

EMERGENCY ECONOMIC RECOVERY PROGRAM - SECOND PHASE

(HA-0050)

EXECUTIVE SUMMARY

BORROWER: Republic of Haiti

EXECUTING AGENCY: The Central Implementation Unit (CIU) under the
Primer Minister's Office

AMOUNT AND SOURCE: IDB: US\$50,000,000 (SF)
Local counterpart funding: US\$ 2,500,000
Total: US\$52,500,000

TERMS AND FINANCIAL CONDITIONS: Amortization period: 40 years
Grace period: 10 years
Physical initiation
of works: 15 months
Disbursement period: 24 months
Interest rate: 1% the first 10 years,
2% thereafter
Inspection and supervision: 1% of IDB Loan amount
Credit fee: 0.5%

OBJECTIVES: The objective of the proposed Emergency Economic
Recovery Program, Second Phase is to: (a) sustain the
support for the revival of economic activity in Haiti
by means of emergency works and rehabilitation of
social and economic infrastructure; (b) improve the
quality of life of the population and specially of
the poor; (c) provide a fast response to the
emergency through an efficient delivery mechanism;
(d) improve working conditions in public offices to
facilitate Governance.

DESCRIPTION: Emergency works will consist of the improvement,
rehabilitation or preservation of: (a) basic
infrastructure related to economic activity: energy,
ports, roads, streets, drainage, irrigation, markets,
tree planting, small farmers coffee production,
(75%); (b) public social services infrastructure
consisting of hospitals and potable water, (16%); and
national and local government facilities (9%). Basic
eligibility criteria for selection of projects has
been applied. Cost efficiency rather than economic

rate of return considerations will continue to be applied during the Second Phase.

The executing agency for the Program will be the Central Implementation Unit (CIU), attached to the Office of the Prime Minister. Officially created in January 1995 for the execution of emergency works financed with Loan 942/SF-HA, this institutional mechanism is of temporary nature. Political coordination is ensured through a Steering Committee chaired by the Prime Minister and including the Minister of Economy and Finance, the Minister of Planning and the Governor of the Central Bank. Other sector ministers participate as needed. The Secretary of the Committee is the Director of the CIU.

The Unit will continue to manage the resources provided by the Bank and possibly other donors and will be authorized to negotiate and sign contracts. The CIU has technical, administrative and financial autonomy. This applies to staff recruitment, acquisition of goods and services, and budgetary system.

The CIU will ensure coordination, efficiency and transparency in the implementation of the PURE II. This institutional mechanism has proven to be highly efficient as a temporary measure while ministries are becoming organized and prepared for medium and long term development programs.

**ENVIRONMENTAL
CLASSIFICATION:**

The Environmental Management Committee, at its meeting of August 18th, 1995, classified this as a Category III operation.

BENEFITS:

Projects will stimulate productive economic activity by repairing infrastructure and electric generating facilities; and upgrade the quality of life through improved sanitation, cleaning of the drainage systems, solid waste removal, improvement of markets, rehabilitation of ports, potable water systems, health facilities and the environment. It will improve the condition of some Government buildings to compliment current Bank and other donors initiatives. The Program will also generate employment and income.

RISKS:

The risk of a possible slow down as a result of the expected change of Government is a consideration. However, since the CIU is an autonomous body attached to the highest level of Government, in addition to the fact that most projects are already defined, contracts are under way, eligibility criteria,

procedures and a good performing staff is in place, this ensures that a change in leadership at the CIU would not jeopardize the program.

**EXCEPTIONS TO
BANK POLICY:**

As during the First Phase of an Emergency Program currently under execution it is requested to permit the Bank to; (a) finance up to 95% of the total cost of the Program in view of the critical financial situation of the country; (b) permit direct contracting of NGOs and IICA for certain activities in the agricultural component in accordance with a cost reference system and technical specifications established by the CIU; (c) continue to apply in the Second Phase price quotations for work and supervision using the firms register kept by the CIU and simplified bidding documents.

**THE BANK'S
COUNTRY AND
SECTOR STRATEGY:**

The Bank's strategy is to support the Government of Haiti to stabilize the economy and establish the basis for long term development. The emergency period that covers PURE I and PURE II will contribute to restore the confidence on the capacity of the State to respond to basic needs of the population. It is an essential mechanism in the economic recovery of the country since it will help rehabilitate Haiti's social and productive capacity. PURE II will provide some continuity in terms of Government actions, in view of the anticipated political changes during this emergency period. The emergency was defined, during the Consultative Group Meeting of January of 1995, as covering a period of 18 to 24 months after the return of President Aristide, in November of 1994.

The Bank's program for Haiti for 1996-1998 period are of medium and long term nature to achieve the necessary development impact. The Program will be based on four strategic elements: (a) institutional building; (b) investment in human capital; (c) private sector development and (d) cofinancing. The Bank's strategy is directed to poverty alleviation through sustainable economic growth based private sector performance.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Special Contractual Conditions: (1) Prior to the first disbursement of Loan funds the Borrower will present evidence, to the Bank of:

- a) having hired the incremental staff (4 specialists) for the CIU/PURE II of which one will be an environmentalist;
- b) having published a list of works for the first quarter of 1996 in local news paper;

- c) having signed Agreements with: (i) the Ministry of Agriculture and the Ministry of Public Works, that should include a work plan for the support of the ministries in the monitoring of a list of specific projects on behalf of the CIU, and (ii) with Electricite d'Haiti for the supervision of works;
- d) having extended contracts with auditing firms to carry out the concurrent audit and the regular financial audit of the Second Phase of the Program and of the CIU;
- e) having invited the Minister of the Environment to the Steering Committee meetings and putting in place the Environmental Project Review Process agreed with the Bank.

(2) Other contractual obligations.

- a) PURE II projects should satisfy eligibility criteria established in paragraph 3.11.
- b) The threshold above which procurement will be subject to international competitive bidding is US\$250,000 for goods and US\$1.5 million for works.
- c) Before adjudication of contracts for studies, supervision and construction works, the CIU will present for the approval of the Bank, the environmental considerations and specific mitigation measures that have been incorporated in said documents.
- d) The CIU should have set up training programs for supervision firms and prepared a sample supervision guidebook within three months of the effectiveness of the loan contract.
- e) During the first year of execution, The CIU will carry a performance evaluation of contractors and supervision firms.
- f) The final evaluation of the PURE II will be carried out 30 days after the conclusion of the Program and main conclusions will be presented to the Steering Committee.

**POVERTY TARGETED
CRITERIA:**

This Program can be considered a geographically targeted investment since the population of Haiti is considered to be below the poverty level.

I. FRAME OF REFERENCE

A. Macro economic framework

- 1.1 Already the poorest country in the northern hemisphere, the Haitian economy turned sharply downward after the September 1991 coup d'état. By the end of 1994, GDP was 30 percent below the 1991 level with per-capita income estimated at US\$260. Inflation was chronic, reaching 52 percent in 1994 as a result of the embargo and depreciation of the currency. Unemployment was rampant as large segments of the industrial and commercial sectors had ceased operations due to the trade sanctions. The return of President Aristide in October 1994 permitted the lifting of sanctions and initiated a vast multidonor effort to stabilize and rehabilitate the economy. With the opening of the economy and improved policies, including enhancement of the tax base, reform of the import tax regime, suspension of quantitative import restrictions and petroleum subsidies, the currency stabilized and by early-1995 the economy began picking up momentum.
- 1.2 By mid-1995, the effect of these changes were visible in the containment of inflation, a decrease of shortages in the basic goods markets, and stability in the exchange rate. Private housing construction and exports increased, benefitting from a recovery in the light assembly industry, and imports are rising. Preliminary data from the first half of 1995 indicate that about 80 firms have resumed operations in the Port-au-Prince assembly sector employing an additional 9,000 people, an increase of over 100 percent since October of 1994, but well below pre-embargo levels.
- 1.3 However, after the first ten months of economic reactivation, serious problems remain, including deteriorated infrastructure, deficient social services and an environment ravaged by abuse and threatened by widespread poverty and an expanding population. The challenge faced by Haiti's leadership is to maintain democratic order while establishing a policy environment conducive to sustainable market based growth spearheaded by a dynamic private sector.

B. The emergency stage

- 1.4 During the Consultative Group Meeting in January 1995, the emergency stage was defined as covering a period of 18 to 24 months after the return of President Aristide, in October 1994. The emergency strategy of the Government of Haiti (GOH) upon its return consisted of three lines of action: (a) political stabilization; (b) macro-economic stabilization; and (c) revival of the economy.
- 1.5 Political stabilization, although a priority objective of the Government, is a long-term endeavor. Two benchmarks indicate that the Government's action in this field has so far been a relative success: (a) municipal and legislative elections took place in

June and September 1995, bringing the country a new set of elected officials, although not without spreading some degree of controversy mainly due to organizational flaws; (b) following the dismantlement of the army and the subsequent commitment by the GOH to undertake the training of a completely renewed police force with intensive assistance from international aid, the first trained contingents are being dispatched across the country, bringing along a much needed sense of increased security.

- 1.6 Macro-economic stabilization is being carried out successfully by the GOH that managed to reach most targets set in the January 95 stand-by agreement with the IMF. Average inflation has decreased to reach approximately 29% in September 1995 and the exchange rate has been kept stable at around 15 gourdes/US\$ for the first half of 1995.
- 1.7 The revival of the economy is yet another tough challenge that has been facing the GOH ever since its return. The initial economic recovery program - The Emergency Economic Recovery Program (EERP) was estimated to require US\$670 million in a report prepared by an IDB led Joint Assessment Mission to Haiti comprised of 16 donors in November 1994. The donors' response to the emergency economic recovery has suffered delays in its approval. Problems are far from having been overcome, and what the country needs above all in terms of international aid is continuity of commitment.
- 1.8 The emergency rehabilitation of the economy has one obvious, main objective: put the economy back on track while deeper, more drastic reforms are prepared. In the on-going recovery process, it also serves another, more subtle purpose: its visible impacts provide a tangible sign that "things are moving", that the crisis has ended, that time has come for reconstruction and new enterprise. Through hundreds of small projects initiated across the country, it has a crucial positive psychological impact on the majority of the population.

C. The Bank's strategy

- 1.9 The Bank's strategy in Haiti is made of two complementary lines of action: a series of short-term actions and a set of long-term commitments. Presenting the long-term approach first will facilitate the understanding of the immediate strategy.

1. Long-term approach

- 1.10 To support the Haitian government's objective of stabilizing the economy and establishing the basis for long-term development, the Bank will provide support to both public and private Haitian institutions to achieve growth which is economically, environmentally and socially sustainable. The Bank will shift its programming emphasis away from the emergency and toward operations which are long-run in nature, which strengthen Haiti's basic institutions and which stimulate activities in the productive

sectors of the economy. Poverty alleviation through sustainable economic growth based on private sector performance is the hallmark of the Bank's strategy. A key element in the proposed strategy is a long-term commitment to institution building and policy reform, particularly for the social sectors, as major weaknesses in absorptive capacity and governance are universally cited as the over-riding obstacles to development in Haiti.

1.11 Thus, the Bank program for Haiti for the 1996-1998 period will be based on the following strategic elements:

- a. Investment in human capital: Prepare the work force for productive employment, improve living conditions, and increase the mobility and productivity of labor.
- b. Institution building: Strengthen the capability of Haitian institutions to direct and manage the development process.
- c. Private sector development: Improve the productivity and mobility of the factors of production and enhance the competitiveness of private firms.
- d. Cofinancing: Contribute to the economic recovery of the country and the success of the Bank's lending program by securing additional concessional funds.

1.12 These four strategic elements correspond to long-term objectives. Although they require a first set of actions to be initiated rapidly, their direct impacts will not be felt until the beginning of year 1997 at the earliest. New investment loans, for instance, will probably not be ready for disbursement before the end of the first half of 1997.

2. Short-term strategy

1.13 The Bank's short-term strategy is designed to support the emergency recovery of the country waiting for the full effects of the longer-term strategy to be effective. During this intermediary period, the Bank's intervention must center around poverty relief and emergency rehabilitation of punctual infrastructure.

1.14 In this regard, it is of the utmost importance to keep in place the mechanisms established to finance emergency rehabilitation projects. This is the primary aim of the proposed project which consists mainly of emergency works sub-projects which will have an immediate visible impact by improving the living conditions of the population, rehabilitating the country's physical infrastructure, reactivating the private sector and providing employment and earnings opportunities.

D. Overview of donors' activity

1. Donors' map

- 1.15 In November 1994 a Joint Assessment Mission (Mission) comprised of 16 donor agencies led by the IDB visited Haiti to identify the major components of the country's near-term (18 months) economic and social recovery program. A parallel mission by the IMF gathered data on the fiscal and balance of payments situation. The focus of the Mission's analyses and recommendations was to identify policies and projects to be undertaken during the remainder of President Aristide's government. 1/ The cost of the recovery program was estimated by the Mission at US\$670 million.
- 1.16 During the second quarter of 1995, a comprehensive donors' map was prepared as part of the Country Paper. 2/ The total commitment of the international community in Haiti exceeds US\$1,050 million. To date, however, only US\$200 million have been disbursed, including US\$100 million for the balance of payments (BOP). The Bank's participation in terms of disbursement amounts to 40% of the BOP efforts and 25% of the investments.
- 1.17 The important amount of funds committed must not hide the fact that the quantity of funds to be made available to the real economy in the coming months have been restricted by a set of difficult-to-overcome constraints, such as the need for reforms and studies before major investments can take place, the slow absorption capacity of public institutions, policy reforms, and the limited execution capacity of the private sector. For these reasons, it is important that, in the short-term, funds be made available through operations of smaller scope, requiring less pre-investment studies and easily managed at the community level or by micro-enterprises.

2. The Bank's activities

- 1.18 The Bank's participation in the EERP has been with: (a) two approved operations in January of 1995 a US\$70 million Emergency Economic Recovery Project (PURE) 3/ and a Road Rehabilitation and Maintenance Program (loan 945/SF-HA for US\$45 million); and (b) reactivated eight currently approved projects in order to have an immediate impact on employment and income. Concurrently, the Bank has under preparation, for approval in the fourth quarter of 1995, a high priority operation: a Primary Education Project (HA-0028) for US\$18 million.

1/ The November 1994 "Report of the Joint Assessment Mission" is available in RE2/OD4.

2/ The Country Paper is available in RE2/OD4.

3/ To avoid confusion with the global recovery effort, the IDB's emergency program will be referred to as "PURE", the French acronym for PROGRAMME D'URGENCE ET REDRESSEMENT ECONOMIQUE.

- 1.19 Overall, the Bank has disbursed US\$64.9 million over the first nine months of 1995, a figure to be compared with an average disbursement rate of US\$8 million a year in the last ten years. Of these, US\$40 million correspond to the fast-disbursing component of the PURE I while the rest is shared between the investment component of the PURE I, the FAES and the eight reactivated projects.

3. Emergency reconstruction programs

- 1.20 To date, the country counts with several separate programs aimed at financing short-term rehabilitation works. The most significant are described below.
- 1.21 **Programme d'Urgence et de Reconstruction Economique (PURE).** PURE I is the most advanced emergency reconstruction program in terms of achievement so far. An overall evaluation of the way the program runs has been conducted and a thorough review is presented in paragraph E below.
- 1.22 **Fonds d'Administration Economique et Social (FAES).** Another instrument is the Economic and Social Fund (FAES) financed by the Bank and IDA. The FAES is a US\$12.4 million program. It was approved in 1990 but conditions prior to first disbursement had not been met before the 1991 coup d'état. The program was declared eligible in March 95. So far, it has 171 sub-projects under execution and 213 projects approved, corresponding to a US\$8.9 million commitment. It has 60% disbursed from the allocation directed to project financing. The Government has requested additional financing for this Program for 1996. Two features make the FAES essentially different from the PURE: (a) the lesser amount of the projects it finances (maximum US\$65,000); and (b) FAES projects are presented and carried out by NGOs and community organizations whereas PURE projects are proposed by the sectoral ministries, municipalities or Government agencies for the final approval of the Steering Committee of CIU which is presided by the Prime Minister's Office. The execution of projects is mainly sublet to the private sector.
- 1.23 **IDA's Job Creation Program.** Another poverty relieving project is the recent job creation program of the IDA. Approved in July 1995 to continue an ending USAID project, this US\$50 million project will create short term jobs in poorer rural and urban communities, through drainage clearing, garbage collection, tree planting and pothole filling on local roads. The project is administered by the CIU, which is a clear sign that the CIU is recognized as a functional execution unit. Execution will be managed by the Panamerican Development Foundation (PADF). Sub-projects are currently being selected on the basis of a set of criteria, the most important of which being that labor costs must account for more than 60% of the overall sub-project cost. The Job Creation Program is expected to create 750,000 man months of labor in the coming 18 months.

- 1.24 Other programs include that of the United Nations Mission in Haiti (MINUHA). Their reconstruction efforts are coordinated with the CIU as well. MINUHA contributes with engineering designs, technical supervision of works and some equipment while the GOH finance local labor and materials.
- 1.25 Overall, it is fair to say that interagency coordination has been quite effective so far. The regular Consultative Group follow-up meetings (3 in the past 12 months) have provided an adequate venue for formal coordination while specific issues are addresses through ad-hoc communication channels avoiding unnecessary bureaucracy and delays. Inter-agency coordination in the field is a regular work mechanism.

E. The Emergency Economic Recovery Program, First Phase

1. Background

- 1.26 PURE I currently under execution consisted of: a fast disbursement component to support the country's balance of payments (imports were financed up to US\$40 million/Loan 941/SF-HA); and an emergency works component to finance rehabilitation and maintenance for agriculture, energy and infrastructure sectors (US\$28.5 million/Loan 942/SF-HA). A parallel technical cooperation of US\$4.0 million (ATN/SF-4815-HA) was approved to fund engineering studies, the supervision of works, as well as the operation and monitoring of the Executing Unit, the Central Implementation Unit (CIU).

2. Execution of the Program

- 1.27 By March 1995, the CIU established to manage the emergency works components, was fully operational and staffed with high level professionals. By the end of May 1995, the fast disbursing component was totally disbursed. Since then, the emergency works component has moved at a fast pace with the following situation as of October 1st, 1995:

Sector	Committed (US\$ million)	Under Bidding (US\$ million)	Total to be committed by XI/95 (US\$ million)	Resources 942/SF-HA	Total %
Agriculture	5.1	1.9	7.0	11.0	64.0
Infrastructure	8.2	9.5	17.7	15.0	126.2
Energy	0.9	0.5	1.4	3.2	41.8
Total	14.2	11.9	26.1	28.2	93.0

- 1.28 A 20% advance of funds was approved at the beginning of the second quarter of 1995 upon the declaration of eligibility for

- disbursements (US\$5.7 million). After review of: contracts and expected progress of execution, bidding in progress and contracts under negotiation, it is anticipated that 93% of all loan resources will be committed with signed contracts (US\$26.1 million) by November of 1995. By the end of the year the total amount of loan resources would be committed with projected total disbursements of up to US\$20.0 million, or 71%.
- 1.29 During the preparation of the First Phase of the PURE, before loan approval, as an emergency measure, the Bank supported the CIU with technical cooperation to prepare engineering studies. Resources were made available through the Bank-administered funds from Belgium, Canada, Denmark, Sweden, Norway and Portugal. Some of these studies have been completed in the course of the past two months and it is evident that an important number of projects from the first list, PURE I, approximately 30% of projects, have no financing resources available. In view of that fact the Government requested additional financing to the Bank to permit the continuation of the Program.
- 1.30 The PURE I consists of 42 infrastructure projects of which 31 are under execution, mainly by local contractors in the case of infrastructure. Nine NGOs working with rural communities have signed global contracts (US\$5.1 million) to carry out agricultural/environmental projects). The cited NGOs (World Vision, CECI, ODBRA, PFST, CARE, ORE, GRAMIR, VEGETAL, and ASSOLDO) carry out activities such as the construction of latrines, rehabilitation of rural roads, tree planting, ravine erosion control in rural areas, distribution of agricultural inputs etc. Two rehabilitation projects for the irrigation systems of Artibonite and Rivière Blanche have been contracted as well. Private companies have been hired for the supervision of works in the agricultural and infrastructure sectors. Special procedures were established by the supervision firms to monitor their work and technical standards were agreed on. Projects are distributed among various main cities and regions of Haiti. The list of projects under execution and bidding under PURE I appear in Annex I-1.
- 1.31 The energy component contracts were signed for (US\$950,000) the acquisition of posts, conductors, cables, computers, transformers for distribution. Contracts for the purchase of spare parts are under negotiations and contracts for installation of equipment (US\$582,000). Decisions have been taken with the technical advice of Electricité de France and Hydroquebec of Canada.
- 1.32 The benchmarks for the first phase were: the creation of the implementation with a presidential decree; designation of an executive director and staffing of the unit to the satisfaction of the Bank, contracting of consulting services for the preparation of technical studies, commitment of loan resources within the first 9 months and the contracting of auditing services. These benchmarks have been complied with timely and satisfactorily.

3. The Central Implementation Unit (CIU)

- 1.33 The institutional mechanism put in place and the political will of the Government to produce results have allowed the program to move faster than originally programmed. A very encouraging response from the private sector was felt, immediately revitalizing the sector.
- 1.34 The CIU has very rapidly acquired adequate skills to handle the complete project cycle (identification, design, evaluation, approval, contracts, disbursements, monitoring) in an efficient way, partly thanks to the high level technical assistance provided through a parallel technical cooperation (ATN/SF-4815-HA) and close monitoring by the country office in Haiti.
- 1.35 The CIU has 17 employees, the Director, 2 international experts, 7 specialists (3 engineers/infrastructure; 2 engineers/agronomist; 2 Finance/accounting) and 6 support personnel (3 secretaries, 2 drivers, 1 administrator). In March of 1995 the Program started with 8 members of the staff and it has grown as activities continue to increase. The CIU is in the process of hiring a national procurement specialists to support the international expert since the volume of bids to be evaluated and contracts to negotiate has reached its peak. At the present time the productivity is very high at the Unit and performance is considered first class in relation to other Government Agencies.
- 1.36 The internal controls are considered adequate. The quarterly concurrent audit has been carried out as planned and the financial evaluation did not find any areas of major concern. However it is recommended that in view of the expected staff growth and volume of activities in the future, that the operational procedures manual be completed and reviewed; that appropriate personnel receive short training in the management of the information systems; that disbursements be monitored carefully in order to avoid over committing resources until the PURE II financing is secured. These activities will be carried out with current technical cooperation funding. Some detail specific recommendations were implemented by the financial consultant during the mission, such as controls for disbursements forecast and follow up of contracts.
- 1.37 As displayed by the evaluation, supervision is another field in which local companies will not be able to provide services at the level required by PURE II, mostly for technical rather than physical limitations. Two actions will be taken within the first six months after the signature of the contract to address this issue: (a) training sessions for local supervision firms will be organized by the CIU and a simple procedure manual will be written through a short-term TC Fund financing; and (b) when possible, works contracts will be grouped in homogenous lots and one supervision contract will be awarded for each lot, allowing

international companies to join in, again through joint ventures with local supervision firms.

- 1.38 Contractors for the execution of work seem to be performing well but concern exists in three areas: (a) absorptive capacity; (b) high construction costs due in part to scarcity of materials and a buoyant market; (c) delays in starting works after signature of contracts due to difficulties in obtaining bank guarantees. Recommendations were made for each area and they are reflected in the Second Phase Program here proposed.
- 1.39 The focus of the coming months will be given to the satisfactory monitoring of all works. In addition to the supervision contracted for each project and the mentioned workshops for supervision firms, it has been agreed that sectoral ministries should assist the CIU in the monitoring of works and supervision of activities. Therefore, the CIU, as a condition prior to first disbursement, will sign cooperation agreements with the respective ministries involved to agree on a work plan for the period of execution of the PURE I and II. Most projects fall under the responsibility of the Ministries of Agriculture and Public Works, and Electricité d'Haiti (EDH).
- 1.40 Altogether, PURE I has succeeded in establishing an efficient mechanism to deliver emergency assistance. This mechanism combines technical and financial rigor with built-in flexibility. It is adjustable and reflects the dynamics of the present politico-economic situation of the country. The CIU is the key component of this mechanism and it must keep on playing this role to ensure the success of PURE II.

4. Benefits of the Program

- 1.41 Even though it is too early to provide an impact assessment since the PURE only started in March of 1995, there is no doubt the PURE components are generating and will generate employment and income by stimulating productive economic activity, by repairing infrastructure, helping restore energy supply, and upgrading the quality of life through improved sanitation, cleaning of the drainage systems, solid waste removal and rehabilitation of potable water systems. Positive environmental impacts will flow from projects for land erosion control in rural areas, planting of fruit trees, improved sanitation in urban areas, and trash collection site improvements. Considering that the sub-projects in the emergency works component of the program are expected to benefit almost entirely poor groups. See Annex I-1 for the different types of projects under PURE I.
- 1.42 The final evaluation of the First Phase will be programmed at the end of the first semester of 1996. Should the Bank find shortcomings in program execution, the UCG will have to provide the Bank with a proposal for remedial measures, accompanied by a

schedule for their implementation. This will provide an opportunity to tune the Second Phase up.

1.43 As of the 1st of October, 11 projects were more than 50% completed. They include:

- a. **the first stage of the dredging of Riviere Rouillone:** over 50.000 m3 have been dredged out of the river bed, allowing a much more steady flow of water along natural lines. As a result, the nearby town of Leogane (45.000 inhabitants) that used to be flooded several times a year due to the insufficient capacity of the river bed, should be flooded only once every 10 years (the return period taken into account in the design of the dredging works was 10 years);
- b. **the construction of 51 cisterns (3,000 gallons):** 40 of these 51 cisterns have been built and are in operation, providing drinking water to more than 2,400 families (or an approximate 12,000 persons).
- c. **the rural road program** managed by an international NGO: 60 km of rural roads have been rehabilitated, improving access to urban centers (and thus to more developed markets and social services) for more than 48,000 rural residents;
- d. **the rehabilitation of Lycee Toussaint Louverture:** this high school was built in the early 30's and attends 2300 students of the lower area of Port-au-Prince (one of the poorest area in the capital city). In addition to its deteriorated state, the school did not count with sanitation and water facilities for students or teachers. The environment was not safe or healthy. PURE I permitted the replacement of the roof and the refurbishing of the entire building; latrines were built inside the school and the water system was re-built. The school has started the new scholar year with pride and a new perspective in more appropriate environment for study and work;
- e. **the rehabilitation of the Asile Communal de Mirebalais:** managed by the Ministry of Social Affairs, this institution caters for the needs of 250 orphans and homeless elderly people; the project has given these individuals access to improved living conditions: latrines were built, the water system was repaired and the building was made waterproof;
- f. **the rehabilitation of Route de Bourdon:** one of the busiest streets in Port-au-Prince, Route de Bourdon was on the verge of collapsing at several locations where retaining walls were falling apart; through minor interventions, the project enabled the strengthening of these weak points, thus securing a reliable itinerary to the almost 5,000 vehicles that use this road every day; the exposure of neighborhoods to flooding and the influence of erosion have been reduced;

- g. **the energy sub-component:** over US\$950,000 worth of electrical equipment has been purchased to replace broken elements of the medium and high tension networks across the country; although it is not possible to quantify the number of additional kWh provided, an estimated 750,000 people benefit from these improvements that are of great importance to the private sector;
- 1.44 The projects under execution do achieve the physical objectives in view of which they were designed. How these physical objectives impact on the economy to help its revival and/or on the population's living conditions to help improve them will have to be ascertain more comprehensively during the final evaluation.

II. THE PROJECT

A. Objectives

- 2.1 The objective of the proposed Second Phase of the Emergency Economic Recovery Program is to: (i) sustain the support for the revival of economic activity in Haiti by means of emergency works and rehabilitation of social and economic infrastructure; (ii) improve the quality of life of the population and specially of the poor; (iii) provide a fast response to the emergency with an efficient delivery mechanism; (iv) improve working conditions in public offices to facilitate Governance.

B. Components of the Program

- 2.2 Emergency works, for US\$47.3 million, will consist of the improvement, rehabilitation or preservation of: (a) basic infrastructure related to economic activity: energy, ports, roads, streets, drainage, irrigation, markets, tree planting, small farmers coffee production, (75%); (b) public social services infrastructure consisting of hospitals and potable water, (16%); and national and local government facilities (9%).

1. Economic Infrastructure (US\$35.3 million)

- 2.3 a) **Agriculture sector component (US\$6,6 million)**. Projects consist of: reforestation, grafting of fruit trees, rehabilitation of physical rural infrastructure (irrigation canals), support to coffee production to small farmers, water cisterns. See list in Annex II-1. This component consist of a number of projects that are labor intensive works. Participation of NGOs for project coordination/execution is envisaged. See next Chapter.
- 2.4 b) **Infrastructure sector** is estimated at **US\$20.0 million** for sub-projects which have been identified in Annex II-2. Infrastructure works will consist of rehabilitation of: six ports, roads -segments of less than 500 meters-, streets, markets, eight drainage systems, Trutier's Waste Landfill rehabilitation and a simple trash recycling program to promote employment for scavengers.
- 2.5 c) **Energy sector (US\$8,690,000)**. This component consists of financing: i) rehabilitation of 6 high tension posts; ii) acquisition and installation of generation equipment of 15 major intermediate cities and improvement of the network to reach a larger number of clients; iii) rehabilitation of a distribution pilot zone. These projects have been identified by the power company (Ed'H) as most urgent and will contribute to promote industrial and commercial development in these key selected cities. This list has been revised with the technical international

consulting firm providing support to EDH. A description of these works appear in Annex II-3.

2. Public social services infrastructure (US\$7.6 million)

- 2.6 An additional component was included for health and potable water projects consisting of: a) the rehabilitation of 2 hospitals one in Port au Prince and the second in Hinche (last project transferred from PURE I); b) rehabilitation of 15 potable water systems distributed in various regions of the country; c) a vaccination program of US\$200,000, supported by UNICEF, to attend children and pregnant mothers (see Annex II-2).

3. Rehabilitation of Government buildings (US\$4.0 million)

- 2.7 This component consist of rehabilitation works of government buildings such as: the Ministry of Agriculture, Ministry of Women in Development, small court houses (14 "tribunaux de paix"), tax administration offices in two key locations, small buildings at two check points in the border and rehabilitation of the Haitian Institute of Statistics (IHSI) building. These works complement technical assistance programs of the Bank and other donors, that due to budget or type of assistance restrictions, the rehabilitation of infrastructure has not been incorporated. However, the success of these programs will be enhance with the necessary physical environment to work and carry out their mandate. (See Annex II-2).
- 2.8 Central Implementation Unit (US\$4,0 million). The CIU will continue to manage the PURE. The CIU is responsible for managing, overseeing and monitoring the implementation of the PURE emergency works sub-projects. This institutional mechanism is of temporary nature and Bank support to the CIU will end with the termination of the PURE II. There is an overlap between the First and Second Stage therefore the budget has been adjusted and only 15 months have been budgeted for operative expenses of the CIU up to December 1997 (See Annex II-4).
- 2.9 The list of the sub-projects for the Second Phase of the PURE were identified during the Analysis Mission, including estimated cost and execution periods, appear in Annex II-5. Engineering and design studies already exists for more than 60% of the list of projects of the Second Phase. Some of them were prepared during the first phase and others were transferred by Government agencies for CIU financing. The remaining studies will be prepared utilizing resources from the approved technical cooperation of the first phase (ATN/SF-4815-HA) and a provision of additional resources budgeted as part of the proposed additional loan.

C. Cost and financing of the Second Phase

- 2.10 The proposed Bank's financing of the Second Phase for the PURE is US\$50.0 million of FSO resources from the Bank and US\$2.5 million from local counterpart resources distributed as follows:

PROJECT COST AND FINANCING TABLE US\$1,000				
CATEGORIES	IDB	LOCAL	TOTAL	%
1. CENTRAL IMPLEMENTATION UNIT, SUPERVISION AND STUDIES	4,000	0	4,000	8
2. EMERGENCY WORKS COMPONENT	44,950	2,400	47,350	86
Agriculture	6,565		6,565	
Infrastructure	18,075	2,400	20,475	
Energy	8,690		8,690	
Hospitals and Potable Water	7,605		7,605	
Government Buildings	4,015		4,015	
2. FINANCIAL COST	1,000	100	1,100	2
Interest	500	0	500	
Credit Fee	0	100	100	
F.I.V.	500	0	500	
Percent distribution	95.0	5.0	100.0	
GRAND TOTAL	50.000	2.500	52.500	100

1. Financing of the Bank

- 2.11 The financing of the Bank will cover: (a) financing of emergency works; (b) financing of the Central Implementation Unit for a period of 15 months; (c) consultancy services for the preparation of technical and environmental studies, engineering designs for the rehabilitation works; (d) the supervision of works; and (e) the work plans signed with sectoral (2) ministries for the monitoring of works in support for the CIU. See Annex II-4 for budget details.

2. Counterpart funding

- 2.12 Under the exceptional circumstances facing Haiti, it is proposed that the Bank increase funding to 95 percent of the total cost of the Second Phase, since the GOH continuous under extremely difficult financial constraints during the execution period of the PURE II. Local counterpart contribution would be reduced to 5%. It will finance execution of infrastructure projects and the credit fee.

3. Terms and conditions of Bank financing

2.13 The following table summarizes the terms and conditions of Bank financing:

TERMS AND CONDITIONS	FSO
Amount	US\$50,000,000
Credit Fee	0.5% per annum of undisbursed portion
Amortization period	40 years
Grace period	10 years
Interest	1% per annum for the first 10 years and 2% thereafter
Physical initiation of works	15 months
Disbursement period	24 months

III. PROJECT EXECUTION

A. Execution mechanism

- 3.1 The executing agency for the Program will be the Central Implementation Unit (CIU), attached to the Office of the Prime Minister. Officially created in January 1995 for the execution of emergency works financed with Loan 942/SF-HA, this institutional mechanism is of temporary nature. Political coordination is ensured through a Steering Committee chaired by the Prime Minister and including the Minister of Economy and Finance, the Minister of Planning and the Governor of the Central Bank. Other sector ministers participate as needed. The Secretary of the Committee is the Director of the CIU.
- 3.2 The function of the Steering Committee is to provide policy guidelines and direct the administration of the program, approve progress reports, review auditing reports and conduct periodic evaluation of the program and the Director's performance. The Committee meets every month.
- 3.3 The CIU is responsible for the preparation of documentation on behalf of the Government of Haiti to comply with the contractual conditions. The PURE II credit will finance the continuation of the CIU operations with the necessary staffing, office equipment and vehicles.
- 3.4 The Unit will continue to manage the resources provided by the Bank and possibly other donors and will be authorized to negotiate and sign contracts. The CIU has technical, administrative and financial autonomy. This applies to staff recruitment, acquisition of goods and services, and budgetary system.
- 3.5 The CIU will ensure coordination, efficiency and transparency in the implementation of the PURE II. The Unit will continue to be responsible for preparation and supervision of projects, fund management, selection of consultants, contractors, supervision firms and NGOs, procurement of goods and services, accounting and contracting of audits, establishment of a local and international contractor data bank, and the preparation of all necessary reports.
- 3.6 The CIU is headed by an Executive Director. The Director is supported by an staff of 17 (international and national experts and administrative staff), that should be maintained as a minimum for the execution of the Second Phase. See chapter I, Section E for detail composition of the Unit. Any changes of staff should be notified to the Bank and replacements must receive the non-objection of the Bank.

- 3.7 Incremental staff is recommended to be incorporated gradually. Before the first disbursement of the PURE II, the CIU should present for the non objection of the Bank the incremental personnel necessary, all national: (2) engineers (one for infrastructure/one for agriculture); (1) senior accountant; (1) environmentalist. During the first semester of 1996 it will be determined if it is necessary to incorporate an energy specialist. Flexibility exists in terms of the size of the Unit responding to the volume of projects and resources to be handled. Staff details for the Unit are included in Annex II-4. Short term contracts would be used to address specific technical issues related to the environment, or the legal framework. A detailed budget for the CIU appears in Annex II-4.
- 3.8 The CIU has recently been asked by the World Bank to manage its Employment Generation Program approved in July 1995. Adjustments in the size of the Unit were made for the coordination and supervision of the WB's program and staff and financial records should be maintained separately.

1. Operative procedures

- 3.9 An internal Adjudication Committee was created for PURE I. It is comprised of the CIU Director, the international advisor, the international procurement advisor and one sectoral expert from the CIU. In the case of an impasse, the Steering Committee is informed and a final decision has to be taken before the adjudication of a contract. This has not occurred yet. COF/CHA reviews all contract adjudications and gives its approval and comments. It is recommended that the CIU advertise locally the list of projects to be carried out monthly in order to receive expressions of interest. Works will be monitored by the supervision firms and certification of progress and completion will be issued.
- 3.10 The CIU will carry out a performance evaluation of contractors and supervision firms during the first year of execution and will be submitted to the Bank for consideration. Contractors that have not performed properly should not be granted additional contracts unless there is concrete evidence that deficiencies have been corrected. Their re-incorporation to the Program will require the Bank's approval.

a. Eligibility criteria of subprojects

- 3.11 With the participation of sectoral ministries, a priority list of emergency interventions were identified for an amount of US\$47.3 million. The list has the preliminary approval by the corresponding line ministries and that of the Steering Committee of the PURE. In order to achieve the objectives of the program and allow for flexibility during execution, the list of sub-projects may be modified on a case by case basis, with the preliminary approval of the Bank. Since most projects are already identified the inclusion of new projects would imply savings in construction

costs or the substitution of projects. The pre-identified list of projects have the following characteristics: (a) they are of urgent nature and can quickly respond to rehabilitation needs in low income areas or in productive sectors of the economy; (b) they address environmental considerations; (c) they are complementary to other programs of the Bank or other agencies; (d) improve the physical working environment of state buildings (e) involve the participation of local firms, small enterprises, ONGs and cooperatives 4/; (f) priority was given to projects that were transferred from the First Phase due to lack of available funding and projects for which studies have been already completed; and (g) they have an average execution period of 6 to 9 months. In addition, cost efficiency rather than economic rate of return considerations continue to be applied during the Second Phase.

- 3.12 During the execution of PURE II, the CIU will rely on an energy specialist posted at the Prime Minister's office to assist the MTPTC and Electricité de France/Hydroquebec as part of their consulting services to Ed'H. If necessary, additional technical expertise within the CIU during the first semester of 1996 the CIU will evaluate the need to incorporate a senior energy expert or hire on consultants on a short term basis.

b. Interinstitutional coordination

- 3.13 CIU will have regular coordination meetings with the line ministries regarding the pipeline of projects to be executed. The selection criteria applied and the pre-identified list of projects have been agreed upon with the line ministries and, as much as possible, with the municipalities involved. Continued coordination with the institutions that will be in charge of the maintenance of the works to be financed by the PURE II. To ensure this coordination and facilitate the supervision of works by the CIU Agreements will be subscribed between the CIU and the Ministries of: Agriculture, Public Works and Electricité d'Haiti. These agreements will include a working plan. The CIU will facilitate the supervision with the financing of some vehicles for those regional departments (9 each) where their monitoring services will be carried out. These agreements should be submitted as a condition prior to first disbursement. Needed financing for the execution of the agreements has been budgeted under the administration investment category and it is strictly limited to the activities of the Program.

c. Environmental aspects

- 3.14 Most PURE activities (Phases I and II) are, by nature, likely to have a positive impact upon the environment. In the environmental context of Haiti, liquid and solid waste disposal, water production

4/ Participation of international firms is recommended for certain types of projects as indicated in Annex III-X.

and distribution, gully treatment and soil conservation works, agroforestry and tree planting activities and even road rehabilitation and reconstruction of irrigation ditches have the potential, if well executed and supervised, to relieve part of the existing stresses on the physical and biological environment.

- 3.15 Given the scale and nature of the activities, however, it is not difficult to foresee sectors and projects that might have some impacts upon the environment such as the maintenance dredging as part of the rehabilitation works of ports. Consequently, simple Environmental Review process will be put in place and environmental criteria for risk prevention and mitigation by sector and activity. An environmental specialist (national) will be recruited for 15 months by the CIU to follow up on those projects where potential negative impacts could be the strongest. Also a budget of US\$200,000 for environmental studies has been allocated. The Minister of the Environment will be part of the Steering Committee of the UCG. Procurement documents for services and works will include the necessary environmental mitigating measures before adjudication.

B. Procurement of goods and services

- 3.16 Procurement procedures will be as follows: Most infrastructure sub-projects are below the Bank's minimum thresholds in Haiti for international competitive procedures (US\$1.0 million for works, US\$250,000 for goods and US\$200,000 for consulting services). Most procurement will be carried out in accordance with Bank's international/local procurement procedures. However, 7 projects of the list are between US\$1.1 million and US\$1.4 million. In view of the different nature and location of these projects (hospital rehabilitation, road, potable water) it is not possible to recommend their grouping for international bidding to appeal the participation of contractors. On the other hand, since the capacity of local firms may be saturated and in some cases the competence does not exist to carry out certain types of projects, it is recommended that in those cases the CIU carry out local bidding while inviting international firms to submit an offer. The threshold recommended for works therefore is US\$1,500,000. See Annex III-1 for bidding modalities and recommended packages.
- 3.17 To respond quickly to the emergency, the CIU needs to operate under streamlined operating procedures. It is recommended that: (a) price quotations for work and supervision should continue to be employed, using the firms register kept by the CIU and simplified bidding documents; and (b) cost reference approved by the Bank will be employed with NGO's which have been selected for the agricultural sector component on the basis of experience and predominant capability. For the coffee planting project in agricultural component, the contracting of the Inter-American Institute of Agricultural Cooperation (IICA) to continue the management of the program is recommended (see Annex II-1).

C. Exceptions to Bank policies

- 3.18 Local counterpart requirement should be reduced; in Group D countries the local counterpart requirement for countries where more than 50% of the population is considered poor, the ratio is 10%. In view of the emergency conditions and the very high rates of poverty that characterize Haiti, it is proposed that the ratio be lowered to 5%. It is also recommended to permit direct contracting of NGOs for certain activities in the agricultural component as stated in the paragraph above. For the specific case of the Small producers coffee program it is recommended the direct contracting of IICA for the coordination and supervision of activities.

D. Bank supervision, monitoring, reporting and evaluation

- 3.19 The Bank will continue to support and monitor the program through its Field Office in Port au Prince. An intermediate evaluation of the Second Phase will be carried out, under the supervision of COF/CHA, within the first twelve months of the initiation of activities of the Second Phase. This evaluation will serve to also evaluate the conclusion of the first Phase. Benchmarks have been established as detailed in Chapter III.
- 3.20 Quarterly progress reports will be presented to the Bank during the execution of the Program in accordance with the current outlined approved by COF/CHA.
- 3.21 The borrower did not request an ex-post evaluation, however it has been agreed that the Project Team will undertake a final evaluation of the Program with the CIU staff. The objective of the evaluation will be to determine the contribution of the PURE I and II to the emergency economic recovery effort. A special presentation to the Steering Committee will be made on the findings of the evaluation. This evaluation will be carried out not later than 30 days after the final disbursement of Loan funds.

E. Accounting and auditing

- 3.22 An independent accounting and audit firm was contracted by the CIU in March of 1995 to provide the necessary financial and cash flow controls and ensure accountability and transparency in the financial management of the CIU. The concurrent audit by an accounting firm will continue to provide financial reports to be presented to the Bank and the Steering Committee. In addition annual financial statements will be prepared by an independent auditing firm different to the concurrent auditor.

F. Advance of funds

- 3.23 In view of the need of payment to contractors, supervision firms, engineering studies services and individual consultants, it is recommended the authorization of an advance of funds of 10% of the

loan of the contract, after compliance with conditions prior to first disbursement and proper COF/CHA approval.

G. Natural disaster

- 3.24 Haiti is subject to hurricanes causing major flooding and destruction. In the event of such emergency situation the Government, with the approval of COF/CHA, would be able to review the project list of rehabilitation works and incorporate solutions to the disaster situation as long as: (i) changes only marginally modify the original list of projects; (ii) fulfill a natural disaster criteria.

H. Benchmarks

- 3.25 The Program benchmarks can be spelt out in four categories corresponding to the four objectives of the Program. Due to the emergency nature of the proposed Program, a comprehensive list of benchmarks could not be established. This paragraph intends to provide a framework for future evaluation by assessing ex-ante what the main impacts of the Program are expected to be. The benchmarks presented here are those which were the easiest to establish and that can be measured the most easily. When benchmarks were not available, they were replaced with estimated benefits: in these instances, program execution will be monitored through the benefits it yields, although benefits are sometimes more difficult to quantify.
- 3.26 While the process-oriented benchmarks (paragraph 3 below) will be evaluated on a continuous basis, the project specific benchmarks will be evaluated both at the mid-term and at the final evaluation. Data collection will be the responsibility of the institutions in charge of operating/maintaining the rehabilitated infrastructure.
- 3.27 When quantified benchmarks are provided, the proposed targets are only indicative and will need further fine-tuning. This fine-tuning will be carried out as soon as possible, and in any event, prior to the mid-term review.

1. Revival of the Economy

- a. Bring the overall number of national private firms involved in PURE II to 20 for supervision, and to 100 for works (at end of project).
- b. Create 270,000 months of man labor over the 24 month execution period (timing estimate: 50,000 per semester during the first two semesters, 85,000 per semester during the last two).

c. Specific project benchmarks:

PROJECT	BENCHMARKS (when dates are not indicated, benchmarks refer to the end-of-project state, at the end of the fourth semester)	BENEFITS
<u>Energy</u> - Rehabilitation of 6 high tension posts - Pilot zone project - Rehabilitation and improvement of energy network in the provinces	- Install 3 posts during the second semester and 3 posts during the third semester. - Maintain the supply of energy for 4 additional hours per day for approximately 130,000 clients. - Ratio [illegal connections over legal collections] to have fallen below 10% before end of first year. - Cost recovery to reach 80% of operation costs by end of second year. - Give access to 30,000 new clients outside of Port-au-Prince (timing estimate: 10,000 at end of first year, 30,000 at end of second year).	- Improve electricity supply for 5,000 clients in Port au Prince. - Reduce commercial losses, eliminate illegal connections and improve general service.

<p><u>Infrastructure</u></p> <ul style="list-style-type: none"> - Main roads rehabilitation - Ports 	<ul style="list-style-type: none"> - Rehabilitation of 10 km of roads, securing 250 km of vital itinerary. - 3 ports rehabilitated at end of second semester; other 3 at end of second year. 	<ul style="list-style-type: none"> - Give a population of approximately 1.7 million in the South, South East and the North Artibonite better access to urban centers and urban markets. - Facilitate trade. - Give close to 325,000 persons leaving in the vicinity of ports the opportunity to access trade economy. - Benefit directly the private sector, merchants and other importers in 6 port cities. - Facilitate the consideration for entrepreneurs to enter into concession agreements with the Government.
<p><u>Agriculture</u></p> <ul style="list-style-type: none"> - Coffee component - Drainage rehabilitation 	<ul style="list-style-type: none"> - Give access to sustainable production means to 30,000 peasants (timing estimate: 10,000 at end of second semester, 20,000 additional during second year). - Provide water for irrigation to approximately 20,000 peasants (timing estimate: 20,000 by end of third semester). 	

<u>Rehabilitation of Public</u>		
- Facilities Markets of Gonaives and Les Cayes	- Improve marketing conditions for 1,800 merchants by end of fourth semester.	- Give better access to urban markets to a population of 160,000 consumers.

2. Improvement of quality of life

- 3.28 **Specific project benchmarks.** With regard to this objective, the Program's achievements will be measured in terms of cleaner markets, more reliable electricity services, physically safer schools, increased quantity of available drinking water, cleaner streets and better sanitation conditions with the improvement of drainage systems, and healthier children with vaccination protection.

PROJECT	BENCHMARKS (when dates are not indicated, benchmarks refer to the end-of-project state)	BENEFITS
<u>Infrastructure</u> - City streets and drainage rehabilitation - Protection of rivers and ravines	- Kms of street rehabilitated (end of first year: 7km, total: 20km). - Length of channels dredged and repaired (end of first year: 25km, total: 35km).	- Improve living conditions of a population of approximately 200,000 in three different cities of the country. - Improve living conditions of a population of approximately 75,000 that suffer frequent flooding and lands slides.
<u>Agriculture</u> - Construction of 400 cisterns	- Cisterns built (end of second semester: 50 end of second year: 400)	- Provide drinking water to approximately 120,000 persons (24,000 families, 60 families per cistern).

<p><u>Potable Water</u></p>	<ul style="list-style-type: none"> - Resume provision of drinking water for 27,000 persons by end of fourth semester. - Increase by 20% amount of water available to 170,000 people in urban areas outside of Port-au-Prince by end of fourth semester. 	
<p><u>Health</u></p> <ul style="list-style-type: none"> - Rehabilitation of 2 hospitals (Port au Prince and Hinche) - Vaccination 	<ul style="list-style-type: none"> - Works start by end of second semester and are completed by end of second year. - Cover 80% of the child population of less than one year old (200,000 children), all the first year. - Vaccinate 90% of pregnant women (252,000 women), all the first year. 	<ul style="list-style-type: none"> - Improve physical conditions in these two reference hospitals serving a population of 2 million and 200,000 respectively. - Better attend the 800 (Port-au-Prince) and 150 (Hinche) daily patients.

<p><u>Rehabilitation of Public Facilities</u></p> <p>- Waste Landfill of Truitier (Currently 40 to 50% of the Port au Prince trash is deposited in Truitier)</p>	<p>- Final designs to be ready by end of first semester; works to start by end of second semester; all works to be completed by end of second year.</p>	<p>- Improve health and sanitary conditions of the surrounding densely populated poor neighborhoods (150,000 people affected). - Reduce contamination of the phreatic nappe that provides drinking water to a population of 400,000 inhabitants. - Improve working conditions and some provide health protection measures for 2000 scavengers working on the landfill.</p>
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3. Fast response to the Emergency through an efficient delivery mechanism
 - a. Contract all pending engineering and technical studies for works during the first semester after signature of the loan contract.
 - b. Incorporate the 4 incremental professional staff to the CIU for the Second Phase before first disbursement.
 - c. Establish Cooperation Agreements between the CIU and the Ministries of Public Works and Agriculture through their Departmental Offices in order to facilitate the supervision of project execution before first disbursement.
 - d. Initiate all works within 15 months of the effectiveness of the loan contract.
 - e. Set up training programs for supervision firms and prepare a simple supervision guidebook within 3 months of the effectiveness of the loan contract.

4. Improve working conditions in Government offices to facilitate governance

3.29 **Specific project benchmarks.** The number of government employees whose living conditions will be improved is the main benchmark for this component. The improvement of the physical condition of the administration buildings will indeed permit that important governance programs in the fields of justice reform, tax reform, customs and border controls be carried out in a more adequate environment.

PROJECT	BENCHMARKS
<u>Government buildings Rehabilitation</u> Ministry of Agriculture, Tax Administration and Customs Offices, Women's Ministry, peace courts, Institute of Statistics	- Improve working conditions for about 3,000 public servants (timing estimate: 1,000 by end of third semester, 3,000 by end of second year).

IV. RISKS AND BENEFITS

A. Project viability

- 4.1 The recent evaluation of PURE I shows that the on-going program is fulfilling most of the objectives for which it was designed, i.e. to support the country's recovery effort while rehabilitating economic and social infrastructure, providing employment and income generating opportunities. The evaluation indicates that the selection process and the supervision mechanisms are key elements to ensure the full success of the program. Actions will be taken so that the proposed second stage see these two elements improve.

B. Project risks

1. Political risks

- 4.2 Potential for political instability is progressively fading out, although history in Haiti indicates that prudence is not an unwise attitude in this regard. The recent parliamentary elections are one step ahead towards the consolidation of democracy and the presidential elections scheduled in December 95 will be another important milestone. Potential for political instability will be greatly reduced if the public feels that efforts made provide a more secure environment, generate jobs, increase incomes and result in high-profile infrastructure improvements. The PURE plays an important and visible role in this respect.
- 4.3 Much more acute is the risk to see the Government's action semi-paralyzed for almost six months by the up-coming presidential election process: the campaign officially started in October 1995 and the new government is not expected to be formed before February 1996. Reforms and long-term policies might have to suffer from the lack of determination of the nation's leaders. However, the PURE is not subject to this risk as much as other programs or reforms since: (a) it is a widely accepted, non-controversial program; (b) it is carried by an autonomous body reporting directly to the Prime Minister's Office and bypassing the Government's bureaucracy; and (c) most of the projects and procedures are defined. In fact, the proposed program will play an important role in bringing a much needed element of continuity to the Government's action.
- 4.4 The risk of a change of the head of the EIU with the new government in February of 1996 is not to be discarded. However, a new Director should have the non-objection of the Bank. Furthermore, the progress in selection and preparation of projects, highly qualified staff at the UCG, established eligibility criteria for new projects, as well as close monitoring of the Program by the Field Office makes this risk less of a concern.

2. Limited implementation capacity

a. Public institutions

- 4.5 PURE I was designed bearing in mind the precarious condition of most public institutions upon return of the constitutional government. Indeed, the rationale for the CIU was to provide a mechanism to execute rehabilitation projects without relying on the fragile government structure. Although institutional recovery is under way, it would not be reasonable, after only ten months of recovery, to rely strictly on the line-ministries. For this reason and given the good institutional performance of the EIU, the Executing Unit should remain in charge of PURE II. However, efforts have been made, where and when possible, to involve the line-ministries and other institutions such as the municipalities or the local communities (CASEC) in the selection of sub-projects. Similar efforts will be made to carry out supervision.
- 4.6 The reaction capacity of the CIU has been looked into carefully. Presently managing a US\$28.5 million program with 17 people, the CIU will, in the coming months, manage both the Job Creation Program (JCP) of IDA and the proposed program. The JCP will not overburden the CIU for two reasons: (a) the CIU is in the process of recruiting a team to deal specifically with the JCP; this team is financed by IDA; and (b) the JCP will be supported by Project Management Agencies (PMAs), which will leave the CIU with the sole task of overseeing the PMAs. Apparently very few PMAs will be involve. As explained in chapter III the execution of PURE II will require the CIU to be strengthened and appropriate steps are being taken to this end.

b. Private sector

- 4.7 Whether or not the private sector has the capacity to execute PURE II is another important question. The evaluation of PURE I has shown that: (a) in general, the quality of works delivered by local contractors is more than fair; but (b) the present demand level is about to saturate the physical capacity of local contractors. It is therefore suggested to appeal to international firms for the biggest contracts of PURE II and contracts where the proper expertise does not exist. In order not to delay procurement, the same bidding procedures as for PURE I should be applied, but international contractors should be encouraged to joint local contractors. Joint ventures with local firms will be encouraged so that local firms can benefit from training.

3. Other risks

- 4.8 **Conflict with long-term strategy.** As explained in chapter II, the present program does not aim at conducting in-depth reforms nor does it pursue long-term objectives. However, the design of the proposed program, and in particular the mechanism to select sub-

projects, have been thought of carefully so as not to contradict the Bank's long-term strategy. On the contrary, when possible, long-term strategic considerations have been incorporated and when possible complementary actions to undergoing programs have been included such as the rehabilitation of irrigation channels in the Artibonite and Cul de Sac; rehabilitation of the Tax Administration offices.

- 4.9 **Redundancy with other projects.** As the number of emergency rehabilitation programs is high, the risk of redundancy does exist. However, it is limited by the interinstitutional coordination mechanisms described in chapter I.D.

C. Project benefits

- 4.10 Like PURE I, the proposed program is expected to yield three types of benefits: (a) rehabilitation of deteriorated economic and social infrastructure; (b) job creation; (c) revival of the private sector; (d) contribute to improve agricultural production; (e) enhance governability with the rehabilitation of peace court houses and government buildings.
- 4.11 **Infrastructure Rehabilitation.** Although the calculation of the Internal Rate of Return is not carried out for each sub-project, infrastructure rehabilitation brings the following economic benefits: (a) reduced operation costs; (b) reduced future maintenance costs; (c) increased economic activity (generated activity); (d) improved efficiency of existing economic activity. Equally important, the majority of sub-projects brings significant social benefits to low-income people. Specific project benefits in terms of expected impacts are spelt out in Chapter III, paragraph H, together with specific project benchmarks.
- 4.12 **Job Creation.** Based on the rates achieved with PURE I so far, PURE II is expected to create over 270,000 man months of labor. In most sub-projects selected, labor costs will account for more than 30% of overall cost. Given the provisional execution timeframe, the program will provide an average of 12,000 jobs a month from February 96 to September 97.
- 4.13 **Private Sector Revival.** Another, less quantifiable benefit of the program will be to give work to the local construction sector. Inactive for about four years, the construction sector has been partly decimated and decapitalized by the crisis. PURE I is presently employing approximately 40 companies. Most of these companies had not handled any public contract for the past four years. Like PURE I, the proposed program will provide a serious opportunity for the private sector to go back to work, re-equip and growth, through a number of small-scale projects of relatively standard technicity.

D. Conclusion

- 4.14 Balancing the risks and the benefits of the proposed Program, it remains that the current socio-political situation in Haiti makes the continued and immediate support of the Bank of utmost importance. Through its emergency nature, the proposed Program combines fast disbursement and concrete achievements. It will contribute to the continuity of the Government's action, while bridging the gap until the programs currently under preparation are ready for implementation.

I. SUB-PROJECTS FOR AGRICULTURAL SECTOR

1. Overview

- 1.1 The agricultural program will create direct income benefits through the implementation of a number of components that are labor-intensive works to rehabilitate productive rural infrastructure. Agricultural production will also be increased through access to agricultural and agro-forestry inputs including improved planting materials and technical assistance, as well as rehabilitation of primary irrigation channels. The criteria for the prioritization and selection of projects in this sector are the following:
- a. Suitability for immediate execution, through contracts with reliable private sector institutions, Non-Governmental Organizations (NGOs) and farmer associations;
 - b. Ability to create immediate benefits for the rural population, notably in terms of employment and increased agricultural production;
 - c. Protection of the environment;
 - d. The ministry will be strengthened through the rehabilitation of its main building (US\$800,000). This financing appears under rehabilitation of buildings of the State; and
 - e. Consistency of intervention outputs with MARNDR's long-term rural development and agricultural programs and objectives.
 - f. In the case of delivery of trees, cost-recovery schemes will be introduced whenever possible (delivery of water and trees). Levels of cost-recovery will be agreed upon between UCG and the executing agency, on a case by case approach.
 - g. In the case of all infrastructure works, projects must include a plan regarding the organization of users for future maintenance and operation. Furthermore, efforts for the reinforcement of water taxation will be determined for each irrigation work. Clear and measurable targets will be agreed upon on a case by case approach.
- 1.2 Based on the experience during PURE I and the ongoing reformulated agriculture projects, reliability of the execution agencies and contracts focussing on results within acceptable unit-costs will be the key aspects in the selection of projects, in order to ensure both flexibility during the execution (under entire responsibility of the agencies) and

attain the project objectives. Once reliability is established, the kind and quality of results will be agreed upon in a measurable way.

- 1.3 The strategy will address the issue of rural environmental degradation which is inextricably linked to the process of decapitalization described above. Since agricultural activities on slopes are a major source of soil erosion, an environmental approach will be an integral part of the strategy to increase agricultural production and family incomes. This approach will promote a gradual shift in favor of perennial crops in areas unsuitable to annual crops.

2. Project Components

- 1.4 The emergency agricultural program focuses on three key areas where short-term assistance can have an immediate impact to restore the rural productive capacity: (i) **Physical Infrastructure**; (ii) **Agricultural Inputs**; and (iii) **Reforestation**. Except for some major repair work in the irrigation projects, all the projects to be financed with the program will be labor intensive activities.

a. Component 1: Physical Infrastructure (\$ 4,695,000)

- 1.5 The Physical Infrastructure component will finance the rehabilitation of rural productive infrastructure. Irrigation repairs include cleaning and repair of canals, as well as the execution of emergency repairs. Construction of water cisterns will be eligible. All infrastructure projects will provide a specified attention to the organization of users, in view of further maintenance and operation.

b. Component 2: Reactivation of coffee production (\$1,100,000)

- 1.6 This component will finance the expansion of the coffee planting programme (Pwogwam Plante Kafe PPK) assisted by IICA. Technical assistance, empowering of coffee producer associations, building or rehabilitation of coffee washing stations and production and distribution of coffee trees will be eligible. An agreement will be signed with IICA and UCG for the execution of this component.

c. Component 3: Reforestation (\$ 770,000)

- 1.7 Reforestation activities will include producing and distributing improved agro-forestry tree varieties as well as grafting mango and other fruit trees. The objectives are to reduce soil erosion and environmental damage in the short-term, and provide income from wood, avocado, mango and other fruit production in the medium and long-term.

3. Selection of Executing Entities

- 1.8 To carry out the different projects of the agricultural component of the PURE II, the CIU will sign contracts with qualified contractors or NGOs who have previous experience implementing the designated activities. The executing agencies must have had experience in the same activity at comparable funding levels: budget increases of no more than 50% will be considered. To avoid dealing with a relatively large number of executing entities, the minimum value of each contract was set at US\$ 200,000, with the exception of reforestation or input supply activities which must not be less than US\$100,000. Due to IICA's proven record in this field, the execution of the coffee program will be assigned to IICA without further public bidding.
- 1.9 Project Identification. The projects have being submitted by the local community, farmer groups or by the recommendation of MARNDR. Any substitution of projects will require an application to the UCG describing the type of project, objectives, benefits to the population, cost and time table for its execution and environmental check-list. A site visit is made by the UCG's project engineer to evaluate the project and review the proposal based on reliability of the executing agency, acceptable unit-costs, agreement on clearly measurable results, ability of the executing agency to produce the results with minimum further supervision.

4. Project Preparation, Execution and Supervision

- 1.10 The CIU will select and contract with a consulting engineering firm following a competitive bid procedure including at least three qualified organizations or individual consultants to prepare the project designs, contractors to execute projects and firms to supervise the activities envisioned in this component. Participation of communities will be encouraged in the process.

5. Program Costs

- 1.11 The estimated budget for the various preceding components is detailed in the attached table). Most of the projects and sites have already been identified. Final detailed cost estimates and the required designs, when applicable, will be prepared within the next six months.

INFRASTRUCTURE SECTOR

I. Specific objectives

- 1.1 The Infrastructure Component of the PURE II represents about 57% of the whole program. The projects selected correspond to one of the three main objectives of the program: (i) they will rapidly improve the economic infrastructure of the country thus boosting economic productivity; or (ii) they will ameliorate the working conditions of the Government's workers, generally in relation with longer-term governance programs initiated by other agencies; or (iii) they will improve the living conditions in poorer neighborhoods, or facilitate the access of these neighborhoods to social services such as health and potable water.
- 1.2 Various criteria were used to prioritize projects in addition to those listed in paragraph 3.11 of the main document. These criteria are presented here below for each sub-component. In all cases, the line-ministries in charge of the field concerned (health, education, public works, transportation, justice, finance) were asked to submit a list of priorities. Municipal governments were also contacted and their expressed needs were taken into account in the prioritization exercise. Finally, the future users of the infrastructure rehabilitated have been identified and the availability of funds for maintenance has been taken into account when and where possible.

II. Project Components

- 2.1 The present description follows the order in which projects are listed in annex II-5.
 - A. Economic Infrastructure (US\$20.5 million)
 1. Dredging and Protection of Rivers and Ravines (US\$3,190,000)
- 2.2 The 4 projects selected in this field concern 7 rivers and ravines. The main selection criteria taken into account were:
 - (i) the potential positive impact on the environment, the population's living conditions, and the economic activity: priority went to rivers and ravines surrounded by a high concentration of population, and those that recurrently flood nearby roads, markets and/or settlements during rains;
 - (ii) the expected sustainability of the investment: rivers and ravines that have been clogged for a long time and where up-stream sedimentation tanks are in place were given priority.

- 2.3 All 4 projects have been estimated at or below US\$990,000. The national private sector has the capacity to both execute and supervise the works.
- 2.4 Studies have been carried out through technical cooperation ATN/DC-4777-HA with resources from the Danish TC Fund. All works in this sector will be co-monitored by the Ministry of Public Works (MTPTC) and the UCG. Upon completion, maintenance will be taken over by the MTPTC under its regular maintenance policy.

2. Road Works (US\$4,158,000)

- 2.5 The 5 projects selected concern three of the main roads of the country, Route Nationale 1 (Port-au-Prince/Cap Haitien), Route Nationale 2 (Port-au-Prince/Les Cayes) and Route de l'Amitie (Leogane/Jacmel). The projects consist mostly of short-term measures to prevent the disruption of itineraries vital to the country's economy. They consist of simple works such as the reconstruction of comforting walls, punctual asphalt overlaying, replacement of the broken elements of the drainage system.
- 2.6 In addition to the criteria listed in paragraph 3.11 of the main document, the projects were selected taking into account:
- (i) the works to be executed in the National Road Rehabilitation Program financed by the IDB, the World Bank and the European Union;
 - (ii) the urgency of the interventions needed;
 - (iii) the vital nature of the itinerary threatened.
- 2.7 All 5 projects have been estimated below US\$1,100,000. The local construction sector has the capacity to both execute and supervise the works, but international companies may be called in to take part to the national tendering process.
- 2.8 Studies have been carried out through Technical Assistance ATN/SC-4772-HA with resources from the Swedish TC Fund. All works in this sector will be co-monitored by the MTPTC and the UCG. Upon completion, maintenance will be carried out by the MTPTC under its regular maintenance policy.

3. Port Dredging and Structural Works (US\$5,805,800)

- 2.9 Six ports have been selected for rehabilitation. For each port, the works will be awarded in two lots: one for dredging, one for structural works. Structural works consist of rehabilitating existing jetties and buildings. The dredging component consists of reopening silted access channels to the 6 ports concerned.

2.10 In addition to the criteria listed in paragraph 3.11 of the main document, the ports were selected taking into account:

(i) geographical location: an effort was made to ensure that no part of the territory was left without a port in operating condition;

(ii) other donors' efforts in the port sector (in particular for the port of Jeremie);

(iii) the longer-term port sector strategy, presently being elaborated by the Government and the IFC.

2.11 The structural works amount to less than US\$1,100,000 in each of the six ports. About 60% of this amount (i.e. a maximum of US\$650,000 per port) will be dedicated to sub-marine works while the rest will provide for the rehabilitation of the basic facilities needed for trade (electricity and water supply, storage facilities). As for dredging, the total volume to be displaced is 70,000 m3 on the 6 sites, with a maximum of 22,000 m3 in the port of La Saline.

Port	Volume to be dredged (m3)	Observations
Petit Goave	15,000	100 meter long, 40 meter wide basin
Miragoane	7,000	Access channel only
Gonaives	12,000	100 meter long, 40 meter wide basin - present depth inferior to 1 meter
Saint-Marc	5,500	Access channel only
Port-de-Paix	5,000	Access channel only
La Saline	22,000	200 meter long, 75 meter wide channel basin, with 200 meter long access channel
Total	66,500	

2.12 The selected projects have been reviewed for their impact on the Environment. Structural works are not expected to carry any long-term impacts on the Environment. As for dredging, bathimetric studies have been complemented by sample testing. In most locations, the sea bottom contains organic elements and solid wastes of mostly domestic origin but no heavy metals. Appropriate recommendations have been made to minimize the potential negative effects on the sub-marine environment. An environmental consultant specialized in dredging will be hired by the CIU on a short-term basis to review the final designs and the execution drawings when they are ready (see environmental summary).

- 2.13 International companies will be called to take part to the national tendering processes to be launched by the UCG for both the structural works and the dredging works. As for supervision, contracts in this sector will be grouped so as to attract international supervision firms.
- 2.14 Studies are being carried out through technical cooperations ATN/-4845-HA and ATN/BF-4864-HA, with resources from the Portuguese Trust Fund near the IDB and from the Belgian TC Fund respectively. All studies are carried out in close coordination with the National Port Authority (APN).
- 2.15 All works in this sector will be co-monitored by the APN and the UCG. Upon completion, maintenance will be carried out by the APN under its regular maintenance policy.

4. Urban Roads (US\$1,650,000)

- 2.16 The 2 projects selected concern two main secondary cities (Les Cayes and Les Gonaïves). They consist in simple road rehabilitation works, such as resurfacing, road drainage rehabilitation, and protection of side slopes against the erosion.
- 2.17 In addition to the criteria listed in paragraph 3.11 of the main document, the projects were selected taking into account:
- (i) the urban road rehabilitation component of the National Road Rehabilitation Program financed by the IDB, the World Bank and the European Union;
 - (ii) the urgency of the interventions needed;
 - (iii) the immediate impact of the works proposed in terms of: (i) improving the safety of pedestrians and vehicles; (ii) improving the sanitation conditions of the neighborhoods presently affected by floods; (iii) improving traffic around urban markets.
- 2.18 The project at Les Cayes has been priced at US\$1,100,000, while the other 2 have been estimated to cost US\$500,000. The local construction sector has the capacity to both execute and supervise the works, but international companies may be called in to take part to the national tendering process.
- 2.19 Studies have been carried out through Technical Assistance ATN/NC-4780-HA with resources from the Norwegian Trust Fund near the IDB. All works in this sector will be co-monitored by the municipal governments concerned and the UCG. Upon completion, the roads will be handed over to the municipal governments.

5. Rehabilitation of Public Facilities (US\$5,671,000)

a. Overview

- 2.20 The 8 projects selected concern four university buildings in Port-au-Prince, two urban markets in Les Gonaives and Les Cayes, one museum in Cap Haitien, and the main landfill of the Port-au-Prince metropolitan area.
- 2.21 In addition to the criteria listed in paragraph 3.11 of the main document, the projects were selected taking into account the visibility of the proposed investments as a means to boost recovery.
- 2.22 All projects have been estimated to cost less than US\$850,000 except for the Truitier landfill cleaning project (US\$1,500,000). Most studies have been carried out through Technical Assistance ATN/CD-4781-HA with resources from the Canadian Trust Fund near the IDB. The studies for the museum, one of the university buildings and one of the urban markets have not started. They will be financed with resources from the proposed PURE II loan.

b. The Truitier Landfill Cleaning Project (US\$2,259,000)

- 2.23 The proposed project consists of cleaning the existing landfill. An estimated 1500 tons of solid wastes are produced every day in the metropolitan area of Port-au-Prince. Of those, less than 50% are actually collected. All collected wastes are dumped at Truitier. The present landfill is a 600 meter side square. The project calls for the construction of a wall around the landfill to prevent illegal dumping and make landfill management easier. A 3 meter deep inner wall will also be built to enclose the contaminated area. Leachate drainage will be provided to diminish water table contamination. The surroundings of the landfill will be cleaned. Also, the access road will be improved punctually: the last section of it is in such poor state that some trucks do not even bother to reach the landfill anymore but simply dump the trash they carry on the side of the access road. The proposed project is a very modest one. It is not designed to solve all the problems facing the existing site, but to remedy some easily improvable short-comings.
- 2.24 The project is expected to have long-term moderate positive impacts: landfill management will be made easier and the landfill will be isolated from its surroundings. Short-term negative impacts may arise: (i) health hazards for the workers can not be discarded; and (ii) gas accumulation within the landfill can be dangerous if large quantities of wastes are moved when drainage is being installed. Two longer-term negative impacts might arise: (i) access to the landfill will be more difficult for the scavengers, which is certainly a positive factor with regards to their health, but a negative factor as far as their economic situation is concerned; also, (ii) leachate coming from the drainage network to be built will have to be rejected untreated.

- 2.25 Simple measures will be implemented to attenuate the negative impacts foreseen. As for the short-term impacts, workers will be provided with boots and gloves. They will receive proper training and supervision must emphasize hygiene hazard prevention. Gas accumulation will be investigated before drainage is constructed and excavation must be carried out by machine only. As for the longer-term impacts, the following measures are recommended: (i) a simple trash recycling program should be established to provide durable employment opportunities to the scavengers; (ii) a basic leachate treatment facility must be built along with the drainage network. Initially, it may consist only of a sedimentation tank with layers of sand and sandy clay. Also, a consulting firm specialized in the environmental treatment of solid waste management will be hired to carry out a full-scale environmental impact assessment and review the final designs and the execution drawings when they are ready. A US\$150,000 technical assistance will be required from the US Evergreen Trust Fund for this purpose.

B. Public Social Services Infrastructure (US\$7.7 million)

1. Public Health Facilities (US\$2,860,000)

- 2.26 The 2 projects proposed had been selected under PURE I but could not be financed for lack of funds. They concern the main hospital of Port-au-Prince and the hospital of Hinche (capital city of the Centre Department). In Port-au-Prince, the proposed project only consists of rebuilding the drainage and sanitation system of the hospital, since the present one is completely clogged and generates major health hazards on the immediate environment. A US\$200,000 anti-tuberculosis vaccination program was also included following a joint request from the Ministry of Health, the hospital management and the WHO/PAHO.
- 2.27 In addition to the criteria listed in paragraph 3.11 of the main document, the projects were selected taking into account:
- (i) the comprehensive strategy of the Government, the WHO/PAHO and the IDB in terms of public health;
 - (ii) the urgency of the interventions needed;
 - (iii) the immediate impact of the works proposed in terms of: (a) improving access of the Poor to health services; (b) improving the sanitation conditions of the neighborhoods of existing hospitals.
- 2.28 The projects were priced at US\$1,430,000 for Hinche and US\$1,210,000 for Port-au-Prince. The local private sector has the technical capacity to both execute and supervise the works, but international companies may be called in to take part to the national tendering process. Studies have been carried out through Technical Assistance ATN/CD-4781-HA with resources from the Canadian TC Fund.

2. Potable Water Systems (US\$4,745,400)

- 2.29 15 projects have been selected in this sector. They concern 13 secondary cities across the country, a minor rehabilitation project in Port-au-Prince and a pilot micro-project in rural areas. The Bank is currently preparing a major potable water project (LOPUS HA-0014) and has initiated important institutional and technical studies including the execution of a master plan of investments for the sector. These studies are carried out with the public entity in charge of the sector, the National Service for Potable Water (SNEP).
- 2.30 In addition to the criteria listed in paragraph 3.11 of the main document, the projects were selected taking into account the global strategy of the country in managing its water resources and improving water services. In particular,
- (i) proposed projects correspond to the rehabilitation/replacement of one or several broken elements in the water production/distribution chain at a given location; as such, proposed projects will permit the immediate increase of the quantity of potable water available to the population;
 - (ii) projects proposed must not be superseded by future investments planned in the sector.
- 2.31 Project costs range from US\$46,200 to US\$572,000 with the exception of the 24" main pipe rehabilitation in Port-au-Prince (US\$1,320,000). The local private sector has the capacity to both execute and supervise the works, but international companies may be called to take part to the national tendering process.
- 2.32 Most studies have been carried out by the SNEP. A few are missing. They will be financed by the proposed PURE II loan. All works in this sector will be co-monitored by the SNEP (or its Port-au-Prince counterpart, the CAMEP, for the Port-au-Prince project) and the UCG. Upon completion, the systems will be handed over to the SNEP (or the CAMEP) that will be responsible for cost-recovery and maintenance.

C. Rehabilitation of Government Buildings (US\$4,015,000)

- 2.33 The 8 projects proposed have been selected in order to increase the productivity of important branches of the Government or support governance programs initiated by the International Community. Given their very varied characteristics, they are described individually here below:
- (a) the building of the Ministry of Agriculture is in very poor condition: the roof is seriously damaged (and actually missing at some places), and work has to be interrupted whenever it rains. This US\$880,000 project complements the various actions that the Bank and other donors have been undertaking to strengthen the

agriculture sector;

(b) 14 peace court buildings (local courts) will be rehabilitated in an effort to support the US-led initiative to rebuild the judiciary system; this project is estimated to cost US\$1,100,000.

(c) two border posts will be rehabilitated or completed in Malpasse (US\$220,000) and Ouanaminthe (US\$330,000), to support the Government's efforts to increase revenues from foreign trade;

(d) the Cap Haitien airport has been left unfinished; the main passenger hall, in particular has to be completed; the project will cost US\$110,000;

(e) three Tax Administration (DGI) buildings will be rehabilitated in the busy cities of Saint-Marc, Miragaoane and Les Gonaives, to support the Government's efforts to improve tax collection and administration; this project has been valued at US\$825,000;

(f) the building of the National Statistics Institute (IHSI) badly needs rehabilitation, and so does the former army's headquarter building, recently converted into the Ministry of Women's Rights; the rehabilitation of these two very visible buildings (they are located very close to the most busy public square of the country, Place du Champ de Mars) will have a highly symbolic effect; the cost estimate is US\$330,000 for the Women's Right Ministry and US\$220,000 for the IHSI building.

2.34 Detailed technical studies for all these projects will be financed with resources from the proposed PURE II loan.

ELECTRIC EMERGENCY WORKS COMPONENT

A. Sectoral situation

- 1 The emergency and short term Generation needs in Port-Au-Prince are being covered by the programs of the different bilateral and multilateral donors, which resulted in great part of the efforts that the Bank's team invested during November 1994 (PURE and EERP programs), in convincing such donors of the necessity of repairing the existing generation stock as the most efficient and cost effective means of reestablishing service.
- 2 As a consequence of this, approximately 52 MW of thermal capacity in PaP will have been restored to service in Nov-Dec. 1995, by bilateral donors, and 30 more MW of new capacity will be available by combined bilateral and multi-lateral efforts (20MW financed by the WB and 10 MW by the European Community), for a total of 82 MW. This, added to 10 MW of guaranteed capacity at Peligre during dry months, will allow reliable service in PaP. Peak demand has been determined by the EDF-HQI TA team to reach 84 MW. Hence reserves will be at least 8 MW and probably substantially more 1/
- 3 But there are still important emergency needs that have to be covered: in High/Medium Voltage transmission; in the distribution network of Port-Au-Prince; and in provincial areas and cities, where it is urgent to begin the rehabilitation of their generation and their network.

B. Emergency activities to be financed by the Bank

- a. Rehabilitation of high tension Posts. The state of some high tension posts is critical. At any time now some of them could fail leaving vast portions of the population without electricity. It is to remediate this situation that this component is proposed. The main activities consist of: The electrical rehabilitation of the Varreux post and of at least other five posts; Examination of transformers and circuit breakers; building repairs; radio and telecommunications; construction work; and miscellaneous.

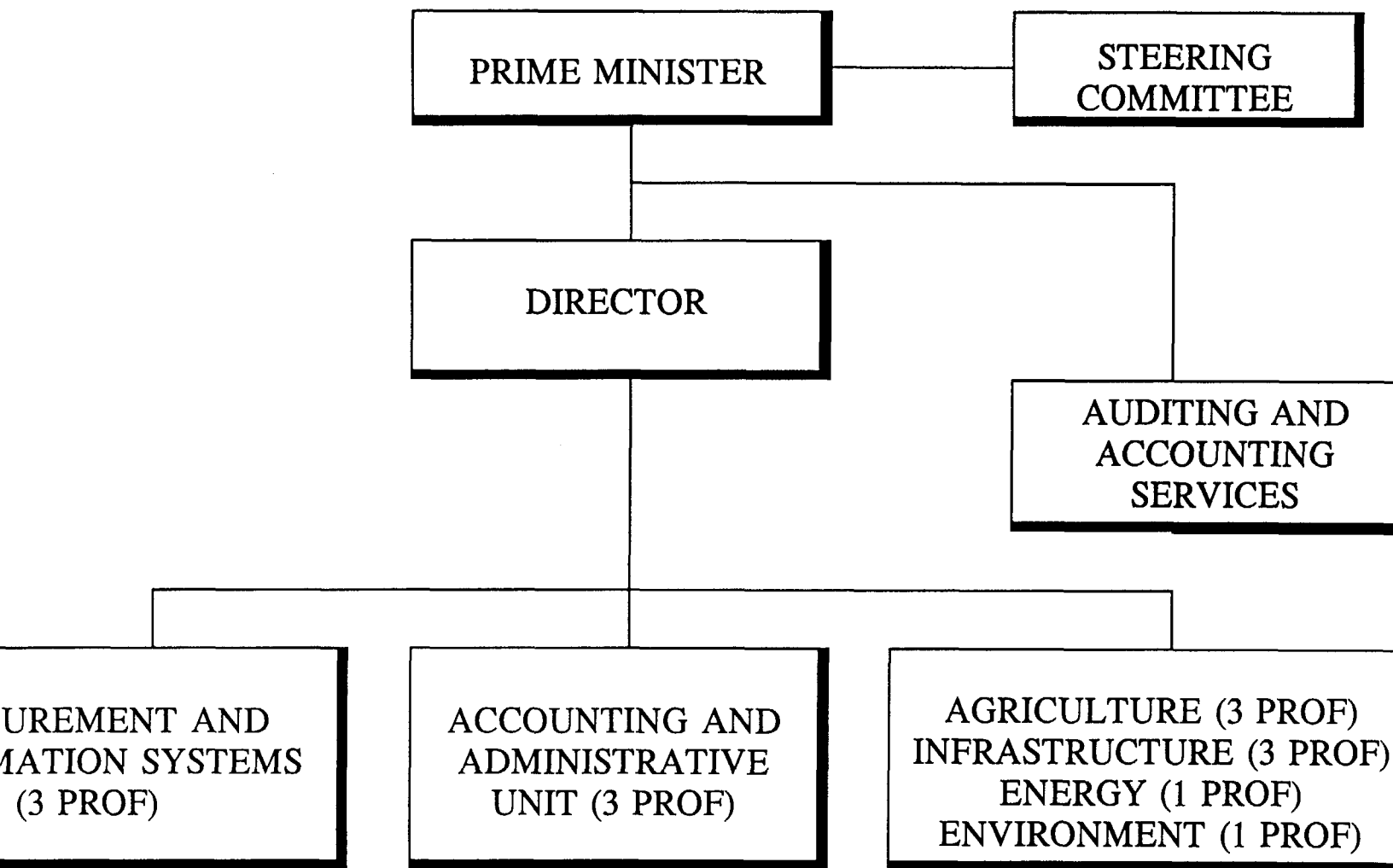
1/ There may be another 28 barge-fired MW of power stemming from a short term supply contracts signed recently by the GoH. The 52 MW of thermal capacity mentioned do not include the 20MW (approximately 10 units of 2 MW) of power in Canadian/Japanese financed mobile units presently at Varreuz. These units will be displaced to the provinces as part of the present project.

- b. Rehabilitation of the network and of generation capacity in the provinces. This component consists of the installation and restoration of essential capacity in 15 provincial towns and cities, whose supply is at present well below demand, as well as the rehabilitation of the MT/LT network so as to be able to reach a greater number of customers. Among the activities undertaken is the relocation of the Ten 2 MW Canadian-Japanese financed mobile units, presently at Varreux, to provincial cities, such as les Cayes, Gonaives/Drouet, Petit-Goave, Jacmel, Port de Paix, et Cap-Haitien.
- c. Rehabilitation of a distribution pilot zone. This activity consists on the rehabilitation of a distribution zone in Port-Au-Prince, comprising around 5000 customers. it will serve as a pilot project. The rehabilitation will permit the renewal of the MT/LT network, as well as customer information. In particular, all fraudulent connections will be eliminated. The zone will also serve as training center for EdH employees in skills required for distribution work. Main cost items are: meters; data and information center; transformers, lampposts and cable; and labour.
- d. Financing. The IDB provides financial resources for the amount of US\$68.69 million distributed as shown in the table below. This financing will be completed with bilateral funds, provided mostly by EDF.

IDB FINANCING OF EMERGENCY NEEDS IN THE ELECTRIC SECTOR

ACTIVITY	IDB FINANCING (US\$000)
Urgent Rehabilitation of High Tension Posts	2,690
Improvement of Generation and the network in provincial areas and cities	5,500
Connection, measurement and network Equipment and materials for pilot distribution zone in PaP	500
Total	8,690

Emergency Economic Recovery Program
PHASE II
Central Implementation Unit (CIU)



CIU STAFF
PURE II

- (1) General Director
- (1) International expert (international)
- (2) Procurement specialists (1 international)
- (3) Senior Accountant/ 2 junior accountant
- (1) Systems and databank specialist
- (3) Agronomists/Civil engineer
- (3) Civil engineers
- (1) Energy specialist
- (1) Environmentalist
- 4 Secretaries
- 3 Messengers/drivers

TOTAL STAFF:

Professional:	16
Administrative:	7

CIU, SUPERVISION, TECHNICAL STUDIES

BUDGET FOR 15 MONTHS (US\$)
SEPTEMBER OF 1996 TO DECEMBER OF 1997

COST TABLE (US\$)	
CATEGORY	IDB
1. Operating Costs	1,300,000
2. Supervision	1,700,000
3. Engineering and Environmental Studies	400,000
4. UCG/Ministerial Agreements	450,000
5. Audit	150,000
Gran Total	4,000,000

A. OPERATING COSTS

1. Honoraria

Director (US\$6,000 x 15 months)	90,000
International expert (US\$12,000 x 15 months)	180,000
International procurement expert (US\$12,000 x 15 months)	180,000
Specialists (11 x US\$3,000 x 15 months)	495,000
Energy expert (1 x US\$3,000 x 15 months)	45,000
Computer expert (US\$2,000 x 15 months)	30,000
Enviromental expert (1 x US\$3,000 x 15)	45,000

Subtotal 1,065,000

Support services

Secretaries (4 x US\$700 x 15 months)	42,000
Drivers (3 x US\$400 x 15 months)	18,000
Office service (US\$400 x 15 months)	6,000

Subtotal 66,000

2. Equipment

Computers and equipment (2 x US\$3,000)	6,000
Photocopier, fax, telephone	3,000
Office furniture	5,000
<u>Subtotal</u>	<u>14,000</u>

3. Other expenses

3.1 Transportation expenses (outside Port-au-Prince — per diem and gasoline)	30,000
3.2 Travel — international experts	5,000
3.3 Individual consultants	50,000
3.4 Rent, maintenance, operations	30,000
<u>Subtotal</u>	<u>115,000</u>

TOTAL OPERATING COSTS OF CIU 1,300,000

B. STUDIES, SUPERVISION, AND AUDITING EXPENSES

(Infrastructure and agriculture rehabilitation works.

1. Technical studies <u>1/</u>	400,000
2. Works supervision (5%)	1,700,000
3. Ministries Agreements Vehicles (25,000 X 18 jeeps) <u>2/</u>	450,000
4. Audit	150,000

TOTAL STUDIES, SUPERVISION, AND AUDITING EXPENSES 2,700,000

GRAND TOTAL 4,000,000

1/ Engineering studies exist for great part of projects in PURE II. Estimate has been based on a US\$7.5 million of works pending studies and availability of resources for this purpose under the ATN/SF-4815-HA. A sum of resources are also allocated for enviromental studies.

2/ Vehicles for the support the UCG to supervise PURE works by the Ministries of MTPTC (9) and MARNR (9).

**SECONDE PHASE DU PROGRAMME D'URGENCE
ET DE REDRESSEMENT ECONOMIQUE (PURE II)**

TABLEAU RECAPITULATIF DES INVESTISSEMENTS

Designation	Montant Previsionnel (US\$)
AGRICULTURE	\$ 6,564,800.00
INFRASTRUCTURE	\$ 20,474,800.00
<i>Protection et Curage des Rivières et Ravines</i>	<i>\$ 3,190,000.00</i>
<i>Tronçons Routiers</i>	<i>\$ 4,158,000.00</i>
<i>Ports et Dragages</i>	<i>\$ 5,805,800.00</i>
<i>Voirie Urbaine</i>	<i>\$ 1,650,000.00</i>
<i>Réhabilitation d'Equipements Publics</i>	<i>\$ 5,671,000.00</i>
SANTE	\$ 2,860,000.00
EAU POTABLE	\$ 4,745,400.00
REHABILITATION DE BATIMENTS DU GOUVERNEMENT	\$ 4,015,000.00
ENERGIE	\$ 8,690,000.00
TOTAL	\$ 47,350,000.00

Nom du Projet	Département	Coût estimé (US)\$	Durée (mois)	Institution chargée de l'entretien	Observations
Reboisement					
Greffage	Nord/Ouest/Centre/Sud/Artibonite	\$ 550,000.00	12	Organisations Bénéficiaires	
Plantes Forestières	Centre/Ouest/Sud-Est	\$ 220,000.00	12	Organisations Bénéficiaires	
Caféiers		\$ 1,100,000.00	12	Coopératives et Associations	
Sous-total		\$ 1,870,000.00			
Ouvrages de prise					
Dubreuil	Sud	\$ 660,000.00	6	Comités d'usagers	Etude à faire
Avezac	Sud	\$ 660,000.00	6	Comités d'usagers	Etude à faire
Sous-total		\$ 1,320,000.00			
Réseaux Canaux Primaires					
Canal Bonnet-Baugé 5 Kms (Rivière Blanche)	Ouest	\$ 660,000.00	4	Comités d'usagers	Etude Faite
Réhabilitation PPI	Sud-Est	\$ 550,000.00	6	Comités d'usagers	Etude Faite
Sous-Total		\$ 1,210,000.00			
Protection des Berges					
Momance (Léogane)	Ouest	\$ 1,100,000.00	9	MARNDR	Etude faite PURE I
Construction Citernes à Eau (3000 Gallons)					
La Gonave 50 unites	Ouest	\$ 68,750.00	12	Familles Bénéficiaires	
Salagnac 50 unites	Grande-Anse	\$ 68,750.00	12	Familles Bénéficiaires	
Goyavier 100 unites	Artibonite	\$ 137,500.00	12	Familles Bénéficiaires	
Jacmel 100 unites	Sud-Est	\$ 137,500.00	12	Familles Bénéficiaires	
Croix St-Joseph 100 unites	Nord-Ouest	\$ 137,500.00	12	Familles Bénéficiaires	
Assistance Technique à la gestion des PPI					
Dubreuil (1,600 hectares)	Sud	\$ 228,800.00	12	Comités d'usagers	
Avezac (2,000 hectares)	Sud	\$ 286,000.00	12	Comités d'usagers	
Sous-total		\$ 2,164,800.00			
Total Secteur Agricole		\$ 6,564,800.00			

SECTEUR INFRASTRUCTURE

Nom du Projet	Département	Coût Prévisionnel (US \$)	Durée (mois)	Institution chargée de l'Entretien	Observations
Protection et curage des rivières et ravines					
Momance Lot 1 Amont et Aval Pont RN2 (Léogane)	Ouest	\$ 990,000.00	8	MTPTC	Etude faite PURE I
Ravine Tete de l'eau (Pétion-Ville)	Ouest	\$ 440,000.00	6	MTPTC	Etude faite PURE I
Rivière Gressier - Froide - Cormier - Caiman	Ouest	\$ 990,000.00	6	MTPTC	Etude faite PURE I
Rivière Rouyonne (Léogane)	Ouest	\$ 770,000.00	6	MTPTC	Etude faite PURE I
Sous-total		\$ 3,190,000.00			
Troncons Routiers					
Route de Jacmel	Sud-Est	\$ 990,000.00	4	MTPTC	Etude faite PURE I
Route Nationale # 2					
Lot 1	Ouest/Sud	\$ 1,078,000.00	4	MTPTC	Etude faite PURE I
Lot 2	Ouest/Sud	\$ 825,000.00	6	MTPTC	Etude faite PURE I
Route Nationale # 1					
Lot 1	Artibonite	\$ 385,000.00	4	MTPTC	Etude faite PURE I
Lot 2	Nord	\$ 880,000.00	4	MTPTC	Etude faite PURE I
Sous-total		\$ 4,158,000.00			
Ports et Dragages					
Petit Goave	Ouest	\$ 1,149,500.00	5	APN	Etude En Cours PURE I
Miragoane	Grande-Anse	\$ 462,000.00	4	APN	Etude En Cours PURE I
Gonaives	Artibonite	\$ 665,500.00	5	APN	Etude En Cours PURE I
St-Marc	Artibonite	\$ 936,100.00	4	APN	Etude En Cours PURE I
Port-de-Paix	Nord-Ouest	\$ 852,500.00	5	APN	Etude En Cours PURE I
La Saline	Ouest	\$ 860,200.00	6	APN	Etude En Cours PURE I
Dragages 80.000 m3	6 ports	\$ 880,000.00	6	APN	Etude En Cours PURE I
Sous-total		\$ 5,805,800.00			
Voirie Urbaine					
Voirie Urbaine aux Cayes	Sud	\$ 1,100,000.00	8	MTPTC	Etude faite PURE I
Voirie Urbaine aux Gonaives	Artibonite	\$ 550,000.00	8	MTPTC	Etude à faire
Sous-total		\$ 1,650,000.00			

Réhabilitation d'équipements publics					
Faculté de Médecine (Port-au-Prince)	Ouest	\$ 847,000.00	6	MSPP	Etude En Cours PURE I
Faculté des Sciences (Port-au-Prince)	Ouest	\$ 473,000.00	3	MENJS	Etude En Cours PURE I
INAGHEI (Institut de Gestion et d'Administration) (Port-au-Prince)	Ouest	\$ 110,000.00	2	MENJS	Etude En Cours PURE I
Réhabilitation CTPEA (Centre de Planification et d'économie appliquée) (Port-au-Prince)	Ouest	\$ 132,000.00	2	MPCE	Etude faite
Réhabilitation de Marchés aux Gonaïves	Artibonite	\$ 500,000.00	4	Mairie des Gonaïves	Etude à faire
Réhabilitation maison A. FIRMIN et conversion en musée (Cap-Haïtien)	Nord	\$ 300,000.00	4	ISPAN	Etude faite
Rehabilitation du Centre d'Accueil de Carrefour	Ouest	\$ 550,000.00	8	Ministere des Affaires Sociales	Etude à faire
Réhabilitation de Marchés Croix des Bossales des Cayes	Sud	\$ 500,000.00	4	Mairie des Cayes	Etude faite PURE 1
Décharge de Truitier	Ouest	\$ 2,259,000.00	6	MTPTC	Etude à faire
Sous-total		\$ 5,671,000.00			
TOTAL INFRASTRUCTURE \$ 20,474,800.00					

SECTEUR SANTE

Hopital Ste-Thérèse Hinche	Centre	\$ 1,430,000.00	8	MSPP	Etude En Cours PURE I
Assainissement Hopital UEH (Port-au-Prince)	Ouest	\$ 1,210,000.00	8	MSPP	Etude à faire
Vaccination contre maladies endémiques		\$ 220,000.00	6	MSPP	
TOTAL SANTE		\$ 2,860,000.00			

SECTEUR EAU POTABLE

Réhabilitation du réseau AEP de Kenscoff	Ouest	\$ 191,400.00		SNEP	Etude prête
Réhabilitation du réseau AEP de Marchand	Artibonite	\$ 550,000.00		SNEP	Etude prête
Forage et installation de 5 pompes à pédales	Départements Ouest, Artibonite, et Nord'Ouest	\$ 123,200.00		SNEP	Etude prête
Alimentation en EP de Cabaret	Ouest	\$ 165,000.00		SNEP	Etude prête
Renforcement réseau AEP (Miragoane)	Grande-Anse	\$ 572,000.00		SNEP	Etude prête
Renforcement réseau AEP (St-Marc)	Artibonite	\$ 451,000.00		SNEP	Etude prête
Renforcement réseau AEP (Petite Rivière de l'Artibonite)	Artibonite	\$ 46,200.00		SNEP	Etude à faire
"Renforcement et extension réseau AEP (St-Michel de l'Attalaye)"	Artibonite	\$ 203,500.00		SNEP	Etude prête
Réhabilitation réseau AEP (Baradères)	Grande-Anse	\$ 82,500.00		SNEP	Etude prête
Renforcement et extension réseau AEP (Malpasse)	Ouest	\$ 220,000.00		SNEP	Etude à faire
Renforcement et extension réseau AEP (Fort-Liberté)	Nord'Est	\$ 275,000.00		SNEP	Etude à faire
Renforcement et extension réseau AEP (Ouanaminthe)	Nord'Est	\$ 138,600.00		SNEP	Etude à faire
Achèvement réseau AEP (Arcahaie)	Ouest	\$ 77,000.00		SNEP	Etude prête
Pompage et réseau AEP (Croix-des-Bouquets)	Ouest	\$ 330,000.00		POCHEP	Etude faite
Ligne de 24" Diqini - Bolosse (Port-au-Prince)	Ouest	\$ 1,320,000.00		CAMEP	Etude faite
TOTAL EAU POTABLE		\$ 4,745,400.00			

REHABILITATION DE BATIMENTS DU GOUVERNEMENT

Réhabilitation du ministère de l'Agriculture	Ouest	\$ 880,000.00	6	MARNDR	Etude en cours par ISPAN
Construction de 14 tribunaux de Paix		\$ 1,100,000.00	8	MJ	Etude à faire
Construction poste frontière à Ouanaminthe	Nord'Est	\$ 330,000.00	5	MIDN	Etude à faire
Achèvement poste frontière de Malpassee	Ouest	\$ 220,000.00	4	MIDN	Etude à faire
Batiment d'accueil aéroport du Cap	Nord	\$ 110,000.00	4	MIDN	Etude à faire
Reconstruction batiment douanes DGI (St-Marc , Gonaives , Miragoane)	Grande'Anse	\$ 825,000.00	5	MEF	Etude à faire
Ministère à la Condition Féminine	Ouest	\$ 330,000.00	4	MCF	Etude à faire
Réhabilitation Institut Haitien de Statistiques et d'Informatique (IHSI)	Ouest	\$ 220,000.00	4	MEF	Etude à achever
TOTAL BATIMENTS GOH		\$ 4,015,000.00			

SECTEUR ELECTRICITE

Réhabilitation de 10 postes haute tension	Tous	\$ 2,690,000.00	8	EDH	Avec assistance HydroQuebec/Electicite de France
Equipements de production et réseaux avec assistance support	Tous	\$ 5,500,000.00	8	EDH	
Zone pilote Port-au-Prince	Ouest	\$ 500,000.00	12	EDH	
TOTAL ENERGIE		\$ 8,690,000.00			

PROCUREMENT RULES AND TENTATIVE PROCUREMENT PLAN

1. The recommendations made by the project team on procurement procedures were guided by three considerations:
 - a. Most infrastructure sub-projects are below the usual Bank's thresholds for international competitive procedures in Haiti (US\$1.0 million for works, US\$250,000 for goods and US\$200,000 for consulting services). 7 projects in the tentative list have been estimated between US\$1.1 million and US\$1.4 million. However, it is not recommended that full-fledged international competitive bidding be used for these projects since: (i) their limited amount will not make them attractive for the international private sector; (ii) due to their variety in nature and location, they can not be grouped into larger packages; and (iii) the emergency requires faster procedures.
 - b. The capacity of the local private sector may be saturated by the important amount of works to be executed under PURE I and PURE II and local construction firms do not have the technical capabilities to carry out certain types of projects. It is therefore recommended that international contractors be invited to submit offers when they can make a difference.
 - c. To respond quickly to the emergency, the CIU needs a high degree of flexibility in its operating procedures. This must be reflected in the procurement policy.
2. As a result of these considerations, the following recommendations are made:
 - a. the threshold for international competitive bidding for works should be set at US\$1,500,000 for the proposed PURE II;
 - b. price quotations for work and supervision should continue to be employed, using the register of firms established by the CIU for PURE I together with simplified bidding documents; specific communication efforts must be made to make sure that firms based in the vicinity of the projects (and not only those based in Port-au-Prince) get the necessary information to take part in the tendering process; a list of projects to be tendered should be published monthly by the CIU;
 - c. for those works where technical capacities can not be found within the local market, national bidding should be carried out as per (a) above, but at least three international contractors should be invited to submit bids;

- d. where possible, separate sub-projects of similar nature should be grouped into one bidding process; this process should be opened to international firms as explained in (c) above; this will generate economies of scale and, in some cases, attract international firms; separate offers for each sub-project will still be considered so as not to handicap local firms of smaller capacity;
 - e. for some agriculture projects, cost reference approved by the Bank should continue to be employed with NGO's which will be selected on the basis of experience and capability. For the coffee planting project in the agricultural component, the contracting of the Inter-American Institute of Agricultural Science (IICA) to carry on managing the program is recommended. (see Annex II-I).
3. The following table summarizes the scheduled bidding processes. The financing of these projects are covered 95% with loan resources and 4.5% with local counterpart funds.

Main groups of sub-projects	Financing	Number of sub-projects	Bidding Process	Tentative month of bidding
Road Rehabilitation	US\$4,158,000	5 projects, maximum US\$1,078,000	- 1 bidding process only - national bidding procedures, with invitation of international firms	January 96
Structural Port Works	US\$4,925,800	6 projects, maximum US\$1,149,500	- 1 bidding process only - national bidding procedures, with invitation of international firms	January 96
Port Dredging	US\$880,000	6 sites, 1 project	- 1 national bidding process, with invitation of international firms	January 96
Urban Roads	US\$2,200,000	3 projects, maximum US\$1,100,000	- 3 national bidding processes	March 1996
Rehabilitation of Public Facilities	US\$4,671,000	9 projects, maximum US\$847,000, except Truitier Landfill (US\$1,500,000)	- 1 national bidding process per project - bidding process for Truitier Landfill will follow national rules but international companies will be invited	January/ July 96
Hospital Rehabilitation	US\$2,640,000	2 projects	- 1 national bidding process per project	July 96
Potable Water Systems	US\$4,745,400	15 projects, all under US\$572,000 except the Diqini-Bolosse Main Pipe Rehabilitation (US\$1,320,000)	- 1 national bidding process per project	January/ July 96
Rehabilitation of Government Buildings	US\$4,015,000	8 projects under US\$1,100,000	- 1 national bidding process per project	January/ July 96
Energy Spare Parts	US\$8,190,000	15 lots	- simplified bidding process: price quotations to be obtained from 3 international and/or domestic suppliers	January/ September 96
Agriculture	US\$6,564,800	21 projects	contracting of NGO's, firms and specialized agencies (IICA) as per (d) above	1996/1997

PROPOSED RESOLUTION

HAITI. LOAN /SF-HA TO THE REPUBLIQUE D'HAITI
EMERGENCY ECONOMIC RECOVERY PROGRAM - SECOND PHASE

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, to enter into such contract or contracts as may be necessary with the République d'Haïti, as Borrower, for the purpose of granting it a financing to cooperate in the execution of an Emergency Economic Recovery Program, Second Phase. Such financing will be for the amount of up to US\$50,000,000, or its equivalent in other currencies, except that of the Haiti, which are part of the Fund for Special Operations, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.