

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

HAITI

SUPPORT FOR HAITI'S TRANSPORTATION SECTOR III

(HA-L1079)

PROPOSAL FOR A NONREIMBURSABLE FINANCING

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2.	Monitoring & Evaluation Arrangements http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37950826
3.	Environmental and Social Management Report (ESMR) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38021846
4.	Procurement Plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38020079
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1.	Map of Haiti's Transport Network http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38005592
2.	Labor Intensive Urban Paving http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38015770
3.	Executive Report Les Cayes - Jeremie http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38020393
4.	Analysis of Construction Costs in Haiti http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38020282
5.	Institutional Strengthening Plan for the MTPTC http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38020293
6.	Report Workshop Institutional Strengthening http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38020313
7.	Road Safety Audit Report (Ennery-Plaisance) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38020225
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9.	Environment and Social Analysis (ESA) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37955457
10.	Engineering Designs http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38022825
11.	Safeguards Policy Filter and the Safeguard Screening Form for Classification of Projects http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38019387

ABBREVIATIONS

AADT	Annual Average Daily Traffic
CIDA	Canadian International Development Agency
DD	Departmental Directions
ESA	Environmental and Social Analysis
ESG	Environmental and Safeguards Unit Group
ESMR	Environmental and Social Management Report
ESS	Environmental and Social Strategy
EU	European Union
FER	<i>Fond d'Entretien Routier</i> (Fund for Road Maintenance)
GDP	Gross Domestic Product
GoH	Government of Haiti
HIV	Human Immuno Deficiency Virus
IDB	Inter-American Development Bank
IRR	Internal Rate of Return
INE/TSP	Transport Division – Infrastructure and Environnement Sector
IRI	International Roughness Index
KB	Key Biodiversity
KBA	Key Biodiversity Area
MTPTC	<i>Ministère des Travaux Publics, Transports et Communications</i> (Ministry of Public Works, Transport and Communications)
NPV	Net Present Value
OEL	Optional Electronic Link
RAP	Resettlement Action Plan
REL	Required Electronic Link
RF	Results Framework
RN	<i>Route Nationale</i> (National Route)
SGA	System of Environmental Management
UCE	Central Execution Unit at MTPTC
UNOPS	United Nations Office for Project Services
WB	World Bank

PROJECT SUMMARY
HAITI
SUPPORT FOR HAITI'S TRANSPORTATION SECTOR III
HA-L1079

Financial Terms and Conditions			
Beneficiary: Republic of Haiti Executing Agency: Ministry of Public Works, Transport and Communications (MTPTC) through the Central Execution Unit (UCE).			
Source	Amount		
IDB (Grant Facility)	50,000,000	Disbursement Period:	5 years
Total	50,000,000	Currency of Approval:	US Dollars
Project at a Glance			
Project Objective/Description: The overall objective is to contribute in the improvement of the connectivity between different regions of the country by reducing transportation costs and time, thus promoting regional and international integration and economic development. The specific objectives are: (i) rehabilitation and improvement of the Ennery-Plaisance road section in the <i>Route Nationale 1</i> (RN-1); (ii) maintenance of the rehabilitated section during two years after completion of works; (iii) improvement of road safety conditions along the road reducing the risk of accidents involving both vehicle and pedestrians; (iv) pavement of main streets in small communities; and (v) institutional strengthening of the transport sector.			
Special conditions prior to first disbursement: None.			
Special contractual conditions for execution: <ul style="list-style-type: none"> (i) The call for bids for works, goods and services under Component 1 is contingent upon the Bank's acceptance of the final engineering designs submitted by the MTPTC (§2.8), (ii) Start of works for Component 1 will be contingent upon the Bank's acceptance of: (i) the implementation, by the MTPTC, of the Bank-approved Resettlement Action Plan (RAP) (§2.5); (ii) the completion of environmental plans (§2.5); and (iii) the entry into force of the service contract for the supervision of the works between MTPTC and the specialized company (Subcomponent 2 (ii), §3.3), and (iii) The execution of the road safety baseline (Subcomponent 4 (iii)) is contingent upon the Bank's acceptance of an agreement between the MTPTC and the Ministry of Justice, defining the modality of cooperation on road safety between both institutions, to involve the police departments in the jurisdictions along <i>Route Nationale 1</i> (RN-1) (§3.2). 			
Exceptions to Bank policies: None.			
Special Procurement Aspect: UNOPS may be hired directly pursuant to Bank procurement policies for the works for Component 3 (§3.4).			
Project qualifies for: SEQ <input checked="" type="checkbox"/> PTI <input checked="" type="checkbox"/> Sector <input type="checkbox"/> Geographic <input checked="" type="checkbox"/> Headcount <input type="checkbox"/>			

I. DESCRIPTION AND RESULTS MONITORING

A. Background, Problem Addressed, Justification

- 1.1 Haiti faces deep regional economic imbalances, with Port-au-Prince accounting for 66% of Gross Domestic Product (GDP) and 80% of the country's industrial, commercial, and financial activities. The Government of Haiti (GoH) has set as a priority to foster economic development outside of the capital in order to bring much needed jobs¹ to the country's less developed regions.² A key element of this strategy is to rehabilitate and improve the transportation network.
- 1.2 Road transport is the leading mode of transportation for cargo and passengers in Haiti³ and henceforth the improvement of the road infrastructure is a fundamental mechanism for economic development and for the intra⁴ and inter-regional integration of the country's regions. One of the Haiti's main integration corridors is the *Route Nationale 1* (RN-1), extending from the country's capital Port-au-Prince, in the West region, to the second largest city, Cap-Haïtien, in the North region (figure 1). In addition to its role on integrating different departments, the corridor plays a very important role in international trade as it connects the two international seaports⁵ with the major cities and productive regions in the country. The Bank has financed interventions from Port-au-Prince to Saint Marc (HA-L1046) and from Gonaïves to Ennery (HA-L1058). This operation will rehabilitate the next portion of this corridor, from Ennery to Plaisance.
- 1.3 **Road Infrastructure in Haiti.** The national road network has a total length of 3,563 km, consisting of 905 km of primary roads (25%), 1,315 km of secondary roads (37%) and 1,343 km of tertiary roads (38%). This reflects very low coverage levels for both the size of the population (0.4 km/1,000 inhabitants) and the surface area of the country (0.12 km/km²).⁶ In addition to that, the road network has poor infrastructure and maintenance conditions reflected in high transportation cost and travel time for both individual users and firms.⁷ The road infrastructure in urban areas is also of poor quality affecting the safety of its users and creating an environment nuisance from dust of passing vehicles.⁸ Immediately after the earthquake in January 2010, it was estimated that only 9% of the total road network was in good condition.⁹ Moreover, only 10% of the

¹ "Mapping for Results - Haiti", 2012, World Bank (WB); Haiti Prospective Food Security Assessment, 2011, USAID.

² Haiti's estimated unemployment is about 40%, 2012, WB.

³ Estimates indicate 80 % of the country's traffic being by land (WB and IDB).

⁴ Improvement of the capacity and the quality of the road infrastructure reduces transportation costs and travel times, thus enabling less developed regions to increase their access to markets and to basic services (health and education).

⁵ Ports of Port-au-Prince and Cap-Haitien.

⁶ Other countries in the region have higher coverage both relative to surface area and population: Dom. Republic 1.98 km/1,000 hab., 0.41 km/km²; El Salvador 1.75 km/1,000 hab., 0.48 km/km²; Honduras 3.34 km/1,000 hab., 2.31 km/km²; Nicaragua 3.92 km/1,000 hab. 1.64 km/km².

⁷ For a truck to travel 22.7 km from Ennery to Plaisance, it currently takes about 45 minutes at a high vehicle operating cost of 2.13 US\$/km (in a situation with a road in good condition, the cost estimated would be US\$1.35/km).

⁸ Pavement program in Haitian small towns, UNOPS, 2012.

⁹ Estimations done by UCE technical team. Good conditions defined by an International Roughness Index (IRI) lower than four.

roads receive continuous maintenance.¹⁰ In the past three years, with financing from IDB and other donors, more than 200 km of primary network have been rehabilitated and estimates by the GoH¹¹ indicate that currently about 15% of the total road network and 56% of the primary network are in good condition. Although there are a few official statistics regarding injuries and deaths caused by road accidents, road safety is a critical issue in Haiti due to the poor condition and quality of roads and vehicles, lack of signalization and poor enforcement of transit regulations.

Figure 1: Haiti's main road corridor (composed by RN-1, RN-2 and RN-7)



- 1.4 **Bank's Sectorial Work and Strategy for the Transport Sector.** In the last decade, the GoH and the Bank have made significant efforts to overcome the important restrictions in coverage, capacity, level of service and safety conditions in the road network. The sectorial work financed by the Bank has concentrated in the rehabilitation, improvement and maintenance of the road network in the Departments of *Sud*, *Nippes*, *Grand'Anse*, *Ouest*, *Artibonite* and *Nord*, strengthening of road safety conditions,¹² and in the Institutional Strengthening of the Ministry of Public Works, Transport and Communications (MTPTC by its French acronym) (§1.13).
- 1.5 After the earthquake of January 2010 that caused considerable damage to transport infrastructure, especially in the *Ouest*, *Nippes* and *Sud-Est*, the GoH and the Bank have agreed on a work agenda for the 2010-2015, period with the

¹⁰ Post-Disaster Haitian Government Needs Analysis, Port-au-Prince, March 2010.

¹¹ Source: UCE.

¹² Including signaling in the RN-1, communication campaigns and a country strategy for road safety. All actions were aligned with the action plan published by IDB ("[Road Safety Strategy - IDB: Action Plan 2010 – 2015](#)", Jun 2012)

objective of rebuilding the affected infrastructure and completing strategic projects to move Haiti onto a path of sustained development capable of delivering both economic growth and solutions to enduring social and environmental problems. The GoH and the Bank have agreed that a transport sector strategy for the country would focus on: (i) improving quality of the national road infrastructure; (ii) improving the institutional capacity of the transport sector; and (iii) improving international connectivity through improvement of competitiveness of the seaport of Port-au-Prince and capacity of the international airport of Port-au-Prince (§1.7).

- 1.6 As a result of this effort, in the past three years, the Bank approved a total of US\$179.5 M for the transport sector¹³ supporting an extensive program of rehabilitation of the road network including interventions in the trunk network including RN-1, RN-2 and RN-8 and intervention in urban areas and institutional strengthening of the sector. Total planned resources for the road sector in the period of the Country strategy (2011- 2015) amount to US\$200 M, targeting the rehabilitation of approximately 140 km of primary network. A significant portion of this target (US\$125.5 M) was already approved in the period 2011-2012 including Grant 2663/GR-HA (34% disbursed), Grant 2794/GR-HA (1% disbursed)¹⁴ and Grant 2898/GR-HA (4% disbursed).¹⁵ In addition to the present operation, other transport sector's operations currently in the pipeline include financing of infrastructure for the Airport of Toussaint Louverture in Port-au-Prince (HA-1089) and institutional support for the reform of the MTPTC and the port sector (HA-L1088)¹⁶.
- 1.7 **Strategic Alignment.** The operation is consistent with the Country strategy with Haiti (2011-2015) (GN-2646), which designates the transport sector as one of the six priority sectors of Bank support to Haiti, and demand that the Bank resources be directed to: (i) improve the quality of national road infrastructure; (ii) improve the institutional capacity of the transport sector; and (iii) improve international connectivity. The operation is also consistent with two of the five strategic priorities established in the Institutional Strategy for the Ninth General Capital Increase (GCI-9) (AB-2764), by: (i) financing investments in a small and underdeveloped country; (ii) supporting poverty reduction and equity enhancement¹⁷; and (iii) supporting regional and global integration and competitiveness.¹⁸

¹³ Grant 2348/GR-HA for US\$29M, Grant GRT/HR-13877-HA for US\$25 M, Grant 2663/GR-HA for US\$55 M, Grant 2794/GR-HA for US\$53 M, and Grant 2898/GR-HA for US\$17.5 M.

¹⁴ Bidding process finished. Construction to start in 3 months. The operation had late eligibility due to the preparation of the manual of operations at UCE.

¹⁵ Contract signed and funds 100% committed, operation finances small works to recover infrastructure affected by Sandy. Planned to be 100% disbursed in six months.

¹⁶ Co-financing with the French Development Agency (AFD) is being negotiated for both operations.

¹⁷ The project contributes for the objective of de-concentrating economic activity in less developed regions outside Port-au-Prince, Country strategy (2011-2015).

¹⁸ The rebuilding of the RN-1 between Port-au-Prince to Cap-Haitien, is aligned with the regional additionally and national subsidiarity criteria as it contributes to the consolidation of a corridor with a relevant role in the country's level of internal connectivity and international integration. This classification was already validated in the approved Grant 2794/GR-HA that finances the contiguous segment included in the RN-1 from Gonaives to Ennery.

- 1.8 **Results from Previous Operations.** The efforts of the GoH and the Bank are materializing in the consolidation of a high quality trunk corridor that integrates six departments of the country,¹⁹ connecting the principal cities, productive regions, and the two most important international seaports; improving access to local population, rural producers, transportation companies; enabling a better integration between the south and the north and also improving the international integration through the maritime ports. Thanks to the rehabilitation of this corridor, a trip by road between Jeremie and Les Cayes in the RN-7 can currently be made in three and a half hours in comparison with the six hours required five years ago, and that is expected to be reduced to less than three hours when the works are finished.²⁰ Similarly, the travel time between Port-au-Prince (Bon Repos) and Gonaives along the RN-1 has been reduced from more than four hours to about two hours after the Bank's intervention.²¹
- 1.9 **Status of Execution.** Execution of operations currently in portfolio are satisfactory with the completion of the last seven km segment of RN-1 from Titanyen to Port-au-Prince, five km of urban street paving in the Nippes Department ([OEL# 2](#)), which created more than 2,000 jobs, and the award of contracts for the rehabilitation of 32 km of road from Croix-de-Bouquet to Fond-Parisien (RN-8) and for the construction of the two major bridges in the North-West department on RN-5 (under Grant 2663/GR-HA); contracts for rehabilitation of road infrastructure damaged by tropical storm Sandy (under operation HA-L1086) have been signed and companies are already mobilizing; contract for the rehabilitation of 26.7 km from Gonaives to Ennery (RN-1) (under operation HA-L1058) is in the final bidding stage and as next step, the GoH will implement the resettlement and compensation plan for displaced families.
- 1.10 Executions challenges faced in last semester of 2012 and first semester of 2013, mainly with respect to issues affecting the construction of the segment Les Cayes-Jeremie (RN-7)²², where protests from local population and legal disputes between the contractor and government caused interruptions in the work for about 12 months, have been solved. The Bank assigned a multi-sectorial team to support the legal, technical and financial aspects of the negotiation between the GoH and the construction company and by working with the GoH to provide technical support to solve expropriation issues. The contract between the GoH and the construction company was terminated with mutual agreement in December 2012 ([OEL# 3](#)). The GoH hired another construction company and supervision firm and works resumed in August, 2013. Lessons learned incorporated in the new contract and in new operations approved by the Bank included: (i) reduced

¹⁹ The corridor passes through the regions of Grand'Anse, Sud, Nippes, Ouest, Artibonite and Nord. It begins in Jérémie in the northwestern part of Haiti's southern peninsula; passing through Les Cayes, Port-au-Prince, Saint-Marc, Gonaives, and Ennery and ends in Cap-Haïtien on Haiti's northern coast (figure 1). An extended version of this corridor includes the segment from Cap-Haïtien until Ouanaminthe in the RN-6 ([OEL#1](#)).

²⁰ Report from UCE.

²¹ Report from UCE.

²² The project was approved in 2007 for a total of US\$100 M financed by IDB and US\$75 M financed by the Canadian International Development Agency (CIDA). Currently balance is US\$55 M, expected to be disbursed in 18 months.

size of contracts to reduce complexity; (ii) complete engineering designs before call for bidding; (iii) complete expropriations before construction starts.

- 1.11 **Construction Costs.** Historically, construction costs in Haiti are high compared to other countries due to several factors, such as: (i) construction market with few international players and lack of local companies with capacity to undertake complex projects; (ii) high volatility of supplies and equipment costs; (iii) institutional weakness on supervision of works; and (iv) frequent natural disasters. In the past three years, the GoH and the Bank have worked consistently to mitigate those factors and bring down the construction costs ([OEL# 4](#)).
- 1.12 Even though there are no historical data/statistics to corroborate that there is a trend of reduction in construction costs in Haiti for the Bank's projects,²³ some factors incorporated into projects recently approved by the Bank will contribute to this objective: (i) in the past three years, the Bank approved projects of smaller size (from 20 to 40 km) reducing the risk of design and execution²⁴; (ii) engineering designs and resettlement action plans are being prepared before bidding, reducing the risks of unforeseen events; and (iii) there has been a consistent strengthening effort with executing units mainly in the procurement and supervision functions to supervise contractors and improve cost management. Some preliminary results that allow us to infer a future trend of reduction in construction costs in Haiti include, the number of contractors bidding for each project has increased dramatically²⁵ and costs per kilometer in those bids ranged from US\$0.8 M/km to US\$1.5 M /km (compared to the period of 2007 to 2011 when costs ranged from US\$1 M to US\$1.9 M/km).²⁶
- 1.13 **Institutional Framework and Institutional Strengthening.** The transport sector in Haiti is led by the MTPTC and it is managed through four lines of activities: (i) planning and studies; (ii) road construction; (iii) maintenance; and (iv) weight control. At the level of local communities, MTPTC is present through its Departmental Directions (DD).²⁷ Finally, MTPTC includes the Central Execution Unit (UCE by its French acronym) that supports the ministry in the execution of transport projects financed mainly by the Bank, and in the last years, in the execution of projects financed by the World Bank (WB) and other donors.
- 1.14 In the past three years, the Bank has supported the institutional strengthening of the transport sector in Haiti consistently as part of the operations approved for the transport sector.²⁸ Even though the strengthening actions during this period were concentrated at the UCE, due to the need of improvement of project execution,

²³ Actual costs are only known at the end of the construction and average project timeframe are four years.

²⁴ Gonnaives-Ennery segment has 26,3km and Ennery-Plaisance has 22,7km.

²⁵ In 2009, only four companies bid for the project Les Cayes-Jeremie, and recently the GoH received 16 expressions of interests for the project Gonaives-Ennery. For the first time in five years, bids were lower than the amount projected by the government.

²⁶ Costs per km depend on the kind of intervention (overlay, rehabilitation, construction, etc.) and geographical and engineering complexity. Cost for Gonnaives-Ennery was estimated in US\$1.62M/km and for Ennery-Plaisance around US\$ 1.67/km.

²⁷ Currently the MTPTC manages a total of 10 DD, one in each of the country's departments.

²⁸ Operations that included institutional strengthening components for the MTPTC: HA-L1054 (2011), HA-L1058 (2012), and HA-T1179 (2013).

other actions targeting the MTPTC included: (i) institutional strengthening of the DD in road maintenance, consisting in consultant services for technical assistance and training, acquisition of equipment, instruments and office supplies, vehicles and tools for maintenance work; (ii) design of road safety policies; and (iii) experts for preparing tender documents.

- 1.15 **Road Maintenance.** Road maintenance is one of the priorities for the strengthening of the MTPTC, mainly considering that activities related to maintaining road assets are key factors to guarantee the sustainability of the investment done in the past years and to support the long term growth plan for the country. Even though a road maintenance fund exists (FER by its French acronym) it is underfunded and the ministry lacks qualified personnel and an adequate plan to manage and access the fund. The MTPTC recently (2012) created a maintenance cell based on recommendations from the European Union (EU) and other donors,²⁹ however, there is still a lack of an integrated plan to strengthen the ministry on maintenance aspects. The efforts of IDB on supporting the institutional strengthening will contribute to improve this process.³⁰
- 1.16 **IDB view for the Strengthening of the MTPTC.** Operation HA-L1058 (2012) provided resources that extended considerable the efforts on institutional strengthening for the MTPTC, providing US\$3 M to finance personnel, training, studies, experts and policy actions needed to improve the efficiency and efficacy of the road sector. The backbone of the institutional strengthening of the MTPTC includes a detailed implementation plan commissioned by the Bank³¹ to establish a structured organization to manage the road sector, what might include a road agency or an alternative structure to effectively integrate the several activities related to the sector. Recent advances in the execution of this plan include: (i) establishment of coordination unit in the MTPTC to implement the institutional strengthening program; (ii) assigning of international experts to provide technical support for the GoH to internalize the implementation plan; (iii) dialogue with the MTPTC to monitor the advances and align the effort with other donors.³² Next steps are the establishment of a core technical team, composed by long term consultants-experts in the field of: (i) road maintenance; (ii) road planning and transport economics; and (iii) road safety. The core technical team will be responsible to hire and train local personnel and to develop operational procedures for the execution of activities related to planning, design, construction, supervision of contractors, and maintenance of the road network.
- 1.17 **The Problem.** Despite all the efforts described before, there is still work to be done to tackle the problems of quality and coverage of the road network (as described in ¶1.3), and this operation aims at continuing the effort to

²⁹ World Bank, French Development Agency, etc.

³⁰ The institutional strengthening plan for the MTPTC on activities related to road maintenance includes personnel, equipment, planning tools and evaluation of alternatives to concessioning maintenance activities to private companies, including incentives for the establishment of microenterprises formed in local communities.

³¹ Institutional strengthening for the road sector, Roberto Suárez, IDB, 2012 ([OEL# 5.](#)).

³² As part of the effort to implement a significant strengthening program at the MTPTC, the Bank recently organized a workshop (Aug. 22, 2013) with international experts to discuss the strengthening plan with the government and define the steps to move forward ([OEL# 6.](#)).

rehabilitate the RN-1, more specifically the road segment from Ennery to Plaisance, where the main problems are: (i) poor road connectivity that creates a bottle neck in the integration of Port-au-Prince and Cap-Haïtien; (ii) poor road safety conditions along the same road; problems also tackled in this project include; (iii) poor urban mobility conditions in small communities (5,000 residents or less); and (iv) institutional weaknesses in the transport sector.

- 1.18 Specific problems that the operation seeks to solve in the Ennery-Plaisance road section include: (i) pavement distresses; (ii) poor road alignment; and (iii) drainage problems. Road safety issues to be addressed include: (i) inexistence of road signals; (ii) limited number of guardrails between the road and the cliff; (iii) commercial activities conducted in some sections of the road; (iv) pedestrians walking on the roadway; and (v) vehicles developing high speeds, mainly trucks.
- 1.19 **The Operation.** This operation gives continuity to the process of rehabilitation of the trunk corridor mentioned above (§1.8) by financing the rehabilitation of the section from Ennery to Plaisance. In addition to the rehabilitation works, the operation will also finance maintenance activities, and measures to improve road safety in the same segment. The operation will also finance paving in main streets of small communities (5,000 residents or less) to improve the living conditions of the population by improving mobility, safety and reducing dust. Finally, the operation will continue supporting the strengthening of the MTPTC.
- 1.20 **Road Safety in Ennery - Plaisance.** Because the segment of Ennery to Plaisance is located in a mountainous region, the geometry of the road presents factors that increase the risk of accidents, such as steep slopes, narrow shoulders and ravines along the road. In order to mitigate those risks, special attention will be given to road safety measures³³ through: (i) incorporating road safety measures in the engineering designs, such as widening of shoulders, straightening of curves and put up guardrails; (ii) specific structures to protect pedestrians such as walkways, bumps and special signalizations in urban areas; and (iii) a road safety campaign to create awareness to the local population regarding prevention measures.
- 1.21 **Road Safety Baseline.** In order to improve the measurement of results on road safety actions in Haiti, the operation will finance a pilot project to create a baseline of accidents data for the RN-1. The pilot will consist of financing equipment, software, process improvements and training programs to improve the methods of road accident data collection according to international practices. Participants of this pilot will be the police department and the MTPTC.
- 1.22 **Gender Integration and HIV prevention program.** The GoH efforts aims to reduce the spread of HIV as well as gender inequalities by improving access to information, providing access to basic services and developing training programs. Human Immunodeficiency Virus (HIV) is known to be disseminated along road corridors by motorists and construction crews,³⁴ therefore the MTPTC requested

³³ As part of the preparation of this operation, during the week of 24 to 28 of June 2013, the Bank in association with Korean Expressway Corporation (KEC) conducted a road safety audit in the road segment of Ennery-Plaisance, recommendations from KEC experts were incorporated into the design of this operation ([OEL# 7](#)).

³⁴ Transport against HIV/AIDS: Synthesis of Experience and Best Practices Guidelines, WB, 2009.

IDB to finance a program that will support gender integration and also support an extensive prevention program for HIV in the Artibonite department.

- 1.23 This program will follow standard HIV awareness and prevention programs, to be undertaken by specialized Non-Government Organization (NGO) and government health agencies to: (i) educate workers on construction sites and young adults in nearby communities about prevention practices and available services to limit the spread of HIV, particularly as a direct impact of MTPTC programs; (ii) conduct tests for HIV and syphilis performed on construction sites and surrounding communities; and (iii) help women in local communities to organize community structures and provide training and capacitation to engage in construction works.³⁵

B. Objective, Components and Cost

- 1.24 The overall objective of this operation is to contribute to the improvement of the connectivity between different regions of the country by reducing transportation costs and travel time³⁶ thus promoting regional and international integration and economic development. The specific objectives are: (i) rehabilitation and improvement of Ennery-Plaisance/RN-1 road section; (ii) maintenance of the rehabilitated section during two years after completion of works; (iii) improvement of road safety conditions along the road reducing the risk of accidents involving both vehicle and pedestrians; (iv) pavement of main streets in small towns; and (v) institutional strengthening of the transport sector. The operation is structured in four components as follows:
- 1.25 **Component 1: Civil works & maintenance (US\$40 million).** This component will finance: (i) the rehabilitation and improvement of the Ennery-Plaisance/RN-1 road section; (ii) the maintenance of the same section during two years³⁷ after completion of works; and (iii) the implementation of a compensation/resettlement action plan.
- 1.26 **Component 2: Administration, monitoring and supervision (US\$3.8 million).** This component will finance the: (i) administration of the works by the UCE; (ii) supervision of the works by a specialized firm; and (iii) monitoring, evaluation and financial and environmental audits.
- 1.27 **Component 3: Labor intensive urban paving (US\$4 million).** This component will finance urban paving in main streets of small towns (5,000 residents or less), seeking to employ local population and local firms. Participation of women will be promoted. This component will also include the application of sealing for dust control in the main streets of small towns. This treatment on the streets has the

³⁵ Targets for the program include: 30,000 people reached by campaigns, 1,000 tests of HIV or syphilis performed, and 100 women trained in basic construction tasks.

³⁶ For a truck to travel 22.7 km of the road section from Ennery to Plaisance, it currently takes about 45 minutes at a vehicle operating cost of US\$2.13/km. After the rehabilitation, reductions of 20% in operating costs per km for automobiles and 40% for trucks are expected. Similarly, travel times are expected to fall by 48% for automobiles and 50% for trucks.

³⁷ The institutional strengthening of the MTPTC on road maintenance, mainly personnel, equipment and planning tools (¶1.16) is expected to give the ministry capabilities to take responsibility after the two-year period.

objective to reduce dust levels affecting the local population. The project will be carried out in approximately 20 towns to be defined by the GoH³⁸.

- 1.28 **Component 4: Institutional strengthening & road safety (US\$2.2 million).** This component will finance: (i) engineering designs, environmental and social impact studies for future operations; (ii) maintenance equipment for the DD³⁹; (iii) road safety baseline for RN-1 (¶1.21); (iv) road safety communication campaign for Ennery-Plaisance; and (v) gender integration and HIV prevention program (¶1.22).

- 1.29 **Budget.** Table 1 depicts the detailed budget for this operation.

Table 1: Detailed Budget by Activity

Components	Costs	%
Component 1: Civil works & maintenance	40,00	80
Civil Works	38,00	76.0
Road Maintenance	400	0.8
Social & Environmental mitigation, resettlement and compensations	1,600	3.2
Component 2: Administration, monitoring and supervision	3,800	7.6
Administration UCE	1,000	2.0
Supervision Firm	2,400	4.8
Monitoring	210	0.4
Evaluation	90	0.2
Financial Auditing	100	0.2
Component 3: Labor intensive urban paving	4,000	8
Urban paving	3,000	6.0
Dust control program	1,000	2.0
Component 4: Institutional strengthening & road safety	2,200	4.4
Engineering designs and studies	800	1.6
Maintenance equipment for DD	800	1.6
Road Safety Baseline for RN-1	300	0.6
Road Safety Communication Campaign	50	0.1
Gender integration and HIV prevention program	250	0.5
Total	50,00	100.0

C. Key Results Indicators

- 1.30 The key expected results are the reduction in operational cost and travel times for the vehicles that use the road section under this operation. These results are detailed in the Results Framework (RF) ([Annex II](#)). The baseline of the projects is the reference for the evaluation of the program. The product and results indicators will be directly verified. The observed results will be compared with the values presented in the RF. The project will include indicators for environmental and social aspects, to be included in the Environmental and Social Analysis (ESA).
- 1.31 In order to fill the gap of statistics related to road safety, the operation will also finance a pilot program to develop a baseline for road accidents in the RN-1

³⁸ The GoH will select the towns and submit for IDB's non objection. Recommended criteria include: (i) number of jobs generated; (ii) number of people benefited; and (iii) number of women employed.

³⁹ Equipment includes backhoes, small trucks, etc.

(¶1.21). This baseline will be applied in future operations financed by the Bank and also will establish the basis for the implementation of a comprehensive program for data collection in the entire road network.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing Instruments

- 2.1 Funding for the operation will be non-refundable under the IDB Grant Facility. The operation is designed as a "Specific Work Program". The beneficiary will be the Republic of Haiti and the executing agency will be the MTPTC, which will act through the UCE.

B. Environmental and Social Safeguard Risks

- 2.2 During preparation, the potential environmental and social impacts and risks during all phases of the project were reviewed. ESG staff visited the project site on three separate occasions in 2013, with INE/TSP and UCE staff. Three studies were carried out by an international consulting firm and independent experts: an ESA, a Key Biodiversity (KB) study, and a resettlement study with Resettlement Action Plan (RAP). The studies were reviewed and found to be adequate. The ESA covered mitigation measures during construction and operation of the road, for impacts including noise, dust, health and safety, water quality, air quality, erosion and loss of vegetation cover, traffic disruption, and addressed disaster risk management⁴⁰ and compatibility with the gender policy.
- 2.3 **Key Biodiversity.** As the road is located almost entirely within one of Haiti's Key Biodiversity Areas (KBAs), as identified by the Critical Ecosystem Partnership Fund, a special study to address the impacts of the project on KB was carried out. The KB study provided mitigation measures to address biodiversity conservation, soil erosion and deforestation, in addition to mitigation measures identified under the ESA. One mitigation action on creating partnerships with local authorities and community organizations to preserve forests and protect slopes from erosion was particularly valuable for the long term.
- 2.4 Resettlement is expected and therefore Policy OP-710 was triggered and a RAP was started to assess impacts and estimate compensation of families, businesses and farms. Initial consultation to inform the population about the project and its possible impacts, a survey of buildings and businesses, and the identification of occupants has been completed in a first phase. The preliminary RAP was reviewed by the Bank and found to be adequate. Mitigation included adjusting designs to stay within the current right of way; however where this was not possible compensation or resettlement will be necessary for around 85 households and businesses, 20 hectares of agricultural land, affecting around 752 persons in

⁴⁰ The drainage design is conservative and ameliorates greatly the prevention of natural disasters by taking into account the entire drainage area through multiple sub-watersheds with controlled outfalls. This also helps protect against erosion on all sides of the roadway.

total⁴¹. Three types of vulnerable people will be considered: (i) elderly population without means of support; (ii) households with gravely ill members and/or disabled; and (iii) women head of households without land titles or means of income. These persons would receive special support under resettlement to minimize disruption and ensure reestablishment. Support for compensations is included in the project's budget and will be implemented by the UCE; the Bank will supervise implementation. The RAP is expected to be completed before proceeding to Board.

- 2.5 This operation is classified as Category B according to the IDB's Environment and Safeguards Compliance Policy (OP-703). Potential risks associated with the capacity of the executing agency to manage and monitor the environmental and social aspects were mitigated by including capacity building in the project design. An Environmental and Social Management Report (ESMR) was prepared and is included as an annex to the current document. The ESMR requires preparation of a detailed technical erosion control plan as part of the contractor's contract; and an environmental and social audit prior to the completion of works. Start of works will be contingent upon the completion of environmental plans (see ESMR), satisfactory to the Bank and of the implementation, by the MTPTC, of the Bank-approved Resettlement Action Plan (RAP) (§2.4). The environmental supervision of works will be performed by UCE specialists on a regular basis, environmental and social specialists from the IDB will perform supervision on an annual basis at the minimum.
- 2.6 **Benefits.** Positive impacts of the program will mainly occur during the operation phase, and will specially benefit the socioeconomic conditions of poor communities along the road including: improved accessibility to public services (health and education) and work places and employment opportunities; improved safety for vehicles, motorcyclists, cyclists and pedestrians; reduction of congestion at the market area; and improved air quality. Impacts to environmentally sensitive areas are expected to be mitigated adequately.

C. Fiduciary Risk

- 2.7 The operation will be executed by the MTPTC through the UCE. Due to the high number of operations currently executed by UCE⁴² the procurement and financial risks are considered medium. To execute the existing operations, the UCE needs to improve its structure and organization of the procurement function, the integration of financial and operational information and the formulation and monitoring of budget execution. Actions toward the improvement of the procurement function are currently in place; those actions have reduced the risk to medium in the past months⁴³ and are expected to further reduce to low in the medium term.

⁴¹ Reflects the worst case scenario, number of households affected is expected to reduce by 30% to 40% after recommendations done by ESG's specialists, to be included in the final engineering designs and in the final RAP.

⁴² Operations: HA-L1019, HA-L1054, HA-L1058 and HA-L1086.

⁴³ Actions in place include: (i) update of UCE operations manual; (ii) implementation of the Bank's procurement toolkit; (iii) intensive training to UCE members provided by a local Bank's procurement specialist while a

D. Other Key Issues and Risks

- 2.8 **Technical feasibility and construction costs.** The technical feasibility of the rehabilitation works for the segment Ennery-Plaisance will be ensured according to the studies and technical engineering designs ([OEL#10](#)) presented by the consulting firm and reviewed by UCE and Bank's specialists. The call for bids for works, is contingent upon the Bank's acceptance of the final engineering designs submitted by the MTPTC. The preparation of a resettlement plan and local consultations will mitigate risks of unexpected costs related to displacements; and international competitive bidding process for construction works are expected to contribute to bring construction costs down (¶1.11).
- 2.9 **Economic feasibility.** The economic feasibility of the road section Ennery-Plaisance (22.7 km), using the standard methodology that considers the benefits over costs during the life cycle of the project, comparing the "with project" and "without project" scenarios, for a period of 22 years (including two years for the execution of works) were carried out. For this analysis the HDM-4⁴⁴ model was used. Economic and social costs estimates were used for all calculations. The analysis of economic feasibility gave a Net Present Value (NPV) of US\$6.2 M. (for a discount rate of 12%), an Internal Rate of Return (IRR) of 14.5% and a NPV/Investment of 0.20 ([OEL# 8](#)).
- 2.10 These feasibility indicators are satisfactory, and in conclusion the investment in this project is socially feasible. In addition, a sensibility analysis was done against an increase in the cost of works of 10% and a decrease of Annual Average Daily Traffic (AADT) of 10%. An augmentation of cost of works of 10% results in an NPV value of US\$3.5 M and an IRR of 13.3%; a diminution of AADT of 10% results in a NPV of US\$2.7 M and IRR 13.1%. A combination of both conditions takes the indicators close to the limit of feasibility levels (NPV near zero and IRR of 12%) but this result is considered acceptable, taking into account that the benefits from road safety from the implementation have not been considered.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of Implementation Arrangements

- 3.1 **Beneficiary and executing agency.** The beneficiary will be the Republic of Haiti and the executing agency will be MTPTC. The MTPTC will ensure the adequate coordination of its dependents and other participants on the program.
- 3.2 The MTPTC will be responsible for the general management of this program and the management of the operative relationship with the Bank will be ensured by the UCE. The UCE is part of the organizational structure of the MTPTC under its general direction and currently manages the operations HA-L1019,

procurement expert is being hired; (iv) hiring of local additional procurement specialists to UCE; and (v) implementation of management information and filing system. Resources for strengthening of UCE were approved in 2012 as part of operation HA-L1058.

⁴⁴ The HDM-4 (Highway Development Model) is a software application that was developed by the WB, the Asian Development Bank, and other organizations to help developing countries to plan and improve the road infrastructure.

HA-L1054, HA-L1058 and HA-L1086. The UCE includes a management structure with a general coordinator, a financial specialist, an accountant, a manager, a procurement specialist, an environmental specialist, a social specialist and a team of engineers responsible for the technical supervision of the projects. The UCE has the adequate structure to coordinate the execution of the program. The execution of the road safety baseline (Component 4 (iii)) is contingent upon an agreement between the MTPTC and the Ministry of Justice, defining the modality of cooperation on road safety between both institutions, to involve the police departments in the jurisdictions along RN-1.

- 3.3 **Procurement.** The consulting firm that will be hired by the UCE for the supervision of works will be selected according to the policy GN-2350-9. Start of works will be contingent upon the entry into force of the service contract for the supervision between MTPTC and the firm. The selected firm must, among others: (i) implement technical control of the works, to ensure the achievement of the technical specifications and measures for the mitigation of environmental and social impacts as indicated in the ESA; (ii) verify the quality of the services performed by the contractor; (iii) certify the compliance of laboratory equipment for tests and necessary technical controls; (iv) perform quantity measurements of the activities of the contractors; (v) support UCE in relation to issues that concern the management of the project, including environmental topics and installation of support services for the execution of the civil works; (vi) advise on the necessities of improvements or increase of activities; and (vii) elaborate monthly reports of project progress, including issues related to the implementation of environmental and social controls and final report of the works.
- 3.4 Within the contracts for Component 3, the government proposes the option to hire directly the United Nations Office for Project Services (UNOPS). The justification for direct contracting is based on paragraph 3.6 (e) from GN-2349-9, and its consistency with the following facts: (i) UNOPS exceptional experience in projects using labor-intensive methodology; (ii) UNOPS unique experience in Haiti as there are no other firms with required qualifications that could realize this task; and (iii) UNOPS is a nonprofit organization and savings are reinvested in additional work that has proven to surpass project targets. A validation of the procurement and financial management procedures of UNOPS-Haiti indicates that these are structured on the basis of policies issued by the United Nations headquarters and are consistent with international best practices. The direct contracting of the UNOPS would be subject to the approval from the MTPTC and the Bank on their methodology of treatment to reduce dust level (¶1.27).
- 3.5 Procurement under the program will be performed according to the Policies for the Procurement of Works and Goods Financed by the Bank (GN-2349-9); and the Policies for the Selection and Hiring of Consultants financed by the Bank (GN-2350-9). Procurement Provisions for Haiti (GN-2654) will also apply. All contracts will be subject to prior review by the Bank in accordance with Appendix 1 of the policies for the procurement of works and goods and the selection of consultants, respectively. This may change to ex post if during the supervision of the project the Bank determines that the risk has become low.

- 3.6 **External Audit.** Financial and program audits will be financed with the resources of the operation. An annual audit of the financial project balances will be carried out, and a six-month report under previously agreed procedures of the justifications of the use of advance payments funds made by the Bank to UCE. The external audit will be carried out by an independent firm accepted by the Bank, and under terms of reference agreed by the Bank. The audited annual financial statements will be presented on the 120 days following the closure of the fiscal year. The report of the audited final financial statements will be presented within 120 days from the date of the last disbursement. The reports on the ex post procedures for disbursement applications should be presented within 60 days of the ending of every six-month fiscal period.
- 3.7 **Schedule of disbursements.** It is expected that the grant will be disbursed during five years as the schedule presented on Table 2.

Table 2: Estimated schedule of disbursements (US\$ million) ⁴⁵

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB/Total	12.5	18.1	15.7	3	0.7	50.000
Percentage	25%	36.2%	31.4%	6%	1.4%	100%

B. Summary of Arrangements for Monitoring Results

- 3.8 **Evaluation and monitoring.** The Monitoring and Evaluation Plan ([REL# 3](#)) will be carried out during execution in agreement with the goals and advance indicators identified in the results framework (RF) and ESA, which integrates indicators from the KB study and RAP. For the monitoring and evaluation of the program's results, ex ante and ex post methodologies will be used, as well as an ex post benefit-cost analysis. UCE/MTPTC will be responsible for the coordination and execution of the work. The Bank will conduct the supervision of the program through inspection visits and management missions.
- 3.9 The Bank will supervise the program, focusing in the attainment of the operational objectives. The intermediate and final evaluation will be directed with the assistance of a consultant hired for this effect. The personnel of the Bank's Office in Haiti will be responsible for organizing the joint meetings to analyze the progress of the program execution and annual plan of investments. UCE will do the supervision of the program implementation and its results accordingly. Once the program has ended, a report will be prepared (Expanded Performance Monitoring Report (XPMR)) in order to evaluate if the goals were attained, and identify the lessons learned for future projects. This evaluation should focus on the compliance with budget and physical goals, especially those of the coordinating mechanism among financing institutions and cooperation that are part of the external audit.

⁴⁵ Projections for the first year accounts time for expropriations and also for the main procurement process. Most delays in previous operations were related to procurement processes and eligibility conditions for UCE, both risks have been mitigated with the completion of the manual of operations and the strengthening of procurement functions at UCE.

Development Effectiveness Matrix			
Summary			
I. Strategic Alignment			
1. IDB Strategic Development Objectives	Aligned		
Lending Program	i) Lending to small and vulnerable countries, ii) Lending for poverty reduction and equity enhancement, and iii) Lending to support regional cooperation and integration.		
Regional Development Goals	Paved road coverage (Km/Km ²).		
Bank Output Contribution (as defined in Results Framework of IDB-9)	Km of inter-urban roads build or maintained/upgraded.		
2. Country Strategy Development Objectives	Aligned		
Country Strategy Results Matrix	GN-2646	i) Improve the quality of national road infrastructure, and ii) Improve the institutional capacity of the transport sector.	
Country Program Results Matrix	GN-2696	The intervention is included in the 2013 Country Program Document.	
Relevance of this project to country development challenges (If not aligned to country strategy or country program)			
II. Development Outcomes - Evaluability	Highly Evaluable	Weight	Maximum Score
	8.9		10
3. Evidence-based Assessment & Solution	8.4	33.33%	10
4. Ex ante Economic Analysis	10.0	33.33%	10
5. Monitoring and Evaluation	8.3	33.33%	10
III. Risks & Mitigation Monitoring Matrix			
Overall risks rate = magnitude of risks*likelihood	Medium		
Identified risks have been rated for magnitude and likelihood	Yes		
Mitigation measures have been identified for major risks	Yes		
Mitigation measures have indicators for tracking their implementation	Yes		
Environmental & social risk classification	B		
IV. IDB's Role - Additionality			
The project relies on the use of country systems (VPC/PDP criteria)			
The project uses another country system different from the ones above for implementing the program			
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:			
Gender Equality			
Labor			
Environment			
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	Technical cooperation HA-T1177 will provide resources to strengthen the MTPTEC.	
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan	Yes	The Monitoring and Evaluation Plan is based on an ex-post cost-benefit analysis and a before-after comparison that should help identify and quantify the results that the project has on the accessibility, efficiency and security of the road network RN-1.	

The objective of the program is to contribute in the improvement of the connectivity between different regions of the country by reducing transport costs and time, thus promoting regional and international integration and economic development, through: i) rehabilitation and improvement of the Ennery-Plaisance road section in the Route Nationale 1; ii) maintenance of the rehabilitated section during two years; iii) improvement of road safety conditions along the road, reducing the risk of accidents involving both vehicle and pedestrians; iv) pavement of main streets in small communities, and v) institutional strengthening of the transport sector.

The diagnosis is complete. The POD specifies that the national road network has a very low coverage level 0.4 km/1,000 inhabitants and 0.12 km/km². Also, the road network has poor infrastructure and maintenance conditions reflected in high transportation cost and travel time. For a truck to travel 22.7 km of the road section from Ennery to Plaisance, it currently takes about 45 minutes at a high vehicle operating cost of 2.13 US\$/veh.km (in a situation with a road in good condition, the cost estimated would be US\$1.35/veh.km). The road infrastructure in urban areas is also of bad quality threatening the safety of its users and creating an environment nuisance from dust of passing vehicles. Other important factor to consider is the institutional capacity of the Ministry of Transport. The Bank has supported the institutional strengthening of the transport sector in Haiti, however there are some areas which still need to be supported for example, maintenance and road safety data collection.

The program has a clear vertical logic, with SMART indicators, baselines, targets, and sources of information. The outcome indicator "Number of accidents per year from Ennery to Plaisance" has no baseline/target, but they will be defined through a pilot project coordinated with the Ministry of Transport and the Police. The economic analysis is complete; It reports a Net Present Value (NPV) of US\$6.2 M. (for a discount rate of 12%), an Internal Rate of Revenue (IRR) of 14.5 % and a NPV/Investment of 0.20 for the road section Ennery-Plaisance (22.7 km). This analysis was carried out using a HDM-4 model, which compares "with Project" and "without Project" scenarios, for a period of 22 years (including 2 years for the execution of works). Mechanisms for monitoring the project have been identified. The evaluation plan is based on an ex-post cost-benefit analysis that will help to identify and quantify the results that the project has on the accessibility, efficiency and security of the road network RN-1. The M&E work plan includes cost and responsible.

RESULTS FRAMEWORK

Project Objective	The overall objective is to contribute to the improvement of the connectivity between different regions of the country by reducing transportation costs and time thus promoting regional and international integration and economic development. The specific objectives are: (i) rehabilitation and improvement of Ennery-Plaisance/RN-1 road section; (ii) maintenance of the rehabilitated section during two years; (iii) improvement of road safety conditions along the road reducing the risk of accidents involving both vehicle and pedestrians; (iv) pavement of urban sections in selected municipalities using labor intensive methods; and (v) institutional strengthening of the transport sector.
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Outcome Indicators	Base Level		Target Level		Comments
	Vehicle Type	VOC	Vehicle Type	VOC	Means of Verification
Vehicle operating cost road section Ennery - Plaisance (US\$ constant / vehicle km)	Motos	0.06	Motos	0.05	Highway Development and Management Model (HDM-4)
	Auto	0.24	Auto	0.19	
	Pickup	0.32	Pickup	0.24	
	Bus	0.75	Bus	0.51	
	Truck 2	0.83	Truck 2	0.57	
	Truck 3	1.80	Truck 3	1.18	
	Articulated truck	2.13	Articulated truck	1.35	
Average travel times road section Ennery - Plaisance (average travel times min)	Vehicle Type	ATT	Vehicle Type	ATT	Highway Development and Management Model (HDM-4)
	Motos	34	Motos	19	
	Auto	39	Auto	19	
	Pickup	39	Pickup	19	
	Bus	40	Bus	30	
	Truck 2	47	Truck 2	28	
	Truck 3	54	Truck 3	24	
	Articulated Truck	46	Articulated Truck	29	

	Base Level	Target Level	Means of Verification
	Value of 10	Value of 2	Measures longitudinal road profile through specialized equipment (rough meter)
International Roughness Index (IRI) (m/km)			
	Base Level	Target Level	Means of Verification
	To be determined ¹	To be determined	Report produced by the police and delivered to the UCE. Report segmented by type of accident (fatal and non-fatal)
Number of accidents per year from Ennery to Plaisance			

Component 1: Civil Works and Supervision	Base (2013)	Year 1 (2014)	Year 2 (2015)	Year 3 (2016)	Year 4 (2017)	Year 5 (2018)	Target	Means of Verification
Output Indicators								
Km of road rehabilitated ²	0	2	10	10	1	0	23	Report from the UCE based on the certificate of completion issued by the supervision firm
Km of Roads Maintained	0	0	0	0	23	23	23	Report from the UCE based on the certificate of Completion issued by the supervision firm

¹ Considering the lack of data on accidents currently in Haiti, this project will finance the first road safety baseline in the country (as part of component 4).

² Rehabilitation means the replacement and improvement of the existing pavement structure and minor realignments.

Component 2: Administration, engineering and supervision	Base (2013)	Year 1 (2014)	Year 2 (2015)	Year 3 (2016)	Year 4 (2017)	Year 5 (2018)	Target	Means of Verification
Number of progress reports issued by the supervision of works	0	2	2	2	2	2	10	Six-month supervision or audit reports
Component 3: Labor Intensive Urban Paving	Base (2013)	Year 1 (2014)	Year 2 (2015)	Year 3 (2016)	Year 4 (2017)	Year 5 (2018)	Target	Means of Verification
Number of km paved	0	0	2	2	2	0	6	Report from the UCE
Number of cities with dust control treatment implemented	0	3	5	5	5	2	20	Report from the UCE
Component 4: Institutional strengthening	Base	Year 1	Year 2	Year 3	Year 4 (2017)	Year 5 (2018)	Target	Means of Verification
Number of engineering designs and studies developed	0	1	1	0	0	0	2	Report from the UCE with draft final designs
Number of equipment purchased for DD ³	0	0	2	2	1	0	5	Report from the UCE
Road Safety Database for RN-1	0	1	0	0	0	1	2	Report from the UCE and police department baseline in year 1 and update in year 5

³ Equipment include backhoes, small trucks, and other light equipment used in road maintenance.

Component 4: Institutional strengthening	Base	Year 1	Year 2	Year 3	Year 4 (2017)	Year 5 (2018)	Target	Means of Verification
Number of road safety workshops and sessions with community leaders	0	1	1	1	1	1	5	Report from the UCE. As part of the road safety campaigns
Number of people reached by the HIV program	0	0	10,000	10,000	10,000	0	30.000	Report from the UCE. Part of the gender integration and HIV prevention program
Number of women trained in basic tasks related to construction works	0	100	0	0	0	0	100	Report from the UCE. Part of the gender integration and HIV prevention program

Notes:

1. The matrix of indicators will show the base level values, expected year values, and target values of each indicator.
2. Outputs and outcomes are grouped together to facilitate monitoring of component performance.
3. The right hand column can be used for description of output / outcomes and choice of indicator and other explanatory notes.
4. In the results annex/section, this matrix will be complemented by a detailed account of the arrangements (including institutional responsibilities, operating, regulations, terms of reference, hiring of consultants, budgeting) showing how the data will be collected, verified, analyzed and reported to the Bank. The data sources and rationale behind the base line and target values will also be described.

FIDUCIARY ARRANGEMENTS AND REQUIREMENTS

COUNTRY: Republic of Haiti

PROJECT NO: HA-L1079

NAME: Support for Haiti's Transportation Sector III

EXECUTING ENTITY (EE): Ministry of Public Works, Transportation, Energy and Communications (MTPTEC) through the Central Execution Unit (UCE)

DATE: August, 2013

PREPARED BY: Nelly C. Wheelock and Daniel Bayes (FMP/CHA)

I. EXECUTIVE SUMMARY

- 1.1 The MTPTEC, on behalf of the government of the Republic of Haiti, has applied for financing (hereinafter called "funds") from the Inter-American Development Bank toward the cost of the project HA-L1079 named "Support for Haiti's Transportation Sector III" for the amount of fifty million US Dollars (US\$50,000,000).
- 1.2 The MTPTEC, acting through its UCE, will be the executing agency for this operation; supported by its administrative, public works, and transportation departments, and its technical units for project execution. The UCE is currently executing operation grants 1922/GR-HA, 2663/GR-HA, 2794/GR-HA, and 2898/GR-HA; and co-financing operation ATN/CJ-10885-HA. It is also responsible for managing other projects financed by the World Bank (WB) and the European cooperation agency. The increasing volume and complexity of projects assigned to the UCE demands a revaluation of its organizational structure. An institutional capacity assessment was conducted in late 2011 by a local consulting firm and a strengthening plan is ongoing. Nevertheless, this operation will be carried out in accordance to the financial management and procurement policies of Bank-financed projects.

II. COUNTRY GENERAL CONTEXT

A. Procurement

- 2.1 Based on the evaluation report of the Public Expenditure Management and Accountability of Public Administration of Haiti (PEMFAR published in 2007, which includes a chapter on the National System of Public Procurement, the country strengthened its legal framework and established the ministerial committees (CM) and special procurement committees in the institutions of central government, autonomous bodies and municipalities. The governing body of the public procurement system is the National Commission on Government Procurement (CNMP) and depends in a direct line to the Prime Minister.

- 2.2 Based on additional reports,¹ although the CM have the role of planning (procurement plans based on the institutional budget) and execution (from the preparation of bidding documents to the recommendation of contract award) for procurement, a high percentage of purchases are made by the technical divisions of the ministries. These divisions are specialized in their areas of responsibility but lack expertise in procurement and the CM has little or no control over the quality of them.
- 2.3 In response to the earthquake of January 2010, parliament passed the state of emergency law, thereby expanded the legal framework and giving rise to the possibility of direct contracts during its term. The state of emergency that ended in October 2011 was reinstalled in October 2012 with hurricane Sandy and even though the national procurement system has major weaknesses, the procurement thresholds were raised.
- 2.4 As a result of the new investments from the international community in Haiti following the 2010 earthquake, the risk level for procurement has increased. In that sense, the CNMP maintains an open dialogue with the Bank and with its support, is actually evaluating the national procurement system and preparing a strategic action plan for its modernization.

B. Public Financial Management

- 2.5 The highest external control entity, the General Accounting Office [Cour Supérieure des Comptes et du Contentieux Administratif], had its operational capacity severely impaired by the January 2010 earthquake. Although it has partly regained capacity to fulfill its constitutional duty of external control over public funds management, it does not yet have enough material or technical resources to assume external auditing duties for individual projects. Thus, financial management of Bank-financed projects will continue to use alternative systems implemented through special executing units.
- 2.6 Additionally, preliminary results from applying IDB's "Guide for the Use of County Systems" confirmed that transactions related to execution of projects financed with resources from multilateral organizations such as the IDB or the WB are not recorded in the national public accounting system at the level of the Ministry of Economy and Finance. This makes it impossible for financial reports on project execution to be available at a central level.
- 2.7 The most recent assessment of the public financial management systems of the Republic of Haiti is contained in the PEFA assessment report conducted in 2011 and published in February 2012.² The results confirm the incipient level of overall development of these systems and confirm the need for alternate schemes for the implementation of projects financed by the Bank. The external audit of projects shall be entrusted to independent auditing firms, and external audits will be conducted in accordance with the guide to financial reporting and external audit of projects funded by the Bank.

¹ Study of the French firm LINPICO September 2009, for strengthening procurement structures of five ministries, funded by the Project 1632/SF-HA.

² PEFA Evaluation HAITI 2011 - Final Report; ECORYS Research & Consulting; February 2012.

C. The use of country systems within the general context

- 2.8 The Bank will continue in the immediate term to: (i) the implementation of special fiduciary arrangements for the implementation of its projects; and (ii) exercise close and continuous monitoring of the executing agency.

III. EXECUTING AGENCY FIDUCIARY CONTEXT

- 3.1 **Organizational structure and administrative policies.** The UCE is headed by a director general who reports directly to the Minister of the MTPTEC. He is supported by: (i) technical staff, who are responsible for the project execution; (ii) an administrator, who also serves as the financial specialist and supervisor of the entity's accountants; (ii) procurement staff, who execute the procurement processes of all projects financed by the Bank and other donors; and (iii) administrative and support staff.

- 3.2 The increased volume of activity experienced at the UCE has shown the need to supplement existing staff with the hiring of additional consultants to strengthen different areas. In addition, an integrated manual of operations and the analysis of the organizational chart are on the way. These actions are expected to lay the foundations for an organizational restructuring to make the UCE more capable to meet the new challenges that have been imposed.

A. Procurement

- 3.3 Although the MTPTEC has institutional weaknesses related to procurement processes, the Bank has financed three large projects³ over the last decade for a total of US\$223.9 million and small projects and several technical cooperation operations supporting the improvement and rehabilitation of primary and secondary roads. These projects, which have been executed by the MTPTEC through the UCE, required a timely institutional capacity assessment by the Bank, which initially revealed significant risks that have gradually diminished with the capacity acquired through the execution of the projects. Thus, based on the Bank's previous assessments, recent studies, and the track record of executing the aforementioned projects, the operation is believed to have a medium level of risk. The fiduciary team will again assess the UCE's capacities in late 2013 and based on the results of this new evaluation, the risk level will be updated if appropriate, as will the supervision agreements. The improvement opportunities have been incorporated in section of fiduciary risk assessment and mitigation plan.

B. Financial Management

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

³ 1638/SF-HA for US\$74.1 million; 991/SF-HA for US\$49.8 million, and 1922/GR-HA for US\$100 million, complemented by technical cooperation operations ATN/8676-HA, ATN/8959-HA, and ATN/8960-HA.

- 3.5 Accounting, recordkeeping, and financial reporting are carried out with the ACCPACC 4.1 computer accounting system. The system may be parameterized to compile accounting and financial information in accordance with whatever investment categories are established for the project. The UCE maintains the accounting of various projects using the modified cash method, i.e., it records expenses when paid and revenues when received in the bank account. The transaction filing system is effectively classified by revenues and outlays in chronological order. Supporting documentation for each transaction is easily identifiable.
- 3.6 In 2011 the UCE adopted a methodology for better planning of cash flows needed to execute project-related activities. Though its financial projections did improve, further efforts are needed to make planning and budget control more reliable. In particular, the UCE will need assistance in implementing a system for developing, monitoring, and controlling project budgets that will coordinate procurement planning, management of contracts in execution, and activity timetables. Efforts should be strengthened to increase the UCE's capacity to monitor, in a timely manner, any changes in quantities and prices of materials and work in executing works contracts to identify and prevent significant changes to original budgets in a timely manner.

IV. FIDUCIARY RISK ASSESSMENT AND MITIGATION PLAN

- 4.1 In the fiduciary risk evaluation, the UCE scored average overall, with a 77th percentile in terms of general performance, whereas 84% was the highest score achieved out of the 14 executing agencies evaluated. The program was found to have an average or medium level of risk in terms of its planning and execution capacities (including accuracy of budgetary and annual cash flow planning) of the assessment outlined certain weaknesses that the UCE displayed in anticipating, controlling, and measuring in a timely manner events that could affect the cost of the works. More and better coordination between procurement planning, activities, and management of contracts in execution, on the one hand, and the planning of monthly cash flows needed to carry out plans, on the other, will help to mitigate delays in execution and cost overruns. To mitigate these risks, as part of the new program, UCE's personnel will be assisted in an initial phase and on a recurrent basis in order to use financial planning methodologies (budget and treasury) coordinated with procurement and activity planning, and to take initiatives to strengthen the UCE's financial management Policies, procedures, and instruments. Part of these resources will also be used to improve the capacity to plan and monitor the works.
- 4.2 The UCE scored high in the area of internal control, in the 81st percentile (with 82% being the top score). Additional institutional strengthening initiatives are also being implemented according to an existing plan of short and long-term activities financed by HA-L1058, as well as technical works supervision by specialized firms, M&E, and financial and environmental audits. Through other financial support from other donors and the present program, the technical and financial organizational restructuring will be strengthened.

V. ISSUES TO BE CONSIDERED SPECIAL CONDITIONS OF CONTRACT

- 5.1 No fiduciary aspect has been identified whose resolution requires to be considered a special condition precedent to first disbursement.
- 5.2 Exchange rate to report transactions of the project paid in local currency will be the reference exchange rate published by the BRH in force on the day the transaction is executed.

VI. AGREEMENTS AND REQUIREMENTS FOR PROJECT PROCUREMENT

- 6.1. **Procurement Execution.** The procurement plan, covering 48 months of project execution⁴ starting on the date of eligibility of the project, has been agreed by the UCE and the Bank. The procurement plan will be updated semiannually with the semester activity project report, or whenever necessary or as required by the Bank. The detailed procurement plan will be available at the UCE.
- 6.2. Procurement for the proposed project will be carried out in accordance with the Policies for the Procurement of Works and Goods financed by the Bank (GN-2349-9), of March 2011; and the Policies for the Selection and Contracting of Consultants financed by the Inter-American Development Bank (GN-2350-9), of March 2011, complemented by the special procurement provisions for Haiti on GN-2654 while in place.
- 6.3. **Procurement of works, goods, and non-consulting services.**

Goods, works and non-consulting services requiring international competitive bidding (ICB) will be contracted using the standard bidding documents (SBDs) issued by the Bank. Procurement subject to national competitive bidding (NCB) will be undertaken using national bidding documents agreed with the Bank or satisfactory to the Bank in the absence of an agreement. The procurement contracts in which the method of Shopping will be applied, must be executed according to paragraph 3.5 of the GN-2349-9 and shall be undertaken using the model of document agreed with the Bank. These provisions apply to all goods, works and/or non-consulting services included in the procurement plan as operational costs.

- a. **Procurement of Works.** For this operation, the Bank is considering the following special arrangements for works: (i) the contract of Rehabilitation of Ennery-Plaisance section that will be procured through an ICB will include the houses for expropriates; (ii) the contract for maintenance of works may be procured through shopping; and the prequalification list from operation 2898/GR-HA can be used for each of multiple expected contracts; and (iii) within the contracts for Component 3, the government proposes the option to hire directly the United Nations Office for Project Services (UNOPS). The justification for direct contracting is based on paragraph 3.6 (e) from GN-2349-9, and its consistency with the following facts: (i) UNOPS exceptional experience in projects using labor-intensive methodology; (ii) UNOPS unique experience in

⁴ The first 18 months of project execution are counted from the date of publication of the general procurement notice, or the first specific procurement notice published following approval of the loan, whichever is earlier.

Haiti as there are no other firms with required qualifications that could realize this task; and (iii) UNOPS is a nonprofit organization and savings are reinvested in additional work that has proven to surpass project targets. A validation of the procurement and financial management procedures of UNOPS-Haiti indicates that these are structured on the basis of policies issued by the United Nations headquarters and are consistent with international best practices. The direct contracting of the UNOPS would be subject to the approval from the MTPTEC and the Bank on their methodology of treatment to reduce dust level.

- b. **Procurement of goods.** The procurement plan includes heavy and light maintenance equipment. The UCE will apply the corresponding method from the procurement policies GN-2349-9 and will use the standard documents agreed by the Bank for goods.
- c. **Procurement of non-consulting services.** There are no non-consulting services envisioned; however if needed, the UCE will use the standard documents agreed by the Bank for this type of services.
- d. **Community participation in procurement.** Some contracts may be procured allowing the participation of local community organizations, based on Clause 3.17 from GN-2349-9.

6.4. **Selection and Contracting of Consulting.** The selection and recruitment of consulting firms required by the project and subject to the methods of Selection Based on Quality and Cost (SBQC) and other selection methods provided in Section III of the Policies for the Selection and Employment of Consultants financed by the Bank (GN-2350-9) will be executed applying the Standard Documents of Request for Proposals (RFP) issued by the Bank. The terms of reference review for the selection of consulting services is the responsibility of the project sector specialist.

- a. **“Social and environmental mitigation, resettlement and compensations plan” and “gender integration and HIV prevention program”.** These services are very critical and it is difficult to find organizations with the appropriate expertise and the knowledge and experience within the Haitian culture. The method proposed is the selection based on the quality of the proposals; nevertheless, there is also the possibility of requiring a single source based on the criteria described in this paragraph.
- b. **Road safety for *Route Nationale* RN-1.** This operation will be supporting an initiative to develop a base line in regards to road safety. This will include a communication campaign and the firms will be selected by applying the regular procurement procedures for these types of contracts.
- c. **Selection of audit firm.** The selection process to contract the audit firm will be realized through the invitation of the firms in a short list of audit firms qualified and approved by the Bank. Only the firms approved by the Bank will be part of this short list. For this process, the UCE will use the IDB standard document for the selection of audit firms.
- d. **Individual consultants.** National and international will be selected according to Annex V of the procurement policies GN-2350-9.

- e. **Training.** At the project launching, the executing unit and the Bank will agree on any consultancy that will include training.
- 6.5. **Recurrent expenses.**⁵ The following recurrent expenses, also known as operational costs, will be financed by the Bank: (i) all expenses required and agreed with the Bank for the execution of the project;⁶ (ii) all executing unit individual consultants contracts required for the execution of the project; and (iii) per diem (if any) and wire transfers if agreed with the Bank. Operational costs do not include the salaries of public workers.
- 6.6. **Domestic preferences.** Bids offering goods originating in the borrower's country will receive a 15% price preference in contracts requiring international competitive bidding, as established in Appendix 2 of the procurement policies GN-2349-9.
- 6.7. **Advance contracting and retroactive financing.** Not applicable to this project.
- 6.8. **Project procurement thresholds table.** The threshold amounts agreed by the Bank for Haiti have been modified through Procurement Provisions for Haiti (GN-2654), which apply during the term of the Bank's strategy in Haiti 2010-2015. For purposes of the execution of this operation, the tables with the thresholds that apply regularly and those that apply under the procurement provisions for Haiti are considered. Any modification of the GN-2654 will apply immediately to the procurement execution of this operation and if it ceases to have effect, the procurement of this operation would then run under the regular thresholds.

Table VI.1: Regular threshold amounts for Haiti

HAITI – LIMIT AMOUNTS (IN THOUSANDS OF US\$)							
Works			Goods			Consulting	
ICB	NCB	PC	ICB	NCB	PC	International	100% National
≥1.000	100<1.000	<100	⇒100	25<100	<25	>200	<100

Table VI. 2: Threshold amounts under procurement provisions for Haiti

HAITI – LIMIT AMOUNTS (IN THOUSANDS OF US\$)					
Works		Goods		Consulting	
ICB ⁷	NCB ⁸ /PC ⁹	ICB	NCB/PC	International	100% National
≥1.000	<1.000	≥100	<100	>200	<100

- 6.9. **Procurement supervision.** All contracts will be subject to prior review by the Bank in accordance with Appendix 1 of the policies for the procurement of works and goods and the selection of consultants, respectively. This may change to ex post if during the supervision of the execution of the project the Bank determines that the risk has become low.
- 6.10. **Records and files.** The executing unit will keep the procurement records integrally by contract and in an orderly manner. This method will include all documents starting

⁵ Office rent, automobile rent to perform supervision tasks, public service expenses and communication, translations, bank charges, office supplies, advertisement, photocopies mail, etc.

⁶ Office rent, automobile rent to perform supervision tasks, public service expenses and communication, translations, bank charges, office supplies, advertisement, photocopies mail, etc.

⁷ ICB: International Competitive Bidding

⁸ NCB: National Competitive Bidding.

⁹ PC: Shopping.

with the procurement plan, including all documents from the procurement process and contract management, through the end of contract execution.

Table VI.3: Main procurement activity

Activity	Procurement method	Estimated date	Estimated amount US\$
Goods			
Maintenance equipment	AOI	January 2014	800,000
Works			
Rehabilitation of Ennery-Plaisance section	ICB	November 2013	38,000,000
Urban paving with concrete	ICB	January 2014	3,000,000
Maintenance of the Ennery-Plaisance section	NCB	January 2015	400,000
Dust control in small villages ¹⁰	NCB/PC	January 2014	1,000,000
Consulting			
Works supervision	QCBS	November 2013	2,400,000
Social & Environmental mitigation, resettlement and compensations	QBS	January 2013	1,600,000
Engineering designs, Social and Environmental studies for Plaisance-Cap Haitian	QCBS	January 2014	800,000
Gender integration and HIV prevention program	QBS	January 2014	250,000
Road safety baseline for RN1	QCBS	January 2015	300,000
Road safety Communication Campaign	QC	January 2015	50,000
Administration UCE	INCQ	November 2013	1,000,000
Monitoring	QBS	January 2014	200,000
Evaluation	LCS	June 2014	100,000
Financial external audit	LCS	January 2014	100,000

*To access the 18 month procurement plan, (note: establish at a link with the Procurement Plan)

VII. ARRANGEMENTS FOR PROJECT FINANCIAL MANAGEMENT

- 7.1. The operation will be financially managed in accordance with IDB Financial Management Policy (Document OP-273-2), without consideration of retroactive financing of expenditures. The general responsibility for program management and execution will belong to the MTPTEC's UCE.
- 7.2. **Programming and budget.** The UCE will prepare annual budgets to execute the project based on the programming of activities and the procurement plan. The UCE will implement a methodology and procedures that allow it to monitor budget execution on a monthly basis for contracts in execution (balances executed and to be executed) as well as future commitments of funds in accordance with the procurement plan and activity plan. A report on any changes will be prepared by the UCE's financial specialist and submitted to the UCE's general coordinator.

¹⁰ See paragraph 6.3 (a).

- 7.3. **Accounting, financial reporting and financial management system.** The current ACCPACC system and the accounting and financial reporting procedures in use at the UCE are consistent with the requirements of this operation. Grant proceeds will be disbursed in the form of fund advances based on cash needs for four (4) months of operations. Individual payments greater than or equal to US\$100,000 will be made by the Bank on behalf of the UCE/MTPTEC, using the ‘direct payment to suppliers’ modality. Resources disbursed will be deposited in a designated account at the Banque de la République d’Haïti. Expost reviews will be conducted every six months for disbursements made in the form of advances to the UCE. An annual inspection visit will review the financial management of the project.
- 7.4. **Disbursements and cash flow.** Resources from the financing allocated to road works, will be disbursed in the form of direct payments to the provider. Resources to finance consulting services and administrative expenses, which will be administered by the UCE, will be disbursed in the form of advance payments based on cash needs for four months of operation; these resources will be deposited in a designated account in the Banque de la République d’Haïti.
- 7.5. **External control and reports.** External auditing will be performed by an independent firm acceptable to the Bank, in accordance with terms of reference agreed upon with the Bank. The firm will be commissioned with program resources. It will perform an annual audit of the project’s financial statements, as well as annual ex post reviews, using agreed procedures, of the justifications for the use of advance payments made by the Bank to the UCE. The reports on the annual audited financial statements will be submitted within 120 days after the end of the fiscal period. The report on the final audited financial statements will be submitted within 120 days after the date of the last disbursement. The reports on ex post reviews, using agreed procedures, will be submitted within 60 days after the end of the first six months of the first fiscal year.
- 7.6. **Financial supervision plane** post reviews will be used for financial supervision. The fiduciary specialists will carry out an annual supervision visit to the UCE and/or the works executed as part of the program.
- 7.7. **Arrangements for UNOPS contract.** The result of the analysis of their financial management systems is consistent with international best practices. Their system relies on the use of internal procedures manuals that clearly set forth work flows and approvals, internal controls, appropriate levels of authority and responsibility for budget approval, execution, recording of transactions, monitoring, and reporting.
- a. UNOPS has the capacity to carry out accounting and financial reporting for the projects it executes in accordance with parameters and principles agreed upon with the beneficiary and/or donor. UNOPS’s accounting books and records are subject to internal and external audits in accordance with specific regulations.
 - b. At the conclusion of each six-month period, UNOPS should submit satisfactory justifications for the use of at least 80% of the previous advance and an updated projection of cash needs for the following period. Resources to finance the execution of the contract of “dust control,” with UNOPS will be disbursed in the form of advance payments based on cash needs for six months of execution; these payments will be deposited by the Bank directly to the UNOPS general account.

- c. UNOPS has an appropriate internal control environment governed by a corporate ethics policy that sets standards of conduct for its own personnel and its suppliers. UNOPS-Haiti will use program resources to commission an external auditing firm acceptable to the Bank, which may be the same firm that performs the overall financial audit of the program, to carry out the ex post review, using agreed procedures, of justifications for the use of advance payments for Component 3, “Dust Control”. The ex-post review report will be submitted to the Bank within 90 days after the date of the last justification of funds disbursed to UNOPS.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/13

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

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the IDB Grant Facility (hereinafter referred to as the "Account"), to enter into such contract or contracts as may be necessary with the Republic of Haiti, as Beneficiary, for the purpose of granting it a nonreimbursable financing to cooperate in the execution of a program to support Haiti's transportation sector - III. Such nonreimbursable financing will be for an amount of up to US\$50,000,000, which form part of the Account, and will be subject to the Terms and Financial Conditions and the Special Contractual Conditions in the Project Summary of the Grant Proposal.

(Adopted on ____ 2013)