptable guarantees by Contractors increased costs, delayed the project and in some cases provided no protection against non-compliance by contractors.
- c) The institutional reform should have been in place as a condition to investing in new infrastructure. The failure to do this ended up causing the infrastructure to be built without the reform needed to ensure its sustainability. The Loan Contract did require the Executing Agency to present a work plan to implement the institutional reform at the Ministry at the first review meeting. However, this was not respected.
- d) The Loan Contract included the condition that all donors meet with the Ministry twice a year first to evaluate activities during the preceding period and second to assess the plan for the next period. The Loan Proposal went so far as to state that any objection by the Bank to the evaluation or the plan must be rectified to the Bank's satisfaction within 60 days of the meeting or corrective measures would be taken specifically including suspension of disbursements. However, the project design did not call for the bi-annual meetings to take account of changes in the macro-policy context or evolving donor commitment. In the end, blatant non-compliance with the reform agenda, non application of specific contractual conditions and the suspending of financing of other donors just spurred the Bank on to greater efforts to find more and more money to complete at least part of the physical goals.
- e) The Government consistently dragged its feet in providing exemptions from customs duties. This significantly increased costs and delayed the project.
- f) Local counterpart funds were not provided in the amounts and at the moments needed for proper execution.
- g) The population living along the right of way demanded work and interrupted execution if not taken into account. This was not anticipated and led to significant delays as the Contractors were forced to take them on. This turned into delays as the new workers only stayed with the company until the next population group was reached and each had to be trained.
- h) In order to ensure that the results of the five specific studies would be implemented the Loan Contract required that a plan of action to implement them be presented during the first bi-annual meeting following completion of each study. Since no date was established for completion of each study, this clause had no teeth. In the end, the clause was not complied with. Failure to implement the plans frustrated part of the goals of the project.

- i) The Loan Contract included conditions relating to the ongoing maintenance of the infrastructure improved by the project. The conditions were never complied with, however, no mention of this was ever made in any progress report. Failure to take measures to maintain the infrastructure shortened the useful life of the project.
- j) The Loan Proposal limits force account to just 20% of the annual work program of the Ministry that was being totally financed by the project for 4 years. The bi-annual meetings did not consider compliance with this. In addition, no account was taken of the fact that the Government established a parallel force account capacity in the Office of the Presidency. The progress reports and the bi-annual meetings made no mention of this either. There is no basis for assuming this condition was complied with.

2. If significant problems arose during project execution, what were these problems and what measures were taken to solve them? Did these measures have the desired impact?

| Problems | Measures | Impact |
|--|--|---|
| Failure to service debt | Consultation with Ministry of Finance and Central Bank | Eventual removal of arrears until the problem in 2001 |
| Cost overruns for Jacmel Road and RN2 | <ul style="list-style-type: none"> • Cancellation of first 2 kms, cancellation of bridges and cancellation of maintenance in the works contract of RN2. • Cancellation of labor-intensive component • Reduction of equipment subcomponent • Use funds from 838/SF-HA | <p>Jacmel Road was completed</p> <p>Woks completed on only 47kms of RN2</p> |
| Non-compliance with maintenance clause | Reminders | One report was presented but never complied with |
| Inadequate local counterpart contribution | Recognition of road works performed using force account | Problem solved |
| Non-compliance with presentation of plan to implement reform studies | Presented in 1999 | None |
| Weighing stations abandoned | Threats to suspend disbursements | None |
| Reform studies not implemented | Reminders | None |
| Force account capacity not eliminated but reinforced | Complaints in meetings | None |

3. Were the Quantity, and timeliness of components delivered under the project satisfactory in comparison with original expectations?

No.

- The studies were incomplete and late.
- The designs were late and out-of-date.
- The works were incomplete and late.
- The institutional reform was frustrated.

4. If any components have not been completed, what further actions, if any, should be taken to complete them?

None of the components have been completed. Any initiative to reform the sector and improve Haiti's urban roads and National Highways should be predicated upon an explicit commitment by the Government to the necessary institutional changes. This includes:

- Prior passage of the law to establish the Maintenance Fund
- Sincerely removing the public's sector capacity in force account works (CNE).
- Creation of new procedures for: clearing the right-of-way, relocating water lines and electric power poles, importing materials and equipment without duty.
- Decentralization to regional offices of the Ministry
- Active involvement of communities in planning and execution

C. Borrower/Executor¹⁰ Performance

1. **How well did the Borrower/Executor perform throughout the execution phase of the project? (For example, were financial arrangements and procurement carried out effectively? Did the executing agency coordinate effectively with other institutions? Did it have efficient information systems for project execution and monitoring? Did it use this information to improve project management? Did it have an effective analytical and decision-making capacity? Did it identify problems in a timely manner and expeditiously take action to solve them?)**

The Ministry of the Public Works through the execution unit set up specifically for the project showed credible capacity to manage the infrastructure components of the project. It was, however, totally unable to implement any meaningful part of the reform agenda. There were some aspects of reform that were the purview of the Borrower and included:

- Financing maintenance,
- Sincerely removing the public sector's capacity to perform force account works,
- Ratifying the Maintenance Fund
- Not delaying the importation of Contractors' materials and equipment,
- Provision of local counterpart funds and
- Payment of debt service.

(a) Were financial arrangements and procurement carried out effectively?

(i) Financial Arrangements

| | |
|------------------------------|---|
| Audited Financial Statements | <ul style="list-style-type: none"> • They were presented regularly but with a perennial delay • The opinion of the auditors was generally favorable |
| Local Counterpart | Not provided in the amounts nor at the intervals intended |

¹⁰ Incases where a specialized agency (UNICEF, UNDP, etc.) was utilized, comment on that agency's performance as well as performance by Borrower/beneficiary agencies.

| | |
|--------------------------|--|
| Advance of Funds | <ul style="list-style-type: none"> • 10% • Justifications were generally timely and accurate • A balance of \$14,802.86 still remains unjustified since August 2002 when the Government cancelled the loan. |
| Debt Service | Failure to service debt led to suspension of disbursements and declaration of loans in non-accrual status |
| Payment Authorization | <ul style="list-style-type: none"> • Past projects had suffered from late payments to contractors due to the need for signature by the Ministry of Works and countersignature by the Ministry of Finance • The Minister of Works was authorized as the sole signatory needed |
| Using separate Bank loan | <ul style="list-style-type: none"> • US\$ 6.1 million of loan 838/SF-HA were used to co-finance the construction contract and supervision for Jacmel road even though they were not eligible under that loan. |

(ii) Procurement

| | |
|-----------------------|--|
| Force Account | <ul style="list-style-type: none"> • This was limited to 20% of the total program • The annual maintenance plan was reported only once in the progress reports of the bi-annual meetings, but the maintenance work realized by force account had no link to the annual maintenance plan (due in part to urgent and unanticipated needs such as flood repair work) • The Government set up a parallel force account capacity in the Office of the President |
| Additional Road works | <ul style="list-style-type: none"> • The specifications of the highway contracts were modified to improve the paving quality and thereby resist higher vehicles weight. • As additional works these should have been subjected to the rigorous selection criteria agreed on for the Program but this was not done. In addition, such works should have been open to public bid or a specific waiver of the procurement procedure should have been requested but this did not happen. |
| Final Designs | The lag between the preparation of final designs and starting road works was too long. The upshot was that the bids were not reflective of the work to be done and this generated significant cost overruns. |
| Urban Roads | Contracts for the urban roads were signed for amounts far exceeding the threshold for international competitive bidding, however this was not respected. In addition, additional works were added that in and of themselves also exceeded the mandatory threshold for international competitive bidding but none was conducted. |

(iii) Contractual Conditions

| | |
|--|--|
| Bi-annual Meetings | The Loan Contract required two joint meetings each year between the Government and all the donors: the first to review past experience and the second to assess the work plan for the next period. This meeting was done regularly twice a year, except for 2001 when only one meeting was held in March 2001. |
| Financial Statements for Labor-Intensive Works | The Loan Contract included the requirement that the firm that would manage the labor-intensive works subcomponent be selected prior to first disbursement. This firm was effectively contracted; however the component was never executed by the IDB. |
| Maintenance Clause | Only one ever presented |

(b) Did the executing agency coordinate effectively with other institutions?

Yes, the bi-annual meetings were effective as a forum for the Ministry to meet with the various donors. However, these meetings did not result in effective coordination since the reform agenda was ignored and participants in the meetings still pursued individual strategies that were discordant with those of other participants. In addition, problems existed between the Executing Agency and various other public entities.

- There were significant problems getting the Ministry of Finance to service the debt
- The electricity company dragged its feet in relocating poles even though it reports to the Ministry of Works
- The water company dragged its feet in relocating water pipes even though it reports to the Ministry of Works
- The Customs Unit delayed the project by holding up the importation of materials and equipment by Contractors

The Loan Proposal calls for the transition from a strategy of supporting the force account capacity of the public sector to one of outsourcing. To this effect, the project eschewed rebuilding that capacity in the Ministry. In addition, force account should not have been used for more than 20% of the project. Since no effort was made to monitor this aspect of the project, the extent of success with the transition is unknown. What is sure is that the Government showed disdain for this part of the reform aspects of the project by openly creating a significant force account capacity in the Office of the President. In this way it may have complied with the letter of the reform by winding down the force account capacity in the Ministry, but blatantly violated it by recreating it in the Presidency.

(c) Did it have efficient information systems for project execution and monitoring?

The specialized firm contracted to support the executing unit provided software for the management of the project. Worksheets can now be obtained with all technical information for each works contract in execution. Financial information can be much more easily obtained by using the software ACPACC 2000 used for the financial management of the project. Nevertheless, lack of timely data entry at times frustrated the effectiveness of these reporting and monitoring tools.

(d) Did it use this information to improve project management?

Yes

(e) Did it have an effective analytical and decision-making capacity?

Yes. Each time that the knowledge of the personnel of the execution unit was lacking, the presence of international and local experts picked up the slack.

(g) Did it identify problems in a timely manner and expeditiously take action to solve them?

Yes and No

For example when it detected delays in completing the expropriation of property to ensure the right-of-way, a separate temporary entity was created by the Government to analyze each case and with the power to authorize the release of funds to indemnify the owners. This did not entirely solve the problem but it did speed things up a bit.

On the other hand, it missed the fact that the Presidency had installed a parallel force account capacity.

It also dragged its feet on the institutional reform of the Ministry. It largely ignored the maintenance clauses.

2. How well did the Borrower/Executor utilize staff and consultants in this project? Were the consultants' inputs and recommendations appropriate and effective, and were they used by the Borrower/Executor?

The utilization of the staff and consultants under contract was done in an adequate manner. The support brought by the financial consultant allowed setting up of a reliable system for the verification and the control of the expenditures. It also allowed the training of the new financial personnel. The technical consultant also brought strong support to the local staff for technical decision-making.

3. Did the Borrower/Executor's relationship with the other institutions or agencies involved in the project have any significant impact on the outcome of the project? What was the impact?

Yes, the relationship with other Government agencies was often bumpy and resulted in execution delays.

4. Did the Borrower/Executor significantly improve its institutional capacity during project execution? If yes, explain. If not, why not?

Yes and no.

After the recruitment of the technical firm "Cadic Gombert" to help the execution unit to manage the Project, and especially, some years later by the recruitment of individual financial and technical consultants (who had worked for "Cadic Gombert"). The contract with the firm was not renewed due to lack of performance of the firm. However, these individual consultants were retained and brought their knowledge and experience to the Executing Unit to help analyze situations, plan and solve problems. These consultants also trained the personnel working directly with them and the execution unit's capacity substantially improved. The various training initiatives financed by the IDB, IDA and the French Cooperation also contributed to the performance of the personnel of the execution unit and other staff of the MTPTC.

Nevertheless, the institutional reform of the Ministry was never carried out so the benefits expected from it have yet to be felt. This includes the goal of decentralizing its operations.

5. Did the Borrower/Executor follow up on critical assumptions and take steps to make necessary adjustments?

By and large, the Executing Unit had little power to manage the contextual problems haunting the project.

- The political crisis was growing not shrinking,
- No commitment to governance reform
- Economic activity was dropping off instead of rising,
- Donor support was dwindling, not remaining at high levels
- The Presidential Palace did not support the elimination of force account capacity in the public sector
- The legislature was not ready to ratify the new maintenance law
- Debt service was not regular

The most salient adjustments to the project resulting from initiatives by the Executing Agency were related to increasing the specifications of the road surface to accommodate heavier traffic

The Borrower was capable of making the necessary adjustments to take account of many of the points that exceeded the purview of the Executing Unit. However, it has not been successful in doing so.

D. Project Performance Monitoring by the Borrower/Executor

1. Was the way through which project performance would be monitored¹¹ (and the resource requirements involved) clearly established and agreed upon with the borrower/executing agency? If so, at what stage?

The administration and the supervision of the project were assigned to the execution unit, which was made up of two sections: an urban section and an interurban section. Each was tasked with preparing the bi-annual reports reviewed at the meetings with donors.

The Bank monitored project performance in terms of achievement of physical goals. The reform elements were not given sufficient credence such that they were not advanced, but the intended mechanism for requiring compliance was not invoked.

2. How was project performance actually monitored in practice? Were any difficulties encountered? If so, explain.

The formal modalities for follow up of project execution were respected through the bi-annual meetings. In addition, the Bank conducted field visits.

3. Were the indicators and benchmarks selected to measure the achievement of the project's objectives adequate and useful? If not, explain.

¹¹ For example, was there a clear definition of who would be responsible for gathering the information on the indicators and benchmarks; who would be responsible for analyzing this information; whether annual or midterm reviews would be undertaken; who would be responsible for undertaking this review; was a mechanism specified to ensure that the results of the reviews would be used to adjust the project?

No they were not useful. In the loan proposal, all of the indicators intended to measure the success of the program were:

- (i) Increases the efficiency of human and material resource use within the MTPTC
- (ii) Participation under contract by the private sector and communities in rehabilitation and maintenance activities
- (iii) Modernization of the MTPTC by (a) contracting financial management (b) planning and prioritization of works (c) reduction of the periods for revision of documents.
- (iv) Decentralization, to the departments, of local and urban road maintenance activities.

In the PPMR other indicators were added and related to the quantity of kilometers rehabilitated and maintained.

The indicators did not adequately monitor the following aspects:

- Force account capacity building in other parts of the Public Sector
- Lack of compliance with maintenance clauses
- The impact on project feasibility as donors pulled out and the physical goals shrunk
- The failure to effect the institutional reform
- The fact that the Borrower could not allocate resources to the Ministry to carry on the intended rehabilitation and maintenance program without external support
- The fact that the other loan operations supposed to be activated to continue both the reform elements and road improvements did not start
- The inclusion of highway sections and roads without applying the agreed selection criteria
- The impact of the political and economic crisis on program feasibility
- The fact that funds from a separate project (financed with loan 838/SF-HA and executed by the same Ministry) were used to co-finance the works contract for the Jacmel road

E. Bank Supervision

1. **How well did the Bank perform throughout the execution phase of the project? (For example, did the Bank correctly anticipate potential problems at the objective, component, and assumption levels? Did it take corrective action to solve problems in a timely manner? Was the Bank an able and efficient supervisor/advisor?)**

- The Bank attended all bi-annual review meetings and played an active role. In addition, it had a continuous relationship with the Executing Unit during execution. Several technical and financial inspection visits were conducted.
- Administration missions visited Haiti during execution: on October 1996, April 1997, May and October 1998, January and May 1999 and April 2000. These missions participated in the meetings for the follow up and programming of the operation giving their recommendations.
- An audit mission visited Haiti in May 1999 to determine whether the procurement problems noted in the IDA financed sections also affected the IDB

sections. Apparently, no evidence of such irregularities with IDB sections was found.

2. Did the Bank/Executor relationship, and the Bank's relationship with other institutions and agencies that were involved in the project, have any significant impact (positive or negative) on the outcome of the project. If so, what was the impact?

The Bank maintained close relations with the Executing Agency throughout execution. This was probably the key to the fact that any of the road works were ever completed.

The bi-annual meetings with IDA, UE and KfW provided a useful forum for exchanging information and permitted the solution of certain obstacles. This was particularly true for some of the designs and finding money for cost overruns.

Unfortunately, the meetings were of not able to ensure compliance with force account limits, presentation of maintenance reports, sustaining the reform program, avoiding donors suspending financing of the project, reformulating the project to reduce objectives to match investments, anticipating cost overruns.

It is unfortunate that the conditions in the Bank loan contract did not mirror identical conditions in the contracts of the co-financing agencies. In addition, the donors were not tied to implementing the same strategies. Some left when the institutional reform evaporated and others stayed. The collapse of the co-financing consortium did not dissuade the remaining donors from soldiering on.

V. Main Lessons and Recommendations for Future Projects¹².

A. What are the main lessons that have been learned from this project and that could be relevant to other projects? (For example, design flaws that should be avoided in similar operations, institutional issues that were overlooked or inadequately addressed, innovative solutions that resolved problems during execution, successful or unsuccessful attempts to make the project financially sustainable, suggestions regarding better project performance indicators, etc.)

For this project the main lessons learned can be condensed in the following paragraphs:

1. The Bank should not approve specific project without contingencies and final design. Beside of that no new loan in this sector should be approved unless new procedures are put to place for clearing customs, relocating utilities and resolving expropriation. The lag when final design was prepared and when construction work for rehabilitation got on their way should be reduced to a minimum. The decision to change highway specification to accommodate 13 tons should have been justified both technically and economically and for all highway sectors an ex-ante technical and economical analysis should have been conducted to justify additional works. All these factors caused continuous increase in cost.

¹² This section, in conjunction with the project identification information contained in the box on the first page of this form, will be utilized as a summary report for dissemination purposes.

2. When the components have been changed significantly, the objectives have to be reassessed. Established selection criteria should be applied in order to ensure viability of new activities. If institutional reform is the key, the indicators should monitor progress. Do not limit the evaluation of compliance with reform targets related to a single entity, instead, consider the overall public sector.
3. The focus should not be given only on completion of physical work but on the fundamental development objective and if there is blatant non-compliance with key clause or vital institutional reform then exercise the powerful measures of suspending disbursements or linking new lending to compliance.
4. Related to co-financing with other donors, the Bank should not start disbursing until all the other funds in the co-financing consortium are also ready to be disbursed. The Bank should also ensure that the pulling out of the consortium triggered a reassessment of the Bank's portion. It's important to mention the need of a level of Sector Organization (general planning), the need of coordination between donors, the need to maintain only one Donor for each Job at the level of the work for specific project. Unless there is a true Donor Coordination, it would be better to limit objective to what the IDB itself can deliver.
5. It's not recommended insurance guaranties for works but bank guaranties. Current legislation for handling and storing explosive has limitation, which make it impossible to comply with the law.

B. Based on the lessons learned from this project, indicate possible improvements in Bank policies, strategies, practices and procedures. (For example, recommendations for streamlining procurement, improving dialog with borrowers, facilitating timely reformulations, suggested changes in Bank operating policies and strategies, etc.)

The Bank's prevailing procedures were adequate to have avoided most, if not all, of the problems encountered, if they had been properly applied.

VI. ADDITIONAL COMMENTS

If there are any additional aspects concerning this operation that have not been covered thus far, present them in this section.

- (a) With respect to the Ministry's comments in Part two section 6 of this PCR, related to the equipment that the Ministry has to recover, we have the following comment: IDB did not finance equipment that was assigned to CNE. This is the force account construction unit created within the Presidency.
- (b) With respect to the Ministry's comments in Part two section X (A) of this PCR, related to the least expensive offer: IDB has always informed the Ministry that " La adjudicación será a favor del oferente cuya propuesta haya sido evaluada como la mas baja, se ajuste sustancialmente a los documentos de licitación y a normas apropiadas de capacidad y responsabilidad financiera "

- (c) With respect to the Ministry's comments in Part two section X (B) of this PCR, related to the Expropriation and Displacement of utilities on urban roads networks (VRD) we have the following comments: This lump sum must be considered as an advance to the borrower and must be refunded by the borrower to the contractors.
- (d) The program was designed as a four-year program with 400kms of interurban road to be rehabilitated and the priority was given to the National Road for studies and work. These sections are marked with an asterisk in the table below. The interurban studies for the others donors were done during the execution of the program. For the works identified by asterisk the number of kilometers exceeds the 400kms foreseen in the loan.

| Designation | Km | Studies | Works |
|---------------------------------|------|---------|-------|
| Port-au-Prince – Cap | 250 | IDA * | IDA * |
| Port-au-Prince – Cayes | 195 | IDB * | IDB * |
| Port-au-Prince – Hinche | 110 | IDB * | UE * |
| Carrefour Dufort – Jacmel | 43 | IDB * | IDB * |
| Hinche – Carrefour la Mort | 100 | IDB * | IDB |
| Les Cayes – Jérémie | 98 | UE * | UE |
| Gonaïves – Port-de-Paix | 51 | IDA * | IDA |
| Miragoane – Anse à veau- Vieux | | | |
| Bourg d'Aquin | 75 | UE | UE |
| Fonds Parisien – Belle Anse | 105 | IDB | IDB |
| Carrefour La mort – Ouanaminthe | 65 | IDA | IDA |
| Les Cayes – Port-Salut | 27 | IDB | IDB |
| Carrefour Joute – St Jean | 8 | IDB | IDB |
| | 1136 | | |

The urban program in Port-au-Prince was derived from a five-year priority urban road program of 52.96kms prepared by the Ministry and an individual consultant in 1991 financed by IDA. This program was modified to focus on the street with most traffic and to take into account other major infrastructure. A detailed road condition inventory, deflection measurements and traffic counts were also taken on all main roads. On this basis, 35kms of priority urban roads were identified for the four-year program.

| Road section 1 ^o year | Length Km | Road section Second year | Length Km | Road section 3 ^o year | Length Km |
|-------------------------------------|--------------|-----------------------------|--------------|-------------------------------------|--------------|
| M.L king | 2.880 | H.Truman | 1.825 | Delmas (part II) | 2.460 |
| Delmas 2 | 0.630 | Panamericaine | 2.945 | Delmas (part III) | 1.200 |
| Quai | 0.580 | Delmas (part I) | 2.240 | Delmas 18 | 0.350 |
| Dalles | 1.350 | Tiremasse | 1.135 | Pean | 0.525 |
| Bolosse 2e et 4e | 1.060 | Dr Aubry | 0.490 | Sans Fil | 0.670 |
| Christophe I | 0.825 | Magloire Ambroise | 1.580 | Achille/Logan | 0.870 |
| St Gerard | 0.480 | Christophe II | 0.825 | Magasin Etat | 1.525 |
| St-Martin | 1.270 | Fronts Forts | 0.360 | Christ Roi | 1.100 |
| Peuple | 0.800 | Macajoux | 0.340 | | |
| Poupelard | 1.280 | | | | |
| Borgella | 0.095 | | | | |
| Lamartinière | 1.060 | | | | |
| Ch Sumner | 0.575 | | | | |
| Reunion | 0.900 | | | | |
| Delmas 48-60 | 1.340 | | | | |
| Total | 15.12 | | 11.74 | | 8.70 |

N.B In the list the streets Dalles, Achille, Logan and H.Truman needed urgent rehabilitation and they were financed by PURE I (loan 962/SF-HA)

PART TWO**(TO BE PREPARED BY THE BORROWER)**

| | |
|---|--|
| PROJECT NAME | Road Maintenance and Rehabilitation |
| IDB PROJECT NUMBER | HA 0041 |
| IDB LOAN AND TC NUMBER (s): | 945 SF-HA |
| BORROWER AGENCY (IES) RESPONSIBLE FOR THIS REPORT: | Ministry of Publics works, transport and Communication |

VII. PROJECT OBJECTIVES

- A. Although it may be difficult to fully assess all of the results of the project at this stage, please indicate which objectives (physicals and none-physicals) you feel have been achieved under the project, and to what extent.**

1) Strengthening of the institutionsForecasts:

- a) Staff training
- b) Reorganization of the MTPTC
 - New structure
 - New organic law
- c) Technical Assistance

Achievements:

- a) Staff training
 - i) Organization of Seminars of short and average duration.
 - ii) Participation in courses at the Foreign Universities (Belgium, France, Canada).
- b) Reorganization of the MTPTC
 - These studies were not complete yet following the lack of consensus between the MTPTC and the engineering and firm BETA.
 - Creation of an environmental unit at the Ministry
 - Awaited Proposals of the study of BETA.
- c) Technical Assistance
 - Assistance provided by the Firm Cadic Gombert
 - Training in making of markets by the UNOPS

- Financial Control by the Firm Turnier Laurent

2) Rehabilitation of the road network

Forecasts:

a) Rehabilitation of the Road Network

- i) Rehabilitation of 400kms of interurban roads and periodic maintenance of 200kms
- ii) Rehabilitation of 35kms roadway systems in Port-au-Prince
- iii) Routine maintenance for 2700kms of interurban roads and 200kms urban roadway systems in Port-au-Prince

Achievements:

a) Rehabilitation of the Road Network

- i) Rehabilitation of 99 km (47kms on the RN2 and 43kms on Jacmel) and 9kms of earthwork on the RN3, after 18 months of activities the contractor not was realized 20% of works. The contract was terminate by the Ministry. Periodic maintenance (not realized)
- ii) Study of 35kms of urban road in Port-au-Prince
- iii) Rehabilitation of 6 km urban roads at Port-au-Prince: Two (2) lots, by firm TECINA (Rue du Peuple, Poupelard and Rue Tiremasse) and firm Nacose (streets Christophe, Bolosse 2nd and 4th) the contract of Bolosse 4th was terminated and entrusted to the firm TECINA placed in 2nd position at the time of the invitation to bid. Works could not be completed because of the problem of arrears.
- iv) Construction of road La Saline-Bon Repos (9.2kms)
- v) Periodic Maintenance of 6 km of urban roadway systems in the Metropolitan Area of Port-au-Prince
- vi) There was no routine maintenance at the interurban level: due to the non-availability of the funds of the BID following the suspension of the disbursement. However for 16.000 m² of roadway systems in the Metropolitan Area, a routine maintenance was carried out by consortium SOHACO-ENCONTRA.
- vii) Routine maintenance section Hasco – Bon Repos financing by IDA
- viii) Studies of section National road #1 Pont-Rouge / Shada, Shada / Saint – Marc, Gonaives / Cap-Haitien et Gonaives / Port-de-Paix (study stopped at level APS) with the IDA funds and Cayes /Jérémie, Miragoane / Petit trou de Nippes with U E funds.
- ix) Studies for 300kms of rural roads in preparation of the loan 991 SF-HA.

3) Specific Studies

Forecasts:

- i) Plan National of Transport
- ii) Master plan of circulation of Port-au-Prince
- iii) Mechanisms of Financing of Road Maintenance
- iv) Promotion of Small and Medium-sized companies
- v) Economic studies

Achievements:

- i) Plan National of Transport

Studies carried out for a 20 years horizon. This document was not transmitted yet officially to the Office of the Prime Minister

- ii) Master plan of circulation of Port-au-Prince

Although this document was not transmitted yet officially to the Office of the Prime Minister, some of the recommendations were already implemented since the year 1997 until date.

- iii) Mechanisms of Financing of Road Maintenance

Studies carried out and Bill already voted by the House of deputies and on standby for ratification by the Senate

- iv) Promotion of Small and medium-sized contractors

The inventory of small and medium-sized contractors (PME) was carried out in April 2000 and the formation of the companies took place during a seminar of long duration organized with the funds of the French Co-operation.

- v) These studies were abandoned for the profit of the project Saint-Marc/Gonaives.

4) Rehabilitation and maintenance of Bridges

Forecasts:

- i) Rehabilitation of 10 Bridges
- ii) Maintenance of 21 Bridges
- iii) Reconstruction of 5 Bridges

Achievements:

- i) The initial program was modified in order to finance the bridges which are on linear Main road # 2. Following the suspension of the disbursement by KfW there no was realization for this component.

4) Operations with High Intensity of labor (HIMO)

Forecasts:

- i) Various works in rural zone

Achievements:

- i) Work HIMO was completed with the funds of the IDA. Thirteen projects including six was initiated on the balance of credit 1756-HA. A 14th project: the construction of the deviation RN1/La Saline which benefited from a special status, and was also financed on this component for an amount of more than 11 million US dollars.

The IDA had given its non objection for the execution of following projects: Maintenance of the section Hasco – Bon Repos, rehabilitation of the sections of streets of the quadrilateral ranging between the streets Boulevard Jean Jacques Dessalines, the Fronts Forts, Boulevard La Saline and street Saint-Joseph, rehabilitation of the market surface of “Croix des Bossales”. The extension of works HIMO in the provincial towns was carried out partially. The projects carried out are: Rehabilitation of sections of streets in the city of the Cap Haitian, work with Cyclette Bridge located at Pilate, Rearrangement of “bassins versants” in Borgne and Port-Margot.

5) Equipment and tools

Forecasts:

- i) Acquisition of equipment for monitoring and tools for maintenance

Achievements:

- i) With the funds of the BID there was acquisition of equipment for the National Laboratory of the Building and Public works (LNBTP). With the funds of the IDA the Unit of execution acquired computers and vehicles. The funds of the IDA were also useful for acquisition of tools within the framework of component HIMO.

B. In your judgement, are there any project objectives (physicals and none-physicals) that are unlikely ever to be achieved? If so, why?

Yes, the points mentioned bellow are unlikely to be achieved:

- The complete rehabilitation of the National road No2, Port-au-Prince until Cayes, due to fact that: (a) the funds were insufficient. (b) The initial study was realized on a simple diagram road, and did not anticipate such a level of degradations, which occurred between the periods of realization of these known as studies and (c) the starting of work. This period appeared too long.
- The acquisition of topographic Equipment and Tools for the Ministry of Public works, Transport and Communications. This activity could not be carried out until the cancellation of the Loan.
- The Promotion of Small and medium-size enterprises (PME), which did not have time to be implemented although the inventory and the formation of PME took place with the participation of the French Co-operation.
- Interurban routine maintenance. A contract had been signed with a Company for the maintenance of part of the RN2 but no action could be taken because of the problem of non-payment of the arrears by the Haitian State.
- Work with high labor intensity. The project in Poste Pierrot could not completed because of the problem of non-payment of arrears by the State Haitian.
- The construction of the bridges on the RN2. At the end of the Program co financed by the BID, IDA, UE and KfW, the financing of the KfW was not yet available during the completion of the work on the national road # 2 financed by BID. The bidding Documents were finally prepared but were never transmitted officially to the MTPTC. This situation is due to the cancellation of part of the Loan of KfW.

VIII Project Design and Execution

A. What aspects of the project's overall design most contributed to the project's successes and/or failures?

The absence of coordination between financial donors in the global design of the project transformed an apparently total and coherent program into an amalgam of projects without direct links. The RN2 financed by BID is left without the bridge that was suppose to be built on the Rouyonne river, and without structures in some other points of the road.

B. What aspects of project execution most contributed to the project's successes and/or failures? Why?

Successes are as follows:

The realization of the sectorred Studies: The studies such as the National Plan of Transport, the Master plan of Circulation and the Mechanisms of Financing of Road Maintenance made it possible for the Ministry to obtain tools of decisions as regards to the Planification method in the Transportation sector and Road Maintenance.

The realization of the section Mariani- Grand-Goâve following the code of practice. The project could not be carried out the way it had been conceived because of the financial limits and the techniques of implementation not conform to the Haitian reality.

The slope stabilization of the Road of Jacmel : One of the principal causes of deterioration of this road was due to the instability of the slopes which did not make it possible to ensure the viability of work.

The staff training: Within the framework of the Program, much of the staff took advantage of a certain experiment in follow-up, control and organization of great roadwork.

The raised failures can be summarized as follows:

- I.1 The customs procedures: The stages to be followed for the taking out of bond of the material and equipment are too long and complicated and give long delay to the Companies. Obtaining exemptions from customs duties was always a headache for the Companies.
- I.2 The non-realization of the Project of Rehabilitation and Maintenance of the Bridges: The financing of this project by a financial donors different from that which financed road work is proven to be the principal cause of its failure.
- I.3 The not-realization of the first two (2) kilometers of the RN2: The envelope available, the environmental problems and the decision to allocate the funds to another project prevented the realization of this work.
- I.4 The non-completion of the updating of the studies of strengthening of the MTPTC: The proposal for reorganization suggested by BETA was too heavy for the Ministry, which would not have the means of implementing it.
- I.5 The bad performance of CADIC-GOMBERT: The majority of the members of the team of consultants of this Engineering and design firm in charge of the Technical aid were not at the level of the mission which had been given to them.

C. Did significant problems arise during project execution? If so, what were these problems and what measures were taken in an attempt to solve them? Were these measures successful?

The significant problems, which emerged during the execution of the program, are as follows:

- e) The Contractors did not respect the contractual period of mobilization. This time should be more realistic for future contracts.
- f) The provisioning and the storage of the explosives on the sites of work were also a problem. The current legislation on this matter gives to the army of Haiti (non-existent) the monopoly of the handling and the storage of the explosives.
- g) The slowness in the provision of the local counterpart funds. The annual budgetary, which require of disbursement per twelfth do not fit to the needs of the projects.
- h) The non-objections in an informative matter, which block a project in the course of execution.

- The demands of resident, living next to the construction of the roads believe to be the only one that can work on this part of road. The Companies were obliged to train new personnel continuously.
- Slowness in displacements of the electrical networks and potable water by the ED' H and the CAMEP.
- The accelerated degradation of the environment, which puts sometimes the Company in front of a topography of the places completely different from that illustrated on the plans.
- The non-payment of arrears by the Government to the Bank

D. Has the institutional capacity of the institutions and agencies involved in the project been strengthened as a result of the project? If so, how?

The institutional capacity of the institutions and Execution Unit involved in the project were strengthened due to the numerous training and seminars organized for the Ministry:

In addition to the training financed by BID and IDA, the MTPTC took part since 1995 in the training of the staff of the Ministry. Also the twinning program with Belgium was concretized. In 1998, ten (10) members of the LNBTP followed a three months training to Belgium. Eighteen (18) engineers of the Central Directions of the MTPTC received during October and September 98 training on the control of roadwork. From September 16 to October 7, 1998 a seminar was organized in the center of training of the Ministry for the road inspectors.

The IDA gave the non-objection to the Ministry so that two staff member could take part in a seminar on the procurement based on the preparation of the bidding process during September 1998 in Senegal. The Technical Person in charge and the Person in charge of the UC-HIMO took part in two (2) seminars organized by SETYM International in Canada having for topic "Planning and Management of the Projects" and "Preparation of the Projects" during the period going from June 13 at August 23, 1997. Always within the twinning program, other Engineers went to Belgium to improve their knowledge. Until date eighteen (18) employees of the MTPTC profited from this training. Two (2) engineers of the MTPTC received the training in Wallonie on the Management of Transport.

Other training took place in Haiti, where topics in the following fields were treated:

- Project management
- Administrative management
- Supervision and control
- Management of the projects; Public and private financial management
- Preparation of the logical framework

A consultant in procurement of bid placed at the disposal of the MTPTC by the BID also provided services centered on the processing of the litigation.

The BID and the IDA organized each one a seminar on the procedures of acquisition and disbursements, one during the first half of the year of the program, the other the 14, 15, and 16 of October 1996, for staffs of MTPTC.

Following these two (2) seminars carried out by the BID and the IDA on the procurement of Bid, the capacity of the UC-RERN in particular and the MTPTC in general was reinforced with regards to acquisition and services financed by the multilateral organizations and with regards to procedures of disbursement.

The Coordinator of the UC-RERN took part of September 22 in October 3 1997, in a seminar on the Economic Evaluation of the Projects organized by the ENPC.

From February to June 2000, seventy-one (71) employees of the MTPTC followed seminars on training on the following subjects:

- a) Traditional techniques of project assessment (28)
- b) Planning (43) and they were also initiated with the procedures of procurement based Quality insurance.

Nevertheless, it will be necessary to await the institutional reform of the MTPTC for an effective increase in its institutional capacities.

- E. Did any unforeseen events, beyond the control of those directly involved in project execution, adversely affect the project and the likelihood that it will achieve its development objectives? If so, please explain.**

The behavior of the residents during the construction of road is a great problem. They dictate their laws with the contractors and often believe they are the only ones to have the right to work on the sections of the road of their respective localities. The contractors were obliged to get along with these residents, to hire them and form of them as part the personnel permanently.

IX. Bank Performance

- A. How well did the Bank perform during the preparation and execution phase of the project? (Was the Bank an able and efficient administrator? Did the Bank provide good and timely advice? Did the Bank maintain an effective dialog with the executing agency and between the institutions or agencies that were involved with the project?)**

The performance of the Bank during the preparation of the project was rather satisfactory. The Bank took an active share in all phases of preparation of the project, from its formulation until its concretization.

The Bank was, moreover, a skilful and effective administrator and always offered its advisory services to the team of preparation of the project every time it was necessary.

An effective dialogue was always maintained with all of the staff structure of the organization of execution, the MTPTC. Nevertheless, this performance was attenuated by the fact that certain times the Bank tried to impose its points of view which always did not coincide with the opinion of the MTPTC.

During the execution of the Project, the performance of the Bank appeared through the various supports to the MTPTC during the significant decisions relating to the technical

and financial aspects such as, the change of the National road #2 change of the continuous concrete reinforced in asphalt concrete, the stabilization of the talus on the Road of Jacmel, the changes of categories occasioned by new technical choices.

The dialogue between the Representatives of the Bank and the Persons in charge for the program was permanent and profitable.

In addition, the obligation, which was made to, the MTPTC to obtain the non-objection of the Bank for each stage of the process of realization of work slowed down considerably the action of the MTPTC.

B. What significant impact, if any, did the Bank's performance have on the outcome of this project?

The respect by the Bank of its engagements on the Project allowed the realization of all the components financed. This constituted a positive impact on the results of the Project.

X Lessons Learned

A. Are there any lessons from the Bank's performance in this project that could be used to improve future projects? If so, what are they?

The lessons selected are numerous and can be summarized as follows:

- Too much time between the approval of the loans and the effective start of work.
- A greater flexibility should be given to the MTPTC in the choice of the Engineering and design firm and the contractor.
- The least expensive offer that the donors tend to consider and to impose, is not necessarily the most advantageous for the Borrower.

B. Are there any additional comments or recommendations regarding the project and/or the Bank that need to be mentioned and/or that should be taken into account in future projects?

The MTPTC noted that certain problems common to all the construction sites carried complaints and prolongation periods. To resolved these problems, we suggests that following provisions should be considered for the future contracts:

1. - Custom:

- For contracts with exemption of rights and taxes to the importation, all importation should be subject of a request addressed to the MTPTC, which should be control the number, the quantity and the quality of the request formulated by the contractor. This is concerning the tools, the supplies, the equipment or the goods intended for the

execution of the contract considered. All these elements should form integral part of the contract.

- The Ministry of Economy and Finances should give a special attention to these contractual requests for importation, of exemption solicited by the MTPTC.
- Except in case of absolute necessity the Contractor, his subcontractors and their personnel, would not be able to claim any more allowance or additional time for possible customs difficulties.

2. - Taxes, rights, taxes, royalties, contribution

When a contract is tax-exempts, rights, taxes and contribution, it will be mentioned in the relating clause, that this provision does not concern the local personnel or the permanent residents in Haiti

3. - Refunding of the taxation of hardware, supplies and equipment locally bought

The refunding of certain taxes, on the tools, supplies and equipment locally bought is difficult to obtain. Consequently, the Contractor should consider that in the establishment of his unit or contractual cost. In no case, the non-repayment of these taxes could be the subject of complaints.

4- Communications and telecommunications:

The Contractor, his subcontractors and their personnel will have to achieve under their own responsibility and with their own expenses the action with the concessionaire companies for obtaining the use of licenses for radio, of telephone lines, telex, fax or other communication systems and telecommunications of their choice.

5. - Displacement of utilities on urban road networks (VRD)

With regards to the documents of bidding, all the existing utilities (electricity, water etc..) Should be reproduced on the contract plans. The necessary amounts for displacement of networks would be estimated on a purely confidential basis. They should also appear in the Price Schedule and the conditions of the Quantitative Detail and payment of these displacements that will be remunerated by the contractor.

When the works initiate, the Contractor obligatorily will have to contact the autonomous organizations concerned or the concessionaire companies in order to respect the methods suitable for each one of them.

In no case will the Contractor be able to have delays, because of these activities are under his responsibility.

6.- Expropriation

The estimate and the payment of expropriations of the bordering properties located in the influence of the works should be the responsibility of the Haitian State. The MTPTC should make sure that expropriations are carried out, in all or partly at the moment of the signature of the contract in order not to delay work. It does not remain less true provision that such an

amount should be known in advance so that the budget can be made within an acceptable time.

In the contrary case, it is proposed that an identical lump sum for all the tenders is registered with the document of invitation to tender in the form of refundable advance by the MTPTC, in order to avoid any delay during the completion of the work. The refunding of this advance will be done according to methods' laid down at individually in the contracts.

Further more

It is imperative that the Government makes provisions to finance the various programs of Rehabilitation with local counterpart funds.

It should also be necessary that the financing is well defined and that the co-financed projects are subject to agreements of simultaneous realization between the Financial donors. The RN2 does not have a bridge on the level of Rouyonne River and without structures in some other points of the road.

The Ministry will have to recover part of its plant equipment, which had been assigned to the CNE (National Center of Equipment), for emergency work.

The Haitian State will sensitize the users of the road on the setting-up of gasoline tax intended for the financing of road maintenance. It also will sensitize the Parliamentary on the necessity of this law that has already been voted on at the level of the Room of the Representatives, with a gasoline tax, of (1) gourde instead of three (3) gourdes. It would be necessary to insist on the fact that the economy resulting of the lower exploitation costs of the vehicles due to the improvement of the roads will be very widely superior to financial incidence of the tax.

The Ministry is facing a serious problem of human resources. The current weak level of the salaries in the Ministry and in particular and in the public Administration usually induced loosing of the valid staff. Also, the Ministry makes a suggestion on the treatment of the Haitian technicians in charge of the management of certain projects. A special condition could be proposed for them and the donors could take in charge of their salary without modifying the hierarchic structure of the MTPTC.

The donors should inform the MTPTC on time of the decision they intend to adopt that has to do with the suspension of disbursements, which could avoid several disappointments with the contractors regarding their contract with the Ministry. In addition, the donors should give facilities related to the debts of the borrower when these debts concern a previous period to the problem of the payment of the arrears.

PART THREE– BASIC DATA

(To be completed by the Bank)

BASIC PROJECT DATA – LOAN 945/SF-HA

| PROJECT DATES (MONTH/YEAR) | ORIGINAL | ACTUAL |
|--|--------------|--------------|
| Date of inclusion in pipeline I | | |
| Date of Profile II or Loan Request | April-08-91 | April-08-91 |
| Date of Analysis Mission | June-03-92 | June-03-92 |
| Date of Loan Committee Approval | Nov-21-94 | Nov-21-94 |
| Date of Board Approval | Feb-08-95 | Feb-08-95 |
| Date of Contract Effectiveness | | Aug-10-95 |
| Date of Compliance with Prior Conditions | April-09-96 | Feb-09-96 |
| Calendar of Investments | | |
| - Starting date | | |
| - End date | | |
| Disbursement calendar | | |
| - First disbursement | April-10-96 | April-22-96 |
| - Last disbursement | August-18-99 | August-10-02 |
| For Sector Loans | | |
| - First tranche | N/A | N/A |
| - Second tranche | N/A | N/A |
| - Third tranche | N/A | N/A |
| Date of Physical Initiation of Works | | Sep 1997 |
| Date of Loan Commitment | | |
| Date(s) of Cancellation(s) | | August-02-02 |

| MID-TERM REVIEW AND EVALUATION: | ORIGINAL | ACTUAL |
|---|----------|--------|
| Date of mid-term review (if required) | N/A | N/A |
| Due date of borrower ex-post evaluation (if required) | N/A | N/A |
| Due date of Bank ex-post evaluation (if required) | N/A | N/A |

| SUMMARY: COST DATA (THOUSANDS OF US \$) | ORIGINAL | ACTUAL |
|---|----------|----------|
| Total Amount of IDB Financing | \$45,000 | \$48,030 |
| IDB Financing as % of Total Cost | 36% | 53.7% |
| Total Cost of Project | 137.091 | 89,360 |
| Cumulative Investment as of ___/___ month/year) | | |
| Remainder Required for Completion | | |

PROJECT COST AND FINANCING (ALL AMOUNTS IN MILLIONS OF US\$)

1. Project cost and source of financing

| Investment cate. | ORIGINAL | | | | | ACTUAL | | | | | |
|---------------------|----------|--------|----------|--------|---------|--------|----------|----------|-------|-------|---------|
| | IDB | IDA | Borrower | Others | Total | IDB | IDA | Borrower | UE | KfW | Total |
| 1 | 4.000 | 3.500 | 0.650 | 0.000 | 8.150 | 5.831 | | 0.650 | 0 | | |
| 2 | 34.300 | 34.640 | 4.000 | 24.600 | 97.540 | 33.440 | | 4.000 | 40.00 | 4.600 | |
| 3 | 4.700 | 11.800 | 0 | 0.400 | 16.960 | 3.729 | | 0 | 0.000 | 0.400 | |
| 4 | 2.000 | 0 | 0.350 | 0.000 | 2.350 | 2.000 | | 0.350 | 0 | | |
| 5 | | | | | | | | | | | |
| Total | 45.000 | 50.000 | 5.000 | 25.000 | 125.000 | 45.000 | 42.091** | 5.000 | 40.00 | 5.000 | 137.091 |

** IDA, which a reformulation of loan change the categories and the repartition follow this schedule is not possible.

2. Schedule of Investments

| Year | ORIGINAL | | | | | ACTUAL | | | | | | |
|-----------------|----------|--------|----------|--------|---------|--------|------|--------|----------|-------------|-------------|--------|
| | IDB | IDA | Borrower | Others | Total | IDB | | IDA | Borrower | UE | KfW | Total |
| | | | | | | 945 | 838 | | | | | |
| 1 | 9.000 | 10.000 | 0.500 | 2.000 | 21.500 | 0 | 0 | 0 | 0 | | | |
| 2 | 12.000 | 13.000 | 1.500 | 8.000 | 34.500 | 3.34 | 0.00 | 1.026 | 109 | | | |
| 3 | 12.000 | 14.000 | 1.500 | 8.000 | 35.500 | 9.54 | 0.00 | 17.374 | 151 | | | |
| 4 | 12.000 | 13.000 | 1.500 | 7.000 | 33.500 | 12.19 | 0.00 | 3.548 | 596 | | | |
| 5 | | | | | | 12.78 | 6.10 | 1.131 | 309 | | | |
| 6 | | | | | | 2.87 | 0.00 | 65 | 96 | | | |
| 7 ¹³ | | | | | | 0.46 | 0.00 | 1.456 | 0.21 | | | |
| 8 | | | | | | 0.74 | 0.00 | - | | | | |
| Total | 45.000 | 50.000 | 5.000 | 25.000 | 125.000 | 48.03 | | 24.600 | 6.057* | 10.00 ** | 0.680 ** | 89.367 |

* IDB approved, in year 2001, an approximately amount of 4.7 millions for rehabilitation work financing by GOH funds as counterpart local funds.

** The repartition of the total amount is not possible for others (UE and KfW) because this information is not available.

LOAN/TC DATA¹⁴

| LOAN/TC DATA | VALUES/DATES |
|-----------------------|------------------|
| Original Loan | 45.000 |
| Amount disbursed | 41.931 |
| Amount canceled | 3.068 / 2-aug-02 |
| First disbursement: | 0.209 |
| - Original date (m/y) | 10/03/96 |
| - Actual date (m/y) | 22/04/96 |
| Last disbursement: | 0.98 / 27 Feb 02 |
| - Original date (m/y) | Avril 99 |
| - Actual date (m/y) | Aug 2002 |

¹³ If execution took more than 7 years, submit supplementary data for additional years as required.

¹⁴ If more than one IDB Loan/TC operation was used to finance the project, submit this data for each operation.

PART FOUR

(To be completed after headquarters review)

This section contains the official observations on the draft PCR resulting from the review process at headquarters. In the case of PCR's that are reviewed at the CRG level, the minutes of that meeting should be attached here. In the case of PCR's that are IIQ1 reviewed by the CRG, the official comments of the headquarters division assigned to follow the project's execution, or any other comments deemed relevant by the regional Manager, should be attached here. In either case, these observations become a formal part of the PCR, and should be included in the final version disseminated to Bank staff.