

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**HAITI**

**STRENGTHENING PUBLIC MANAGEMENT TO IMPROVE SERVICE DELIVERY**

**(HA-L1131)**

**LOAN PROPOSAL**

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## ABBREVIATIONS

BAC	Bureaux Agricoles Communaux [Municipal Agricultural Offices]
CSC/CA	Cour Supérieure des Comptes et du Contentieux Administratif [Superior Court of Accounts and Administrative Disputes]
DDA	Directions Départementales Agricoles [Departmental Agricultural Offices]
DIA	Direction Infrastructures Agricoles [Agricultural Infrastructure Department]
DRH	Direction des Ressources Humaines [Human Resources Department]
DSI	Direction des Systèmes d'Information [Information Systems Department]
HRMIS	Human Resources Management Information System
IFMIS	Integrated financial management information system
MARNDR	Ministère de l'Agriculture, des Ressources Naturelles et du Développement Rural [Ministry of Agriculture, Natural Resources and Rural Development]
MEF	Ministère de l'Economie et des Finances [Ministry of Economy and Finance]
MENFP	Ministère de l'Education Nationale et de la Formation Professionnelle [Ministry of Education and Vocational Training]
MTPTC	Ministère des Travaux Publics, Transports et Communications [Ministry of Public Works, Transportation, and Communications]
OECD	Organization for Economic Cooperation and Development
OECD/DAC	OECD Development Assistance Committee
OMRH	Office de Management et de Ressources Humaines [Office of Management and Human Resources]
PCRE	Programme-Cadre de Réforme de l'Etat [Framework Program for State Reform]
PCU	Project coordination unit
SEPRRN	Service d'Entretien Permanent du Réseau Routier National [Permanent National Highway Maintenance Service]
SIGF	Système d'Information de Gestion Financière [Integrated Financial Administration System]
SYSDEP	Système de Gestion des Dépenses [Payroll system for government contractors]
SYSPAY	Système de Gestion de la Solde des Fonctionnaires [Civil service payroll system]
SYSPENS	Système de Gestion des Pensionnaires [Pension payment system]
UEP	Unité d'Etudes et Programmation [MARNDR Studies and Programming Unit]
USAI	Unité de Statistique Agricole et Informatique [MARNDR Agricultural Statistics and Information Technology Unit]

**PROJECT SUMMARY**

**HAITI**

**STRENGTHENING PUBLIC MANAGEMENT TO IMPROVE SERVICE DELIVERY**

**(HA-L1131)**

Financial Terms and Conditions				
<b>Beneficiary:</b> Republic of Haiti			<b>Amortization period:</b>	N/A
<b>Executing agencies:</b> the Office of Management and Human Resources (OMRH) and the Ministry of Economy and Finance (MEF)			<b>Disbursement period:</b>	60 months
			<b>Grace period:</b>	N/A
<b>Source</b>	<b>Amount (US\$)</b>	<b>%</b>	<b>Interest rate:</b>	N/A
<b>IDB (Grant Facility)</b>	55 million	100	<b>Credit fee:</b>	N/A
			<b>Inspection and supervision fee:</b>	N/A
			<b>Weighted average life:</b>	N/A
<b>Total:</b>	55 million	100	<b>Approval currency:</b>	United States dollar
Project at a Glance				
<p><b>Project objective/description:</b> The project's objective is to expand coverage of the services provided by the Ministry of Agriculture, Natural Resources, and Rural Development (MARNDR) and the Ministry of Public Works, Transportation, and Communications (MTPTC) by improving: (i) the effectiveness of government human resources management (including at the MARNDR and the MTPTC); (ii) the efficiency of human resources management; and (iii) the productivity of human resources management at the MARNDR, the MTPTC, and other public-sector agencies.</p>				
<p><b>Special contractual conditions precedent to the first disbursement of the grant:</b> The beneficiary will submit evidence to the Bank's satisfaction that: (i) a project management committee, project technical advisory committee, and project monitoring and evaluation system have been established; (ii) the <a href="#">project Operations Manual</a> has entered into force, in accordance with the conditions previously agreed upon with the Bank; (iii) each executing agency's key personnel for project execution have been appointed, including a coordinator, a monitoring and evaluation specialist, and an administrative assistant for the OMRH; and a coordinator, a finance and administration manager, an administrative assistant, an accountant, and two procurement specialists for the project coordination unit (PCU) attached to the MEF; and (iv) a coordinator for the human resources management information system (paragraph 3.8) has been appointed by the OMHR.</p>				
<p><b>Special contractual conditions for execution:</b> (i) Prior to disbursing Component 3 financing for the program of incentives for the voluntary retirement of public-sector employees, the OMHR will have submitted, to the Bank's satisfaction, evidence that an independent auditor, or firm of independent auditors, has audited and confirmed that the employees taking part in the program fulfill the program's requirements, that the program envisioned by the respective ministry or public-sector agency has an institutional capacity enhancement agreement in place, and meets the requirements established in national legislation and the eligibility criteria set out in the <a href="#">project Operations Manual</a>; and (ii) prior to disbursing project financing under Component 3, the beneficiary will have submitted evidence, to the Bank's satisfaction, that the executing agencies have signed interagency project execution agreements with the respective ministry or public-sector agency. (paragraph 3.9).</p>				
<b>Exceptions to Bank policies:</b> None.				
Strategic Alignment				
<b>Challenges:</b> <sup>(a)</sup>	SI	<input type="checkbox"/>	PI	<input type="checkbox"/>
			EI	<input type="checkbox"/>
<b>Crosscutting themes:</b> <sup>(b)</sup>	GD	<input checked="" type="checkbox"/>	CC	<input type="checkbox"/>
			IC	<input checked="" type="checkbox"/>

<sup>(a)</sup> SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

<sup>(b)</sup> GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. DESCRIPTION AND RESULTS MONITORING

### A. Background, problem addressed, and rationale

- 1.1 **Background.** One of Haiti's most significant challenges to improving the lives of its people and reducing poverty and inequity is the ability to deliver better services, for which it requires effective public institutions.<sup>1</sup> The main government effectiveness indicators confirm the weakness of its institutions, with Haiti ranking 207th out of 209 countries evaluated in 2015.<sup>2</sup>
- 1.2 **The key to strengthening public institutions and enhancing service delivery is the availability of sufficient, suitably qualified, human resources.** Consequently, it is difficult for the Haitian public sector to perform its basic administrative management and service delivery roles. These difficulties are compounded by agencies' lack of adequate functional organization, resulting in most services having limited geographical reach.<sup>3</sup> To address this institutional weakness and boost the capacity to deliver services, successive Haitian governments have laid the institutional foundations and begun reforms to improve the civil service and the organization of government agencies.
- 1.3 **Institutional framework for the organization of the State and management of human resources.** With the general review of the civil service in 2005 and the creation of the OMRH under the Office of the Prime Minister, the OMRH has assumed, since 2009, the mandate of modernizing government agencies with the aim of establishing new civil service regulations and management systems, as well as defining crosscutting policies, supervision, and regulations applicable throughout government and the civil service (see [link](#)).
- 1.4 **Modernization of the State.** Significant progress has been made since 2012, particularly in three areas: functional organization of the State, human resources management, and oversight on payroll and salaries. In relation to the functional organization of the State, the Second Framework Program for State Reform (PCRE II) 2012-2017 was adopted in 2012. Its aim is to bolster civil service human resources and the legal framework of the ministries, and to further decentralize services to bring them closer to the public. Progress made on the execution of PCRE II includes the reorganization of the OMRH, a national policy of decentralization of public services, and Bank-supported reforms at the Ministry of Agriculture, Natural Resources, and Rural Development (MARNDR) and the Ministry of Public Works, Transportation, and Communications (MTPTC). The evaluation of PCRE II suggests efforts to strengthen the OMHR should be continued, and among other things, it proposes implementing measures to properly identify civil servants, establishing an institutional framework for competitive recruitment,

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<sup>1</sup> The country's Gini coefficient is 0.61, and its overall poverty rate of 59% and extreme poverty rate of 24% are the highest in the region. *Poverty and inclusion in Haiti*, World Bank, No. 89522, 2014. Meanwhile, over the period 2006-2016, Haiti's growth rate averaged 2% a year (0.5% per capita), which is below the regional average of 2.6% (1.5% per capita).

<sup>2</sup> Worldwide Governance Indicators, World Bank.

<sup>3</sup> The Ministry of Agriculture, Natural Resources, and Rural Development (MARNDR) and the Ministry of Public Works, Transportation, and Communications (MTPTC) each carried out a functional review. In: Azam-Pradeilles, (July 2017) L'audit organisationnel du Ministère des travaux publics, transports et communications, and Appui à la refonte des lois organiques, European Union; Pousse, E. and Bonnet J. (2013) Appui à la préparation du plan de réforme institutionnelle du MARNDR.

increasing the number of staff with the required skills, and strengthening planning and monitoring capacity. The draft State Modernization Program was approved in August 2018 (PM-2-23).

- 1.5 **Progress in human resources management.** Over the last two years the government has gradually implemented a series of civil service reforms, including a restructuring plan for the OMRH and five human resources departments, and three voluntary retirement plans, which met with positive results, as explained in [Haiti: Experiencias recientes de retiros voluntarios](#). In October 2017, a directive applicable to the entire public sector was issued, requiring a series of rules to be followed in hiring civil servants and contractual (temporary) employees.
- 1.6 **Progress in oversight on payroll and salaries.** In 2014, the government launched an action plan for public finance reform, which included the design of an integrated financial management information system, the implementation of which, including modules for salary and pension payment control, will be funded by various donors.<sup>4</sup> Meanwhile, in April 2017 the prime minister issued Directive 003 to streamline the civil service and service contracts for government contractual employees. A pilot project to vet payroll data at the Ministry of Education and Vocational Training (MENFP) is also being implemented to identify who is effectively providing services.
- 1.7 **Factors that have hindered greater progress.** Political instability and natural disasters have slowed the progress of reform (e.g. 20% of civil servants died in the 2010 earthquake). However, recent assessments by the Bank and other donors<sup>5 6</sup> agree on two factors that have hampered efforts to strengthen the Haitian State: (i) donors' funds have primarily been allocated to rebuilding the country's physical infrastructure, given the need to rebuild infrastructure in the wake of the earthquake and the consequent government prioritization of infrastructure works, with less emphasis being placed on building State institutional capacity; and (ii) funding and delivery of a large portion of public services was handed over to nongovernmental organizations and project execution units, which were set up in response to the shortage of fiduciary and management capabilities. These two factors did not help strengthen the capacity of the State, its human resources, or its organization and operation, but rather have adversely impacted its service delivery capacity. In this regard, progress on reconstruction and the widespread consensus on the need to build the capacity of the State now make addressing the issue of institutional capacity more comprehensively a priority.
- 1.8 **Problems and challenges.** The main problem identified—which the project will help to address—is the limited coverage of a series of public services, particularly those for which the MARNDR and MTPTC are responsible. To address the problem, the project sets out to resolve two of the main causes: (i) the dearth of human resources due to shortcomings in the crosscutting systems of the civil service and human resources management agencies that make it difficult to attract, recruit, and retain sufficient human talent for service delivery; and (ii) the lack of adequate service

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<sup>4</sup> Improving Haiti's Public Financial Management and Statistical Information Project, World Bank (May 2018).

<sup>5</sup> IDB (July 2017). Country Development Challenges: Desafíos de Desarrollo de Haití.

<sup>6</sup> Nunberg, Barbara (2018). Civil Service Diagnostics. Report on the Civil Service in Haiti, page 32.

organization, which hinders effective planning, execution, and monitoring of the delivery of services for which they are responsible.

- 1.9 **Weaknesses in the crosscutting civil service system and the OMRH.** Haiti lacks sufficient public-sector employees with the required skills to achieve better service coverage; various human resources management areas need strengthening and their supporting information technology systems require upgrading; resources are needed to recruit new staff on a merit basis and offer them attractive salaries. These shortcomings result in a lack of the personnel needed to expand service coverage. This has perverse effects, such as the proliferation of management posts in order to retain experienced staff by paying them better salaries. Better qualified employees are clustered at the central level (60%) to the detriment of the decentralized levels (40%). The current situation is encouraging talent flight.<sup>7, 8, 9</sup>
- 1.10 **Civil service human resources are weak in number and skills.** The total number of employees stands at 87,000, according to the figures available.<sup>10</sup> The ratio of public-sector employees to the population is low (0.8%) compared to Caribbean and Central American countries (Dominican Republic 3.1%, Jamaica 2.7%, Costa Rica 2.5%, and Nicaragua 1.8%). Given the tighter control over the appointment of public-sector employees by the OMRH and the MEF, the ministries have resorted to contractual hires, who now account for one in five employees. Although the formal education of public-sector employees is above average (75% compared with 45%), the evidence suggests that their capabilities are limited, as illustrated by the fact that 12% of category “A” employees (the highest grade) and 7% of category “B” employees report that they have no formal education (although employment requirements call for at least a university degree), and only 35% report familiarity with information technology tools.
- 1.11 There is a tendency towards the relative aging of the staff (in 1996, 28.2% were over age 44, compared with 38.8% in 2014). The average age is 43 years, with just 1% younger than age 25. Currently, 12% of the 87,000 public employees are over retirement age and could benefit from voluntary retirement programs similar to ones offered by the government in the past.<sup>11</sup> However, they remain in their posts as there are no regulations unequivocally establishing mandatory retirement, and pensions are so low that they do not provide staff with sufficient incentive to retire and allow new personnel to be hired.
- 1.12 Women’s inequity of access to the civil service is high. Women account for only 30%<sup>12</sup> of civil servants<sup>13</sup> and just 7% of them hold leadership positions.<sup>14</sup> The main

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<sup>7</sup> Nunberg, Barbara (2018). Op. Cit.

<sup>8</sup> Convention de Financement entre l’Union Européenne et la République d’Haïti, Programme d’Appui Budgétaire à la Construction de l’Etat Haïtien, Convention FED/2013/024-614.

<sup>9</sup> See IDB Group Country Strategy with Haiti 2017-2021 (document GN-2904) and Country Program Evaluation: Haiti 2011-2015.

<sup>10</sup> As of 30 September 2018.

<sup>11</sup> [Haïti: Experiencias recientes de retiros voluntarios.](#)

<sup>12</sup> Information from the civil service payroll system (SYSPAY).

<sup>13</sup> 2014 civil service census, page 20.

<sup>14</sup> Ministry of the Status of Women and Women’s Rights 2016.



causes of this inequity include the high level of illiteracy among women (52%); limited access to technical and vocational education (women account for just 28% of students at the School of Agronomy and 18% of students in the School of Science and Engineering); and lack of opportunities for being chosen for decision-making positions in government.<sup>15</sup> Furthermore, there are no mechanisms in place to ensure the unbiased and equitable selection of women for government positions. The government has launched a number of initiatives to mitigate this inequity. Pay equity for men and women<sup>16</sup> has been written into the constitution, and Article 17.1 establishes a quota of at least 30% women in all areas of national life, particularly in the case of public service.<sup>17</sup> Despite this quota, key ministries for Haiti's economy remain below this level, for example the MTPTC, with 24%, and the MARNDR, with 21%.<sup>18</sup>

- 1.13 **Weaknesses of the Office of Management and Human Resources.** The OMRH has insufficient resources to implement a reliable database of civil service human resources; it has no system for classifying positions and salaries, which it needs to implement its recruitment plan and cover staffing needs;<sup>19</sup> and it has an obsolete human resources management system.<sup>20</sup>
- 1.14 **The OMRH's human resources management information system lacks functionality and is unable to identify all staff.** It does not cover the end-to-end human resources management cycle and lacks the necessary interfaces to share information—such as payroll and personnel movements—with other systems. The information fed into the human resources management system is not sent to the OMRH in a timely way by sectors, and is prepared manually using spreadsheets and paper files. There are no uniform quality and security standards. The 2014 staff census was run on a voluntary basis and employee questionnaires were not validated (rather than using biometrics, for example). This led to a 15% underestimation of the number of employees as, according to the MEF, coverage was not comprehensive, with incomplete payrolls and employees registered with several agencies. A recent pilot test at the Ministry of Education and Vocational Training (MENFP) found that 8.9% of a sample of 6,000 teachers were either still receiving a monthly salary by bank transfer although they were no longer working or were being sent checks that were going uncashed.<sup>21</sup> Moreover, further analysis of the salary payments dataset found employees about whom no information was available (blank records) and others with clear age-related errors (including employees who would be more than 100 years old).<sup>22</sup>

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<sup>15</sup> Coalition des Organisations Haïtiennes et Américaines des Droits de l'Homme, des Femmes, Avocats et Activistes (24 March 2016). Rapport Sur la Situation des Droits de la Femme Haïtienne.

<sup>16</sup> OMRH (December 2014). Politique d'égalité femmes hommes 2014-2034, page 12.

<sup>17</sup> Government of Haiti. Constitution of 1987 (as amended), Article 17-1, page 26.

<sup>18</sup> MEF (September 2017). Base de Données Masse Salariale du Gouvernement de Haïti.

<sup>19</sup> European Union (3/12/2017). Appui à l'élaboration du Répertoire Interministériel des Métiers de la Fonction Publique, OMRH, pages 11-12.

<sup>20</sup> Alexis, Damaz (August 2018) Diagnostic of the Technological Needs of MEF and OMRH for Strengthening of Human Resources Processes—Innovation in Citizen Services Division, page 35.

<sup>21</sup> MENFP (2018). Proyecto Piloto de Saneamiento de la Base de Datos.

<sup>22</sup> Mills, Zac (2018). Proyecto de Análisis de los Pagos Salariales.

- 1.15 **The payroll systems for civil servants (SYSPAY)<sup>23</sup> and contractual employees (SYSDEP), and the pension payment system (SYSPENS),<sup>24</sup> managed by the MEF, are obsolete. They are part of a larger collection of piecemeal, unintegrated systems with inadequate human resources and hardware.** These systems receive information from the ministries in hardcopy format, which is validated by the OMRH, but contain redundant employee information. Ex ante verification processes are complex and are unable to rectify the unreliability of the information. SYSPAY and SYSDEP are not integrated with the human resources management information system as their platforms do not have sufficient capacity. Consequently, budgetary execution relies on complex and inefficient administrative procedures that cause delays in expenditure execution and heighten fiduciary risks.<sup>25</sup>
- 1.16 **The current salary and job structure in government careers lack economic incentives to attract human resources with the required skill sets.** At 6.7% of GDP, salary costs are low in comparison with other Caribbean countries (Suriname, 10.5%; Jamaica 9.5%; Barbados 9.1%)<sup>26</sup> and their share of public spending, 34.9%,<sup>27</sup> is consistent with countries at a similar level of development. Salary compression between the highest- and lowest-skill jobs is severe, sending a strong signal that jobs requiring more developed skills are poorly remunerated, with a compression of 1:1 between a supervisor and an assistant at the MTPTC. An analysis of the salary structure confirms an inadequate alignment between salary incentives and skills/responsibilities. Comparing pay across alternative markets is difficult in Haiti, but an analysis of pay in similar alternative positions in the private sector (nongovernmental organizations and project implementation units) shows that the highest grade consultant, level-4, earns US\$2,900 per month, which is three times the salary of a senior civil servant (US\$1,021). Furthermore, ministries do not follow the pay scale, having broad discretion to give bonuses, such that just 41% of employees in a given grade receive the same remuneration.
- 1.17 **Weaknesses in government agencies prevent the effective planning, execution, and monitoring of services in the agricultural and transport sectors, which are key to the country's development.** Under the mandate of the Framework Program for State Reform, the government prioritized enhancing the functional organization of the MARNDR and the MTPTC to align their functions, organization, and human resources to their mandates and priority targets. These are the main ministries in Haiti's strategic development plan,<sup>28</sup> the two main prongs of which—territorial reform and economic reform—are directly linked to potential specific interventions at the MARNDR and the MTPTC.

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<sup>23</sup> SYSPAY calculates the payroll and originates payments so that the CHEK or BRH systems can issue checks or transfers. It also records personnel movements.

<sup>24</sup> SYSPENS is the system managing pension payments.

<sup>25</sup> Damaz, Alexis. Diagnostic of the Technological Needs of MEF and OMRH for Strengthening of Human Resources Processes (August 2018).

<sup>26</sup> IDB data from governments and the IMF Article IV consultation (2017).

<sup>27</sup> IMF. Article IV Consultation Report.

<sup>28</sup> This roadmap sets out the guidelines and the four main pillars of intervention to make Haiti an emerging country by 2030.

- 1.18 **Weaknesses at the MARNDR negatively impact service delivery in the agriculture sector.** The MARNDR only has 50% of the managerial and technical staff (313 of 610) it needs to provide services; constraints hamper efforts to free up positions and hire new human resources, as 66% of senior management and 31% of technical staff are eligible for retirement but have not separated from service; the lack of a salary and job structure has created incentives for inefficient practices, such as subdividing departments in order to create more director-level posts and retain better-qualified technical staff by offering higher salaries. This has led to a fragmentation of roles, chains of command, and administrative procedures, hindering efforts to decentralize staff and expand services outside the capital.<sup>29, 30</sup>
- 1.19 MARNDR services are crucial to the country's development as the rural sector has a poverty rate of 75%, accounts for 47% of total employment, and for 22% of GDP. The limited coverage of its services is a factor in agricultural productivity per hectare being 25% lower than in 1996.
- (i) The services provided by the Departmental Agriculture Offices and Municipal Agricultural Offices, together with the fertilizer delivery program, only reach 10% of farmers and just 9% of them use improved seeds. The number of service providers in the country is limited and their geographical location hinders their ability to serve the vast majority of small farmers.<sup>31</sup>
  - (ii) Services provided by the MARNDR's Agricultural Statistics and Information Technology Unit (USAI),<sup>32</sup> through the agricultural information system, are very limited. There is a widespread lack of data, as there is no routine data collection, data storage protocols, or tools enabling users to access data on inputs and markets. This absence of information erodes the quality of scheduling, planning, monitoring, and evaluation of public policies in the agricultural sector. Considerable efforts have been made to resolve this problem. In the last 10 years, various databases and the agricultural information system were set up in the MARNDR. However, these systems were all conceived in response to problems related to the implementation of specific programs, activities, and projects, without an overview of the development of an agricultural information system. As a result, there is an array of noninterconnected and incompatible databases. The USAI is therefore unable to deliver adequate services to those who need them.
- 1.20 **Weaknesses in the MTPTC.**<sup>33</sup> One of the main services the MTPTC provides is road maintenance. Due to organizational shortcomings, just 29% of roads are

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<sup>29</sup> Pousse, E. and J. Bonet (September 2013). Op. Cit.

<sup>30</sup> World Organization for Animal Health (OIE) and Interamerican Institute for Agriculture, Modernization of Agricultural Public Health Services (operation 3260/GR-HA) 2014.

<sup>31</sup> See Agricultural and Agroforestry Technological Innovation Program – PITAG (operation 4359/GR-HA) 2017.

<sup>32</sup> Other relevant units and offices include: the Human Resources Department (DRH), Studies and Programming Unit (UEP), and the Agricultural Infrastructure Department (DIA).

<sup>33</sup> Azam-Pradeilles. (July 2017) Op. Cit; Pousse, E. and J. Bonnet (2013). Op. Cit.

maintained in good condition, only 23% of the road network is paved, and road density is just 0.35 kilometers per 1,000 inhabitants, compared with a regional average of 7.1.

- (i) The functional review of the MTPTC found that low pay and the lack of a civil service career system has caused many of its technical staff to leave the ministry and take jobs with project execution units funded by donors or private-sector construction companies.<sup>34</sup> The MTPTC's technical weakness and continual staff turnover is apparent in the Highway Maintenance Unit, which is short of at least 36 staff members, including specialists and technical employees, in areas such as planning and budgeting, maintenance, administration, legal affairs, institutional strengthening, and decentralized units.
- (ii) An administrative affairs and budget department has not been set up, and the Personnel Service has not been relaunched as the Human Resources Department. Among other weaknesses, the 2014 public-sector employee census found the average age of MTPTC staff to be high (45 years compared with an average of 42 years), with only a small share of women (24% compared with the 30% average for Haiti). The low quality of headcount data makes the figures unreliable and unsuitable for a statistical analysis of the various personnel profiles.<sup>35</sup>
- (iii) The National Highway Maintenance Service (SEPRRN) lacks sufficient human and financial resources to lead, coordinate, and supervise maintenance. Improved control and supervision of maintenance activities is needed to coordinate the projects and criteria of the Road Maintenance Fund, agencies such as SEPRRN, and the Departmental Maintenance Units.<sup>36</sup>

1.21 Another body facing similar problems is the Superior Court of Accounts and Administrative Disputes (CSC/CA), whose staff lack the necessary knowledge, training, and management tools to conduct their oversight of public-sector entities.

1.22 **The Bank's experience.** This project will draw on the Bank's experience in: Peru (Project to Improve and Expand Support Services for National Service Delivery to Citizens and Enterprises, loan contract 4399/OC-PE); Jamaica (Support to the Public Sector Transformation Program, loan contracts 4373/OC-JA and 4374/OC-JA); and Ecuador (Multiphase Program to Improve Quality in the Delivery of Social Services – Phase I, loan contract 4364/OC-EC). Lessons from other projects executed in Haiti will also be taken into account with a view to building on their progress: New Technologies and Institutional Capacity Building in the Government of Haiti (loan contract 2350/GR-HA); Support for Public Sector Human Resource Management (loan contract 2396/GR-HA); Institutional Strengthening and Reform of the Agriculture Sector, phases I and II (loan contracts 2731/GR-HA and 2945/GR-HA); Rural Supply Chain Development Program (loan contract 1794/SF-HA); Rehabilitation of Road Infrastructure for Integration of the Territory

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<sup>34</sup> Tremul Bados, Rafael. (November 2015). Diagnostic de la structure organisationnelle et des pistes de solutions.

<sup>35</sup> Azam-Pradeille (July 2017). Op. Cit.

<sup>36</sup> Abraham Pigrau, Fernando (2015). Op. Cit.

(loan contract 1922/GR-HA); Support for Haiti's Transportation Sector II (loan contract 2794/GR-HA); and Private Sector Development Through Investment Promotion (loan contract 2879/GR-HA).

- 1.23 **Lessons learned.** A series of lessons learned can be drawn from interventions by the Bank and other donors: (i) in cases where the Bank is supporting institutional reform processes, budgetary support needs to be accompanied by technical support, policy dialogue, and sector investment projects to achieve greater depth and effectiveness; (ii) cooperation and alignment with other donors facilitate project execution, cross fertilization, synergies with other partners, and more efficient use of resources; and (iii) in projects supporting public-sector human resources management, difficulty was observed in attracting highly qualified personnel to the public sector due to the wide pay gap with the private sector. This operation builds on the following lessons gleaned from project execution in Haiti: the need for the public sector to offer competitive salaries to attract qualified human resources (loan contract 1821/SF-HA); the need to support institutional capacity building (loan contract 1922/GR-HA); an approach targeting public services strengthening, and the importance of preparing a solid monitoring and evaluation framework during project design (loan contracts 1794/SF-HA and 2393/GR-HA); and the importance of developing an appropriate communication strategy to ensure the necessary institutional support is obtained during project implementation (loan contract 2350/GR-HA). The Office of Evaluation and Oversight has also stressed the need to identify the fragilities of the Haitian State and the absorption capacity of its institutions, promote the development of internal institutional capacity, and make government agencies accountable.<sup>37</sup>
- 1.24 **Strategic alignment.** This project is aligned with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and the following crosscutting themes: (i) institutional capacity and the rule of law, by making services accessible to the public and removing obstacles to productivity; and (ii) gender equality and diversity, by increasing the number of women in the civil service, to meet the quota of at least 30% in the MARNDR, the MTPTC, and other selected ministries established in Article 17.1 of the Constitution.<sup>38</sup> The project is also aligned with the Corporate Results Framework 2016-2019 (document GN-2727-6) as regards government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery. Additionally, it is aligned with the Sector Strategy on Institutions for Growth and Social Welfare (document GN-2587-2) (expenditure management and public services delivery at all three levels), as the project will strengthen priority human resources and their capacities in decentralized MARNDR units, and will rehabilitate priority Municipal Agricultural Offices. Lastly, the operation is included in the 2019 Operational Program (GN-2948).
- 1.25 **Alignment with the country strategy.** The project is aligned with the IDB Group Country Strategy with Haiti 2017-2021 (document GN-2904) as regards its strategic objectives of “enabling conditions for increased productivity in agriculture,”

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<sup>37</sup> IDB, OVE. Haiti Country Program Evaluation 2011-2015, July 2016.

<sup>38</sup> Consistent with the Gender and Diversity Sector Framework (document GN-2800-8), dimension 1, action line “ii”, on broadening the economic opportunities for women by increasing female participation in the labor force and enabling women to access more productive and better paid jobs and occupations.

“enhancing key transport infrastructure,” and “moderniz[ing] government organizations.”

## **B. Objectives, components, and cost**

- 1.26 **Objective.** The project’s objective is to expand coverage of the services provided by the MARNDR and the MTPTC by improving: (i) the effectiveness of government human resources management (including at the MARNDR and the MTPTC); (ii) the efficiency of human resources management; and (iii) the productivity of human resources management at the MARNDR, the MTPTC, and other public-sector agencies. The ministries selected to begin the project are the MARNDR and the MTPTC, but others could be added at the request of the Office of the Prime Minister, following the procedure in the project Operations Manual. The project components are as follows.
- 1.27 **Component 1. Strengthening the crosscutting regime of the civil service and human resources management (US\$8.94 million).** The activities included under this component are: (i) implementation of a human resources management policy that includes strengthening of the legal and regulatory framework of the OMRH, and the design of a new salary scale and job classification structure;<sup>39</sup> (ii) strengthening the OMRH’s administrative and technical capabilities, including the recruitment of staff to fulfill its mission, payment of staff salaries, and the provision of staff training; (iii) procurement of information technology hardware and equipment for OMRH’s management; (iv) design of incentives for the program of incentives for the voluntary retirement of public-sector employees;<sup>40</sup> (v) payroll audits to review compliance with the program’s eligibility requirements and to register employees on the biometric register; (vi) strengthening the gender dimension of the civil service; (vii) design and implementation of an ongoing training and skills development plan for government; and (viii) design and implementation of a communication and change management strategy for the project’s main agencies.
- 1.28 **Component 2. Strengthening of crosscutting information systems to support human resources and payroll management (US\$14.21 million).** The activities included under this component are: (i) implementation of the Human Resources Management Information System (HRMIS), to include payroll and pension management modules, for use by the OMRH to perform its tasks; (ii) design and implementation of a mandatory biometric register<sup>41</sup> of staff and contractual employees managed by the OMRH; (iii) strengthening of the technical and managerial capacities of the MEF;<sup>42</sup> (iv) reengineering budget processes for treasury payments; (v) procurement of equipment for an interdepartmental connection and data security for the MEF’s Information Systems Department (DSI);<sup>43</sup> (vi) setting up training workshops to ensure ongoing skills development (in information technology,

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<sup>39</sup> To be implemented within the MARNDR and the MTPTC.

<sup>40</sup> The most recent similar program executed by the MEF is described in the [link](#).

<sup>41</sup> A hardware and software maintenance service is also included for this register and for the human resources management system.

<sup>42</sup> As in the case of the OMRH, this capacity building includes complementary hiring and pay, whether by implementing a new pay scale or by using performance bonuses.

<sup>43</sup> The MEF and the OMRH will establish an agreement for the shared use of the information generated by the systems described.

HRMIS, and biometric identification); (vii) strengthening of OMRH/DSI technical capabilities; and (viii) strengthening of MEF/DSI technical capabilities.

- 1.29 **Component 3. Strengthening the service delivery capacity of the selected ministries and agencies (US\$27.42 million).** The activities that this component will support are: (i) preparing/updating of functional and operational analyses to identify organizational and human resources gaps that need to be bridged to fulfill the priority functions and deliver the selected services; (ii) implementation of the program of incentives for the voluntary retirement of public-sector employees who are eligible according to the eligibility criteria set out in the project Operations Manual;<sup>44</sup> (iii) hiring staff to close the gaps identified in the functional and operational analyses, provided that new employees are recruited on a competitive basis in line with civil service standards, and are senior management, technical management, and senior technical staff as agreed upon in the respective institutional capacity enhancement agreement. At the MARNDR, the project will support: (iv) the procurement and deployment of an information technology solution to prepare, execute, and evaluate the Ministry's public sector investment programs; (v) equipping, rehabilitation, and adapting the offices of selected departments, including the Municipal Agricultural Offices and/or training schools;<sup>45</sup> (vi) supporting extension services and technical support for farmers; (vii) design and implementation of a comprehensive statistical platform to enable better management and coordination of MARNDR databases. At the MTPTC, the project will support: (viii) strengthening of road network monitoring; and (ix) strengthening of the road maintenance unit. In addition to the foregoing activities, the project will support more robust control at the Superior Court of Accounts and Administrative Disputes (CSC/CA) by reviewing and simplifying control procedures, and preparing annual reports on accountability and training.
- 1.30 The execution of Component 3 will begin at the MARNDR and MTPTC with the update to their functional and operational reviews. The findings of these reviews will determine the content of the institutional capacity enhancement agreement that each ministry is to sign with the Office of the Prime Minister, in accordance with the terms of reference and eligibility criteria set out in the project Operations Manual. Other ministries may join Component 3 provided they are prioritized by the Office of the Prime Minister and sign the aforementioned agreements. The institutional capacity enhancement agreement will establish the following minimum mandatory commitments for the ministries: (i) implement the findings of the functional and operational review, the terms of reference for which will be defined in the project Operations Manual; (ii) implement the payroll audits to confirm that the staff signing up for the program of incentives for the voluntary retirement of public-sector employees meet the eligibility criteria and to confirm the staff status of those employees due to be included on the biometric register;<sup>46</sup> (iii) comply with civil service standards and OMRH and MEF guidelines for recruiting employees by

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<sup>44</sup> This program is aimed at ministries/agencies participating in the reform (MEF, MARNDR, MTPTC, and OMRH). Other ministries may join subsequently if prioritized by the Office of the Prime Minister. These employees will have reached retirement age and worked as civil service employees for at least five years. It will be paid as a lump sum and as a multiple of monthly salary.

<sup>45</sup> This will cover basic operating equipment for ten Municipal Agricultural Offices and/or training schools.

<sup>46</sup> [Management of retirement and salary payments.](#)

competitive processes; (iv) implement actions to improve the selected services; and (v) implement the service improvement monitoring mechanisms.

- 1.31 **Project management (US\$4.42 million).** This includes support for project management and steering over the five years of execution, in particular strengthening the MEF project coordination unit (PCU/MEF), with the aim of preventing recurrent execution problems and streamlining processes; strengthening the OMRH to manage the project; developing a detailed and accurate project baseline and monitoring its implementation; financial audits; project midterm and final evaluation; and project risk containment plan. The latter will incorporate the communications plan and strategy, which will be managed by coordinating related actions envisioned in the project, such as the change management strategy in Component 1.
- 1.32 **Main beneficiaries.** The project's main beneficiaries will be the individuals and businesses using the services, particularly those relating to agriculture and road infrastructure. In rural areas, 80% of households are engaged in farming and for half of households it is the only economic activity; the rural poverty rate stands at 75%. Civil servants will also benefit through better working conditions, resulting in improved human capital and higher labor productivity. Women will also have better access to the civil service.

### C. Key results indicators

- 1.33 **Expected outcomes.** The project's expected impacts are: (i) higher farm incomes thanks to the services provided by the MARNDR; and (ii) reduced coverage gaps in MTPTC and MARNDR services. The project's expected outcomes are for MARNDR and MTPTC human resources to be: (i) managed more effectively; (ii) managed more efficiently; and (iii) more productive.
- 1.34 **Economic evaluation.** The evidence from various international experiences on reforms of the kind proposed by the project highlights the positive impacts on public services of investing in strengthening the civil service and government human resources management. Benefits associated with improved service-delivery performance have been identified, with direct impacts on the well-being of people accessing the services.
- 1.35 For the project cost/benefit analysis, the benefits of each component were identified. In Component 1, the net benefits of labor productivity improvements resulting from the hiring of new employees with better qualifications and skills were estimated. In Component 2, the net benefits from fiscal savings, reduced costs of time and logistics in the human resources management system and payroll system were estimated. Lastly, in Component 3, the improvements in the coverage and quality of selected services are estimated in terms of the savings in time and transaction costs, for both employees and users of the improved public services. Based on the proposed economic model, the economic return indicators were calculated, yielding positive results: the net present value of the project is US\$24.68 million and the internal rate of return 20.6%. In the sensitivity analysis, a delay in project execution—which would postpone the project's expected benefits in the short term—was identified as a critical variable ([economic analysis](#)).



## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 The project's total cost is up to US\$55 million, financed as a specific investment grant from the IDB Grant Facility. Table 1 summarizes the budget by component, a breakdown of which is provided in the [itemized budget](#).

**Table 1. Project costs (US\$ millions)**

Category	IDB Total	%
Component 1: Strengthening the crosscutting regime of the civil service and human resources management	8.943	16%
Component 2: Strengthening of crosscutting information systems to support human resources and payroll management	14.214	26%
Component 3: Strengthening the service delivery capacity of the selected ministries and agencies	27.419	50%
Project management (including financial auditing, monitoring and evaluation)	4.424	8%
<b>Total</b>	<b>55.00</b>	<b>100%</b>

- 2.2 Table 2 provides a projection of the relevant disbursements.

**Table 2. Projected disbursements (US\$ millions)**

Year 1	Year 2	Year 3	Year 4	Year 5	Total
8.89	15.41	20.05	6.49	4.16	<b>55.00</b>
16%	28%	36%	12%	8%	<b>100%</b>

### B. Environmental and social safeguard risks

- 2.3 Under the Environment and Safeguards Compliance Policy (Operational Policy OP-703) and the safeguards classification toolkit, this project has been classified as a category "C" operation. The activities that will be financed with the proceeds of the project will not have a direct or significant impact on the environment or the country's natural resources. As part of efforts to revamp the Municipal Agricultural Offices, a firm will be engaged to assess their structure. At the start of the recruitment process, the following will be requested: (i) an environmental and social management plan, including an occupational health and safety plan; and a communication plan; and (ii) compliance with national laws. To mitigate the risks, the plans will be submitted to the Bank for its no objection before launching the revamp.

### C. Fiduciary risks

- 2.4 The most recent evaluation of public financial management in Haiti concluded that its fiduciary systems are not fully compliant with the features required for the implementation of Bank projects. This fiduciary risk is classified as medium.
- 2.5 To mitigate these weaknesses, the Bank will continue to: (i) rely on executing units (see paragraph 3.1 regarding the executing agencies and unit responsible for the

project's fiduciary management);<sup>47</sup> (ii) implement special fiduciary mechanisms;<sup>48</sup> (iii) supervise the operations of the executing units closely; and (iv) assign IDB personnel duly certified in public procurement processes to the operation. Independent auditors acceptable to the Bank will perform external control on operations in compliance with the Bank's guidelines on financial reporting and audits.

- 2.6 **Procurement risks.** The following were identified as medium-level risks: (i) limited planning capacity; (ii) limited absorption capacity; (iii) insufficient contract management capacity; (iv) a deficient filing system; and (v) integrity risk in technology procurement processes. The mitigation measures include: (i) training of the team in planning methodologies and record-keeping methods; (ii) hiring of procurement specialists; and (iii) conducting open bidding processes, ensuring the process, including the award of contract, is transparent (see Annex III for more details).

#### D. Other risks

- 2.7 The following risks and mitigating factors were identified:

- (i) **Fiscal sustainability.** The following exogenous shocks were identified as a medium-level risk: (i) macro shocks (international prices, exchange rate); and (ii) instability due to natural disasters. The first will be mitigated by phasing project deployment, giving priority to actions with greater positive fiscal impacts, such as savings from implementation of the biometric register and voluntary retirement.<sup>49</sup> In the case of the second risk, the improvements to the composition of human resources and the salary structure promoted by the project are expected to strengthen the government's current fiscal consolidation efforts, which will help ease fiscal pressures.
- (ii) **Development.** Under this heading, the OMRH's limited capacity to execute and monitor the project efficiently is identified as high-level risk. To mitigate it, coordination between the executing agencies (the OMRH and the MEF) will be strengthened by forming three execution entities configured as described in the coordination mechanism section (paragraph 3.2); the OMRH will have qualified human resources to prepare the documents required to implement project activities and will implement the monitoring system. The following were classified as medium-level risks: (a) lack of political commitment to the reforms or discontinuation during implementation, mitigated by activities informing stakeholders of the advantages of this type of reform, and effective coordination with the donors; (b) implementation difficulties due to resistance originating in the politicization of the civil service or the existence of powerful trade unions opposed to change, which will be mitigated by preparing better and more strategic diagnostic assessments of the civil service and government, which should strengthen human capital where the reforms are implemented, and consequently enhance management effectiveness and productivity, producing a demonstration

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<sup>47</sup> Annex III, section III, provides more details on fiduciary capabilities in the execution of this project and other fiduciary risks, including those associated with procurement.

<sup>48</sup> These refer to the Bank's public financial management procedures.

<sup>49</sup> The economic evaluation yields positive results from fiscal savings and increased productivity.

effect that should reduce resistance to the reforms; the voluntary nature of the retirement program will also help mitigate the political risk and union resistance; (c) lack of ownership and commitment to the project by the executing agencies, which will be mitigated by phased and iterative implementation, so that experiences and lessons learned during activity implementation in one ministry or ministry sector can be applied in those where the reform is implemented subsequently; and (d) unreliability of the information collected on fulfillment of eligibility requirements for staff to join the voluntary retirement program and for inclusion on the biometric register, to be mitigated by payroll audits performed by international firms to confirm that requirements have been met.

- (iii) **Sustainability.** There is a medium-level risk that the MEF will be unable to sustain the expense represented by the incorporation of new staff with higher salaries in the ministries targeted for reform or the cost of maintaining technology products and securing them against cyberattacks once the project's finance begins to taper. The project design mitigates this risk by implementing the biometric register and voluntary retirement program to free up resources with which to pay new salaries. A strategic plan is also included for information technology equipment and data security, which is itemized in the diagnostic assessment of technology requirements for the MEF and the OMRH (see [link](#)).<sup>50</sup> Moreover, the project's gradual reduction in financing of salaries will require the MEF to provide for the allocation of funds, registering the new employees in advance. This increased appropriation will be incorporated in the government budget.

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### A. Summary of implementation arrangements

- 3.1 **Executing agencies.** The Republic of Haiti will be the beneficiary of this operation. The project executing agencies will be: (i) for Components 1 and 3, the OMRH in the Office of the Prime Minister; and (ii) for Component 2, the OMRH and the MEF. The PCU/MEF will be in charge of fiduciary management and financial reporting.
- 3.2 **Coordination mechanism.** As part of its institutional design, the [project Operations Manual](#) will include a mechanism for coordination among three entities. It will enable the two executing agencies (the OMRH and the MEF), the PCU/MEF, and the sector ministries participating in the project to work in coordination to ensure that the implementation plans are fulfilled. The three coordination entities and their roles are:
  - (i) A management committee comprised of the Prime Minister or his appointee, the general coordinator of the OMRH, the Minister of Economy and Finance, and the sector ministers participating in the project. This committee will be responsible for approving the plan of operations and activities, and the project implementation strategy.
  - (ii) A technical advisory committee comprised of international and local experts on the implementation of institutional reform, who will prepare the plans of

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<sup>50</sup> Financing for the upgrading and maintenance of the new information technology systems is included in Component 2 of the project (activity 2.5).

operations and activities, the implementation strategies, and advise sector ministries in order to facilitate implementation of project activities.

- (iii) A project monitoring and evaluation system led by the OMRH which will be used to establish baselines, monitor plan implementation, and evaluate the results obtained, reporting back to the management committee and the technical advisory committee on the progress of activities and any obstacles to their implementation.

- 3.3 **Coordination with other donors.** With the support of the World Bank, the Government of Haiti has been preparing the “Improving Public Financial Management and Statistical Information Project,” which is part of the government’s action plan of reforms to improve financial management. This project will finance the implementation of the main modules (i.e. accounting, reports, accounts payable, cash management, and bank reconciliation) of a new financial management information system, which will be purchased as a commercial off-the-shelf product. The government has asked the IDB to finance the internal staff and payroll control modules, and their interconnection with a new human resources management system under the OMRH (Component 2 of the project), a task on which the IDB will continue to work closely with the World Bank. Ongoing coordination with the donor community in the government reform area, including the European Union and the World Bank, took place during project design, and will be continued during execution.
- 3.4 **Project Operations Manual.** For project execution, the executing agencies will be guided by a [project Operations Manual](#), establishing the rules and procedures of execution for project activity scheduling, technical management, financial and accounting management, procurement, monitoring, audits, and evaluation. It also includes: (i) the procedures and responsibilities of the entities involved in project execution; and (ii) the supporting technical documentation prepared for investments, including economic, social, and environmental feasibility studies, and management and operations plans, or other documents as required.
- 3.5 **Financial management.** Financial management of the project will be governed by the Financial Guidelines for IDB-financed Projects (document OP-273-6). Financial programming will be based on standard models included in the disbursement guidelines for Bank projects. Additionally, the Bank will determine the supervision of procedures it considers necessary for the successful execution of the operation, which will include an independent financial audit to be conducted in accordance with the financial reporting guidelines and an external audit financed by the project. As regards the management of contracts denominated in local currency, a requirement of the MEF in 2014 was that a project account be opened in Haiti so U.S. dollars could be converted to Haitian gourdes, the local currency. Financial management and accounting software will be provided for the executing agencies’ budgeting, cash management, and accounting.
- 3.6 **Special audit requirements.** The PCU/MEF will be responsible for hiring external auditors eligible to audit the grant funding as follows: (i) annual financial audit of the project, to be submitted within 120 days from the close of each fiscal year; and (ii) a final project audit to be submitted within 120 days from the date of the last disbursement.

- 3.7 **Procurement policies.** A procurement plan has been agreed upon for the execution period. The executing agencies will update the procurement plan annually, prior to the end of each calendar year, or whenever there are any substantial changes. The execution and monitoring system determined by the IDB will be used for updating of the procurement plan. Goods, works, and consulting services will be procured in accordance with the policies and procedures set forth in the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank (document GN-2349-9); and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Bank (document GN-2350-9). Before starting any hiring processes it will be necessary to draw up a draft general procurement notice and send it to the Bank for publication on its website and the United Nations Development Business website. No exceptions to procurement policies are anticipated.
- 3.8 **Special contractual conditions precedent to the first disbursement of the grant. The beneficiary will submit evidence to the Bank's satisfaction that: (i) a project management committee, project technical advisory committee, and project monitoring and evaluation system have been established; (ii) the project Operations Manual has entered into force, in accordance with the conditions previously agreed upon with the Bank; (iii) each executing agency's key personnel for project execution have been appointed, including a coordinator, a monitoring and evaluation specialist, and an administrative assistant for the OMRH; and a coordinator, a finance and administration manager, an administrative assistant, an accountant, and two procurement specialists for the PCU attached to the MEF; and (iv) a coordinator for the human resources management information system has been appointed by the OMHR.** These conditions are essential to guarantee proper coordination between the government agencies executing the project and to ensure they have the appropriate personnel and tools for project execution.
- 3.9 **Special contractual conditions for execution.** (i) In order to confirm the legality of the program of incentives for the voluntary retirement of public-sector employees envisioned in Component 3, prior to disbursement of the financing of the program's incentives, the OMRH will submit, to the Bank's satisfaction, evidence that an independent auditor, or firm of independent auditors, has audited and confirmed that the employees taking part in the program fulfill the program's requirements, that the program envisioned by the respective ministry or public-sector agency has an institutional capacity enhancement agreement in place, and meets the requirements established in national legislation and the eligibility criteria set out in the project Operations Manual; and (ii) to ensure proper coordination between the executing agencies and the selected ministries, prior to disbursing project financing under Component 3, the beneficiary will have submitted evidence, to the Bank's satisfaction, that the executing agencies have signed interagency project execution agreements with the respective ministry or public-sector agency.
- B. Summary of results monitoring arrangements**
- 3.10 Monitoring of project execution will focus on two levels: (i) fulfillment of execution of project activities; and (ii) achievement of the output and outcome indicators in the results matrix. The project monitoring system comprises the following instruments:

- (i) the project Operations Manual;<sup>51</sup> (ii) the results matrix; (iii) the multiyear execution plan; (iv) the annual work plan; (v) the [monitoring and evaluation plan](#); (vi) the procurement plan; (vii) the risk matrix; (viii) progress monitoring reports; (ix) semiannual progress reports; (x) audited financial statements; and (xi) consultants' terms of reference. The executing agencies' planning and monitoring specialist assigned to the project will prepare a monitoring plan which will set out the source of information, data, indicators, statistics, and methodology to be used for the supervision of each of the project's activities. He/she will also prepare the semiannual progress reports to be reviewed by the PCU/MEF coordinator, prior to their review by the Bank.
- 3.11 To evaluate the project, the results matrix and the [monitoring and evaluation plan](#) arrangements will be used. The project envisions: (i) an evaluation of the technical, administrative, and financial aspects, which is to be conducted when at least 90% of the grant funding has been disbursed; (ii) ex post economic evaluation, with a view to verifying if the estimated benefits of the ex ante analysis were achieved or, if applicable, to justify possible deviations from the planned targets; (iii) an accountability exercise to verify the extent to which the objectives of adjusting human capital profiles in the MARNDR and the MTPTC through voluntary retirement and hiring of personnel were met; and (iv) verification of objectives to assess progress and outcomes of the project components.

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<sup>51</sup> Described in paragraph 3.4.

Development Effectiveness Matrix		
Summary		
I. Corporate and Country Priorities		
1. IDB Development Objectives	Yes	
Development Challenges & Cross-cutting Themes	-Gender Equality and Diversity -Institutional Capacity and the Rule of Law	
Country Development Results Indicators	-Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)*	
2. Country Development Objectives	Yes	
Country Strategy Results Matrix	GN-2904	Modernizar las organizaciones gubernamentales. Crear condiciones que permitan incrementar la productividad agrícola, y mejorar infraestructura clave de transporte.
Country Program Results Matrix	GN-2948	The intervention is included in the 2019 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability	Evaluable	
3. Evidence-based Assessment & Solution	8.3	
3.1 Program Diagnosis	2.0	
3.2 Proposed Interventions or Solutions	4.0	
3.3 Results Matrix Quality	2.4	
4. Ex ante Economic Analysis	9.0	
4.1 Program has an ERR/NPV, or key outcomes identified for CEA	3.0	
4.2 Identified and Quantified Benefits and Costs	3.0	
4.3 Reasonable Assumptions	0.0	
4.4 Sensitivity Analysis	2.0	
4.5 Consistency with results matrix	1.0	
5. Monitoring and Evaluation	9.7	
5.1 Monitoring Mechanisms	2.2	
5.2 Evaluation Plan	7.5	
III. Risks & Mitigation Monitoring Matrix	Medium	
Overall risks rate = magnitude of risks*likelihood	Yes	
Identified risks have been rated for magnitude and likelihood	Yes	
Mitigation measures have been identified for major risks	Yes	
Mitigation measures have indicators for tracking their implementation	C	
Environmental & social risk classification	C	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)		
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		

Note: (\*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

**Evaluability Assessment Note:** The main goal of the operation is to contribute to expand the coverage of services provided by MARNDR y MTPTC.

To achieve this end, the proposal defines three specific areas on which the project will intervene. The first area focus is the improvement of the efficacy of HR management in the public administration. The second area is the improvement of efficiency of HR management also in the public administration. The third area is the improvement of the HR productivity of MARNDR and MTPTC. Each of these areas defines a component.

The project includes a description of the process gaps that lead to weaknesses in each of these three areas.

The project's proposal generates a diagnosis to identify gaps in coverage of MARNDR services, particularly in the fertilized program and improved seeds use, and coverage of MRPTC services, specifically on road maintenance.

The economic analysis provides a quantification of benefits for productivity of new employees and efficiency associated to fiscal savings for reduction of ghost employees and time and expenses reduction in HR system logistics. The costs include variation of numbers of employees for voluntary withdrawal, increase of MARNDR y MTPTC services demand and project delays. The analysis concludes with a net present value of US\$24,678,949 and the internal rate of return is twenty-point six percent (20,6%).

Monitoring relies on reports by MARNDR y MTPTC. The ex post evaluation plan includes an impact evaluation to identify the effects of savings for irregularly payment at public employees, biometric system uses and labor productivity. The evaluation relies on a randomized control trial.

There is one risk out of ten classified as high. The main risk identified for the program to succeed is the limited capacity of the OMRH to execute and effective monitoring the project, therefore, improvements on coordination between the OMRH and the MEF are listed as part of the mitigation measures.

## RESULTS MATRIX

<b>PROJECT OBJECTIVE:</b>	The project's objective is to expand coverage of the services provided by the Ministry of Agriculture, Natural Resources, and Rural Development (MARNDR), the Ministry of Public Works, Transportation, and Communications (MTPTC), and other public-sector agencies by improving human resources: (i) effectiveness (including at the MARNDR and the MTPTC); (ii) efficiency; and (iii) productivity at MARNDR, MTPTC, and other public-sector agencies.
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### EXPECTED IMPACT<sup>1</sup>

Indicator	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification
<b>IMPACT 1. Increased farming income as a result of the services provided by the MARNDR</b>										
1.1 Annual farming income of households that have received technical assistance and extension services from the MARNDR	US\$ per household	170	2015	170	170	170	170	268	268	Baseline and monitoring surveys of households living from farming income taken during operation 4359/GR-HA for two communes in southeastern Haiti
- Annual farming income of farming households headed by women	US\$ per household	68	2015	68	68	68	68	107	107	
- Annual farming income of farming households headed by men	US\$ per household	197	2015	197	197	197	197	311	311	
Indicator	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification
<b>IMPACT 2. Gaps in MTPTC and MARNDR service coverage narrowed</b>										
2.1 Percentage of road network repaired	Kilometers of roads in good/acceptable condition as a percentage of total kilometers of road network	29%	2015	29%	29%	30%	30%	35%	35%	The indicator will define these conditions according to the international roughness index (MTPTC report)
2.2 Gap in farmers without agricultural extension services in communes of southeastern Haiti	Percentage of farmers unserved / total farmers in communes of southeastern Haiti	100%	2019	100%	99.5%	97.5%	95.5%	93.5%	93.5%	Based on the United Nations Food and Agricultural Organization (FAO), Agricultural Census 2008

<sup>1</sup> See the [monitoring and evaluation plan](#) for more information.



**EXPECTED OUTCOMES<sup>2</sup>**

Indicator	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification
Outcome 1. More effective human resources management										
1.1 Merit indicator of the Civil Service Development Index	Score	33	2018	33	33	33	33	38	38	Methodology of the Civil Service development Index (new IDB application in 2023)
1.2 Functional capacity indicator of the Civil Service Development Index	Score	13	2018	13	13	13	13	20	20	
Outcome 2. More efficient human resources management										
2.1 Effectiveness of payroll expenditure	Percentage (payroll expenditure/total expenditure)	32.8%	2016/2017	32.8%	32.8%	34%	35%	40%	40%	MEF report

<sup>2</sup> See the [monitoring and evaluation plan](#) for more information.

**EXPECTED OUTCOMES<sup>3</sup>**

Indicator	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification
2.2 Payroll system annual operating costs	US\$	90,434	2017	90,434	90,434	81,409	58,149	34,890	34,890	MEF report
2.3 Unjustified salary payments	US\$ millions	10.04	2017	10.04	7.03	5.02	3.52	2.46	2.46	MEF report, calculated using the economic evaluation methodology, and project coordination unit (PCU) reports
<b>Outcome 3. Enhanced human resources productivity at MARNDR and MTPTC<sup>4</sup></b>										
3. Increased per capita labor productivity of MARNDR staff	Extension services provided <sup>5</sup> per member of MARNDR staff providing these services <sup>6</sup>	0	2018	0.23	0.28	0.91	0.91	0.91	0.91	Baseline, and project midterm and final evaluation

<sup>3</sup> See the [monitoring and evaluation plan](#) for more information.

<sup>4</sup> An MTPTC human resources productivity indicator will be incorporated following the update to the functional analysis.

<sup>5</sup> Extension services provide a technology package in forestry and farming, irrigation, animal traction and/or post-harvest equipment and technical training.

<sup>6</sup> For this indicator, MARNDR personnel data (ministry services employ 1,067 people) and indicator “3.7 Farmers who received the technology package of extension and technical support services” were considered. Indicator in year 1:  $250/1067 = 0.23$ ; indicator in year 2:  $250/899 = 0.28$ ; and indicators in years 3, 4, and 5:  $1000/1099 = 0.91$ .

### OUTPUTS

Indicator	Unit of measurement	Baseline	Baseline year	Interim measurements					Overall target	Source/means of verification
				Year 1	Year 2	Year 3	Year 4	Year 5		
Component 1. Strengthening the crosscutting regime of the civil service and human resources management										
1.1 Validated human resources management policy	Document	0	2019	1	0	0	0	0	1	OMRH report and at least one institution governed by the new human resources management policy document
1.2 Regulations document and human resources management tools approved by the OMRH	Document	0	2019	1	0	0	0	0	1	OMRH report and the regulations it has approved and disseminated to government agencies
1.3.A Recruitment of new OMRH staff	Number of employees hired	0	2019	10	5	0	0	0	15	OMRH report indicating the number of employees hired
1.3.B Motivation and technical training workshops held for OMRH staff	Certificates showing workshops held	0	2019	10	20	20	20	20	90	Reports on training sessions and OMRH certificates from technical training workshops and motivation programs for OMRH personnel
1.4 Computers and equipment purchased by the OMRH	Computers and equipment	0	2019	0	1	0	0	0	1	OMRH report on the procurement and use of computer equipment
1.5.A Job and competency repository and classification of job profiles developed	Job and skills reference framework (REC)	0	2019	0	0	1	0	0	1	OMRH report and certificate of acceptance of REC with levels and classification of jobs and job profiles
1.5.B Salary scale document implemented	Document	0	2019	0	0	0	1	0	1	OMRH validation and PCU report
1.6 Document on conditions of retirement incentive program	Document	0	2019	0	0	1	0	0	1	OMRH/MEF report on preparation and approval of conditions of the retirement incentive program
1.7 Payroll audit to identify staff for retirement and all employees	Payroll audit	0	2019	1	1	0	0	0	2	Contracting of international firm for payroll audit
1.8 Staff workshops on strengthening the gender dimension in public service	Workshop	0	2019	1	4	4	4	4	17	OMHR report on certified employees
1.9 Training and skills development, and career development plan approved	Document	0	2019	0	1	0	0	0	1	OMHR report on preparation and approval of the plan
1.10 Behavior change strategy and communication plan approved	Document	0	2019	2	0	0	0	0	2	OMHR report on preparation and approval of the strategy

Indicator	Unit of measurement	Baseline	Baseline year	Interim measurements					Overall target	Source/means of verification
				Year 1	Year 2	Year 3	Year 4	Year 5		
Component 2. Improvement of crosscutting human resources and payroll management information systems										
2.1 HRMIS implemented <sup>7</sup>	System	0	2019	1	0	0	0	0	1	MEF/OMRH report on the implementation and use of HRMIS validated by the IDB
2.2 Mandatory biometric register of staff and contract employees managed by OMRH implemented	Biometric register	0	2019	1	1	1	0	0	3	MEF/OMRH report on the implementation and use of the biometric register validated by the IDB
2.3 Recruitment of new personnel by the MEF	Number of employees hired	0	2019	5	5	0	0	0	10	Report to OMRH on number of employees hired
2.4 Budget process reengineering document for treasury payments prepared	Document	0	2019	1	0	0	0	0	1	MEF report/registration of payments made with new process reengineering and published in the official gazette ( <i>Le Moniteur</i> )
2.5 Equipment <sup>8</sup> for interdepartmental connection and computer data security at the MEF's Information Systems Department (DSI) purchased	Equipment	0	2019	4	4	4	0	0	12	MEF report on procurement and use of the equipment
2.6 Personnel with certification in information technology, HRMIS, and biometric identification	Certification	0	2019	0	0	100	200	100	400	MEF/OMRH validation, OMRH report, and human resources personnel who will be using HRMIS and biometric identification certified in these systems
2.7 Technical staff members hired to strengthen DSI/OMRH	Staff member	0	2019	5	7	8	9	9	9	Staff hired for DSI/OMRH jobs
2.8 Technical staff members hired to strengthen DSI/MEF	Staff member	0	2019	5	5	0	0	0	10	Staff hired for DSI/MEF jobs
Component 3. Strengthening the service delivery capacity of selected ministries and entities										
3.1 Functional analysis documents on MARNDR and MTPTC updated	Document	0	2019	1	1	0	0	0	2	Sent by output executing unit. Reports by consulting firm.

<sup>7</sup> The Human Resources Management Information System (HRMIS) includes payroll and pension modules.

<sup>8</sup> Equipment includes, inter alia, generators, licenses, and biometric system. For more information see [optional link 5](#), pages 30-31.

Indicator	Unit of measurement	Baseline	Baseline year	Interim measurements					Overall target	Source/means of verification
				Year 1	Year 2	Year 3	Year 4	Year 5		
3.2 Training workshops with certified personnel based on functional audits of the MARNDR and MTPTC	Training workshop with certified personnel	0	2019	0	0	1	1	1	3	Human Resources Department (DRH) reports on MARNDR and MTPTC training conducted during the project/Training workshops with certified personnel based on functional audits
3.3 Monetary incentives <sup>9</sup> paid for staff at selected ministries to take retirement	Retirement package	0	2019	0	1	1	0	0	2	OMRH/MEF report with list of staff paid, amounts, and other specifications
3.4 Personnel hired based on needs	Number of employees hired	0	2019	0	200	200	0	0	400	Report to OMRH on the number of employees hired per sector
3.5 Information technology solution for the preparation, execution, and evaluation of the MARNDR's public-sector investment programs purchased and implemented	Software up and running	0	2019	1	0	0	0	0	1	MARNDR report on the procurement and use of the software
3.6 Municipal Agricultural Offices (BACs) and training schools selected, refurbished, and equipped	BAC and/or training school	0	2019	0	0	5	5	0	10	MARNDR report, validated by PCU field visits to confirm monitoring and completion of works and physical inventory of equipment
3.7 Farmers who received the technology package of extension and technical support services	Farmer	0	2019	250	250	1,000	1,000	1,000	3,500	Surveys of farming households taken for baseline and monitoring purposes in loan 4359/GR HA
3.8 Integrated statistical platform for the MARNDR designed and implemented	Platform	0	2019	1	0	0	0	0	1	MARNDR report on platform implementation
3.9 Road network monitoring system developed and implemented	System	0	2019	0	1	0	0	0	1	MTPTC report on the monitoring system's development, implementation, and use
3.10.A MTPTC personnel trained and certified	Workshop with trained and certified staff	0	2019	0	10	0	0	0	10	Report by MTPTC human resources dept / Certifications for trained MTPTC staff

<sup>9</sup> These incentives will be a one-time lump sum payment in monthly salaries for staff who have reached retirement age and have been working in the civil service for at least five years.

Indicator	Unit of measurement	Baseline	Baseline year	Interim measurements					Overall target	Source/means of verification
				Year 1	Year 2	Year 3	Year 4	Year 5		
3.10.B Equipment package <sup>10</sup> for the MTPTC maintenance unit purchased	Equipment package	0	2019	0	1	1	0	0	2	OMRH report based on information provided by the MTPTC
3.11 MTPTC equipment in use	Document certifying use	0	2019	0	0	1	1	0	2	MTPTC supervision report forwarded to the OMRH and relayed to the IDB by PCU/MEF
3.12 Superior Court of Accounts and Administrative Disputes (CSC/CA) personnel trained and certified	Number of workshops with trained and certified staff	0	2019	1	1	1	1	1	5	CSC/CA report on certified staff

<sup>10</sup> Equipment includes vehicles and machinery for drainage and construction.

## FIDUCIARY AGREEMENTS AND REQUIREMENTS

**Country:** Republic of Haiti

**Project number:** HA-L1131

**Project name:** Strengthening Public Management to Improve Service Delivery

**Executing agencies:** Office of Management and Human Resources (OMRH) in the Office of the Prime Minister, and the Ministry of Economy and Finance (MEF)

**Prepared by:** Takady Konate (IFD/ICS) and Marie Marcelle Orisme Roc Passard (VPC/FMP)

### I. EXECUTIVE SUMMARY

- 1.1 This document is based on information compiled from existing diagnostic assessments of the Haitian government's public financial management and procurement systems. At the request of the Haitian government, the Ministry of Economy and Finance (MEF) applied for US\$55 million in Bank financing to help with the cost of project HA-L1131.
- 1.2 The executing agencies for this project will be: (i) for Components 1 and 3: the OMRH; and for Component 2: the OMRH and the MEF. The MEF project coordination unit (PCU) will be in charge of fiduciary management and financial reports. The most recent evaluation of the institutional capacity of the OMRH and the PCU concluded that the fiduciary system used at the time of the analysis did not meet all the requirements for the execution of Bank-financed projects. Based on this finding, the fiduciary risk was classified as medium, specifically in the areas of planning, internal oversight, procurement and contracting, inventory management, and record-keeping.
- 1.3 **Public financial management, procurement, and general context.** The most recent evaluation of these systems was the Public Expenditure and Financial Accountability (PEFA) assessment published in 2012. Haiti's public financial management and external control mechanisms need to be improved to achieve levels consistent with the fiduciary management of Bank-financed projects.
- 1.4 The country procurement system was evaluated in 2013 applying the OECD Development Assistance Committee methodology and indicators. Weaknesses were identified and an action plan is currently being implemented to modernize the country procurement system. As a result, country systems will not be used, and the procurement activities planned for this project will be governed by the Bank's procurement policies.

## II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

### A. Project coordinating unit

- 2.1 The MEF, through the PCU, will be responsible for fiduciary management of the project. The PCU has experience managing Bank-financed operations, including loan contracts 2396/GR-HA and 2879/GR-HA.
- 2.2 **Organizational structure and administrative policies.** Headed by a coordinator, the PCU is supported by: (i) a deputy coordinator in charge of procurement; (ii) a finance manager supervising the accounting team; (iii) a procurement team; and (iv) an administrative team.
- 2.3 **Procurement.** As well as being responsible for execution of Component 2, the PCU will coordinate financial management of the activities of the OMRH and other beneficiary entities. The PCU has a procurement specialist trained to execute existing Bank projects.

### B. Office of management and human resources

- 2.4 The OMRH has only limited experience with Bank-financed operations. The OMRH received funds under loan 2396/GR-HA for project-specific activities. However, the OMRH was not involved in that project's management or fiduciary management.
- 2.5 In August 2018, an independent consultant undertook an institutional assessment of the OMRH. The OMRH is governed by laws, decrees, and processes established by the Haitian government, and uses country systems to carry out its activities. It currently has no unit dedicated to managing donor-financed operations and limited project management experience. To execute this new operation successfully, it is recommended that the OMRH hire a project coordinator, who will also serve as the main point of contact with the PCU for authorizing payments of goods and services purchased for the OMRH, and planning of OMRH activities, including the finalization of the terms of reference and their approval by the designated OMRH authorities.
- 2.6 **Procurement.** The OMRH has no experience executing Bank-financed projects. The 2018 evaluation identified the need to develop its procurement capacity to fulfill the planned level of activities. Although the OMRH will not supervise procurement processes, its fiduciary responsibilities will be in planning, preparing terms of reference, and managing contracts jointly with the PCU.
- 2.7 **Organizational structure and administrative policies.** The OMRH is headed by a general coordinator, who is in turn supported by an deputy coordinator and technical advisors. The OMRH will be strengthened to achieve the project objectives and will be supported by the PCU in fiduciary management matters.
- 2.8 Based on evaluations and reforms under way, the OMRH's fiduciary system is considered acceptable for the technical activities defined in this operation. Existing project management systems will be strengthened during project execution. The project Operations Manual will be drafted to reflect the roles and responsibilities of the PCU and the OMRH, and the way in which the two entities will work together during the life of the project.



### III. FIDUCIARY RISK EVALUATION AND MITIGATION MEASURES

#### A. PCU

- 3.1 **Fiduciary risks.** The most recent public financial management assessment (Public Expenditure and Financial Accountability (PEFA) Program 2012) found that Haiti's fiduciary systems did not fully comply with the Bank's requirements. This risk is therefore classified as medium. To mitigate these weaknesses, the Bank will continue to: (i) rely on execution units; (ii) implement special fiduciary mechanisms; (iii) supervise the operations of the execution units closely; and (iv) ensure that Bank personnel involved in the operation are duly certified in public procurement processes, in order to offer better support and guidance. Independent auditors acceptable to the Bank will perform external checks on operations in compliance with the Bank's guidelines on financial reporting and audits.
- 3.2 The entity's public financial management policies and procedures are defined in its Operations Manual, which is currently being revised and updated to include this assessment.
- 3.3 Modified cash-basis accounting will be employed for the projects managed by the PCU using the QuickBooks system. The system generates financial reports on income and expenditure by project and source of financing. As the PCU is subordinate to the MEF, it does not generate institutional accounts.
- 3.4 The latest institutional assessment confirmed that the level of the existing capacity for public financial management of projects is satisfactory. The experience of the personnel in charge of finance and accounting is acceptable for the duties they are to perform; however, the expected increase in activity means it may be necessary to hire an additional accountant. Through external auditors, the PCU submits audited annual financial statements for Bank-financed operations.
- 3.5 **Procurement risks.** Based on the 2018 evaluation of the PCU, the overall procurement risk is classified as medium. The following risks were identified: (i) limited planning capacity; (ii) limited absorption capacity; (iii) insufficient contract management capacity; (iv) deficient filing system; and (v) lack of integrity in technology procurement processes.
- 3.6 The mitigation measures that will be taken include: (i) training the technical and fiduciary team in planning methodologies during initial project execution phases; (ii) hiring a procurement specialist (who will be supported by an information technology specialist for procurement processes); (iii) verification during project execution that the main contract management activities are being performed; (iv) training in filing methods; and (v) open tendering for technology procurement, in accordance with Bank policies.<sup>1</sup>

#### B. OMRH

- 3.7 This will be the first time the OMRH has served as an executing agency for the Bank. The fiduciary risks that could affect the project were assessed, as was the average

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<sup>1</sup> There will also be transparency in calls for tender and information about the companies to which contracts are awarded in these processes. The location and use of the equipment purchased will be monitored. The contracting of systems and software will constitute a priority in the contracting of services to guarantee their viability.

impact of the agency's limited project management experience. As well as being in charge of the technical side of Components 1 and 3, the executing agency also plays a fiduciary role in relation to: (i) drafting the terms of reference for engaging consultants and consulting firms; (ii) involvement in the procurement process; (iii) involvement in managing contracts with suppliers of goods and services; (iv) approving the reception of goods and services prior to payment processing by the PCU; and (v) helping draft the annual work plan and cash requirements.

- 3.8 The OMRH is not involved in procurement execution. However, significant aspects of the planning, preparation of terms of reference, and monitoring of the technical aspects of contracts will be managed jointly with the PCU.

#### IV. CONSIDERATIONS FOR THE SPECIAL PROVISION OF CONTRACTS

- 4.1 **Special financial audit requirements.** The UCP will be responsible for contracting eligible external financial auditors for the project's financial audits, as follows: (i) annual audit reports will be submitted within 120 days after the end of each fiscal year; and (ii) a final audit report will be submitted within 120 days after the date of the last disbursement. The exchange rate is valid on the transaction date, except when the exchange rate used to convert funds denominated in the project currency to the local currency is used to record expenses incurred in local currency.

#### V. AGREEMENTS AND REQUIREMENTS FOR PROJECT PROCUREMENT

- 5.1 **Procurement execution.** The procurement plan, which covers the whole project execution period from the project eligibility date,<sup>2</sup> was approved by the PCU and the Bank, and will be updated semiannually or whenever necessary, as required by the Bank; all revisions to the procurement plan will require the Bank's no objection.
- 5.2 Project procurement will comply with the March 2011 edition of the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9); and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9).
- 5.3 **Procurement of works, goods, and nonconsulting services.** Services requiring international competitive bidding (ICB) will be contracted using the standard bidding documents issued by the Bank. Procurement subject to national public bidding (NCB) will use national bidding documents agreed upon with the Bank or satisfactory to the Bank, unless agreed otherwise. procurement activities using the shopping method will be executed in accordance with paragraph 3.5 of the policies in document GN-2349-9. All technical specifications, scope of work, and quantitative estimates of these processes will be revised by the project team leader or project sector specialist.
- 5.4 **Selection and contracting of consulting firms.** Consulting firms will be selected and contracted applying the standard request for proposal documents

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<sup>2</sup> The execution start date is taken as the date of publication of the announcement of the general or specific bidding, which is published following approval of the grant.

issued by the Bank. The project team leader or sector specialist will review all the terms of reference.

- 5.5 **Individual consultants.** National and international individual consultants will be selected in accordance with Annex V of the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9).
- 5.6 **Training.** Component 2 includes intensive training. At project launch, the executing agencies and the Bank will reach an agreement on the different methods applicable.
- 5.7 **Recurrent expenditures.** The following operating expenses may be financed by the Bank, if requested, and approved by the project team leader: (i) all required expenses agreed upon with the Bank for project execution;<sup>3</sup> (ii) all individual consultant contracts required for project execution; and (iii) travel allowances, where applicable.
- 5.8 **Advance procurement and retroactive financing.** Not applicable to this project.
- 5.9 **Table of thresholds for project procurement.** The applicable thresholds are:

Table 1. Regular threshold amounts for Haiti

Haiti – Thresholds (US\$ thousands)							
Works			Goods			Consulting services	
ICB	NCB	Shopping	ICB	NCB	Shopping	International	100% National
≥ 1,000	100 < 1,000	< 100	≥ 100	25 < 100	< 25	> 100	< 100

- 5.10 **Procurement supervision.** The procurement activities envisaged in this operation will be subject to ex ante review by the Bank.
- 5.11 **Records and files.** The executing agencies will keep organized files of all documents, starting with the procurement plan and including all the documents relating to the procurement process and contract management, until the completion of contract performance.

## VI. PROJECT PUBLIC FINANCIAL MANAGEMENT ARRANGEMENTS

- 6.1 **Programming and budget.** The PCU's financial programming, planning, and monitoring of budget execution will initially be done in QuickBooks. At the start of the project, the PCU will prepare a multiyear execution plan, which will include an overall project financial plan, and its budgetary and cash needs, based on the activities identified in the annual work plan. The execution of the project's financial plan will be evaluated every four months and submitted in the semiannual monitoring project report. The financial plan will coincide with the Haitian fiscal year

<sup>3</sup> These include rental of offices, vehicles rented for supervision tasks, cost of public services, communications, translation, banking charges, office supplies, and photocopies. Salary payments to newly hired employees are also included under this heading. Payments for the selected services will gradually decrease over the life of the project. The salary scale is as follows: for year 2, 100% of salary will be paid; year 3, 75%; year 4, 50%; and year 5, 25%.

and will observe the budgetary lines defined in the grant agreement (investment categories).

- 6.2 **Accounting, financial reports, and public financial management system.** The PCU will use QuickBooks, with the following standard modules: (i) general accounting; (ii) budget preparation; (iii) grant management; (iv) asset management; (v) financial statements; and (vi) contract management, including commitment reports.
- 6.3 **Disbursements and cash management.** The project public financial management will be guided by document OP-273-6. The PCU will work with the OMRH to prepare the annual project cash flow on which disbursement of advances of funds will be based. This cash flow is to be updated every four months and submitted to the Bank. Direct payments to suppliers in a currency other than the local currency (gourde) will be processed by the Bank. Advances of funds will be equivalent to four months' financial requirements and subject to ex post supervision. In accordance with document OP-273-6, in order to receive a new advance, executing agencies must justify 80% of the previous advance.
- 6.4 **Financial oversight and reports.** Audits will be conducted as described in Section IV of the Guidelines on Financial Reports and External Audits for Bank-finance operations. The Bank's grant will finance the cost of auditing, which is estimated at US\$225,000. The project's financial statements will correspond to the fiscal year. The following will be monitored: (i) calendar and disbursements; (ii) procurement plan and updated annual work plans; and (iii) financial report and updated financial projections.
- 6.5 **Financial supervision plan.** The Bank's fiduciary personnel will make periodic supervision visits to the PCU to review implementation of mitigation actions, execution of the financial plan, and the project files.
- 6.6 **Execution mechanisms.** The PCU will maintain appropriate public financial management systems and will prepare an annual operating plan and procurement plan, and a 12-month financial plan indicating the cash needs for the execution of project activities.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/19

Haiti. Nonreimbursable Financing \_\_\_\_/GR-HA to the Republic of Haiti  
Strengthening Public Management to Improve Service Delivery

The Board of Executive Directors

RESOLVES:

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

(Adopted on \_\_\_\_ 2019)