

**TECHNICAL COOPERATION PROFILE
(HA-T1103)**

I. BASIC PROJECT DATA

Country:	HAITI
Program name:	Support for the preparation of HA-L1044
Program number:	HA-T1103
Team members:	Corinne Cathala, Team Leader; Yvon Mellinger; Lu Shen; Catalina Gallego Hernandez (INE/WSA); Javier Jimenez Mosquera (LEG/SGO); Stefanie Brackmann (VPS/ESG); Dominique Bouzerma; and Phinees Lamarre Bijou (WSA/CHA).
Date of request:	January 2009
Beneficiary:	DINEPA
Executing agency:	Ministry of Public Works, Transport and Communications through DINEPA (Direction Nationale de l'Eau Potable et de l'Assainissement)
Financing plan:	IDB-AquaFund: US\$1,500,000 Cofinancing: N/A Total: US\$1,500,000
Technical and basic responsibility:	INE/WSA
Execution and Disbursement dates	Execution Period: 12 months Disbursement Period: 15 months
Tentative dates:	APR: May 2010

II. BACKGROUND AND PROBLEM DEFINITION

- 2.1 With a total population of 8.7 million, access levels to drinking water and sanitation in Haiti are the lowest in Latin America and the Caribbean. Only 54% of Haiti's population has access to water and only 30% has access to sanitation¹.
- 2.2 However, the sector has recently gained positive momentum as demonstrated by the unanimous approval in Congress of the *Loi Cadre portant sur l'Eau Potable et l'Assainissement (Loi Cadre)* in January 2009. This Law contemplates the creation of a national water and sanitation directorate (DINEPA²) and of several regional water and sanitation offices (OREPAs) to replace CAMEP³ and SNEP⁴ in managing water and sanitation systems, as well as the regularization of the CAEPAs⁵.

¹ WHO/UNICEF Joint Monitoring Program 2006

² "Direction Nationale de l'Eau Potable et de l'Assainissement": DINEPA, formally known as *Cellule EPA*, and the executing agency for loan 1010/SF-HA, operates now under a wider mandate.

³ "Centrale Autonome Metropolitaine d'Eau Potable": operator of the water services for Port au Prince

- 2.3 The IDB is the largest contributor to the water and sanitation sector in Haiti. The current portfolio under execution includes the following two loans: (i) the Potable Water and Sanitation Sector Reform (Loan 1010/SF-HA) for US\$54 million, which aims at improving water and sanitation services in Haiti in a sustainable manner, through investments in urban, peri-urban and rural areas and the establishment of an institutional framework for the water and sanitation sector. This loan is supporting infrastructure investments in five intermediate cities consisting of St Marc, Port de Paix, Les Cayes, Jacmel and Ouanaminthe; and (ii) the Rural Water and Sanitation program (loan 1780/SF-HA) for US\$15 million, which is supporting investments in rural areas of the *departements* of Grand'Anse, Nippes, Artibonite et Ouest.
- 2.4 Those two operations have been complemented by HA-L1039/HA-X1013 (a joint donation from the IDB Grant Facility in the amount of US\$19 million and from the Spanish Cooperation Fund for Water and Sanitation in Latin America and the Caribbean (FECASALC) in the amount of US\$20 million for the intermediate cities) approved in 2009, and HA-X1014 (US\$10 million donation from the FECASALC for the rural sector).
- 2.5 In front of the urgent needs in the water and sanitation sector in Port au Prince (PAP) and to continue supporting the Government of Haiti (GOH)'s efforts to develop the water sector, the IDB is preparing a US\$45 million operation to be approved in 2010 (HA-L1044), of which US\$30 million would potentially come from FECASALC (allocation to be confirmed) and (ii) US\$15 million from non-reimbursable FSO resources.
- 2.6 To date, with financing from loan 1010/SF-HA the administrative and financial review of the current CAMEP has been conducted, highlighting significant weaknesses: very low potable water coverage (1.1 million inhabitants out of a potential 3 million inhabitants), level of technical and commercial water losses higher than 50%, 58% of customers only have water once or twice a week and CAMEP suffers from a deficit of US\$2 millions. The report mentions that CAMEP's network could be managed by different service providers based on the sectorization of the network.
- 2.7 With financing from loan 1010/SF-HA, DINEPA has also contracted the preparation of feasibility studies for emergency works to consolidate the water production capacity for PAP (the evaluation of CAMEP indicates the existence of an important unsatisfied demand, the existing production of CAMEP is lower than 125,000 m³ per day). The feasibility studies that are being conducted as part of the technical audits are establishing a diagnosis of the network and its design and the identification of emergency works to increase production, particularly in marginal areas. It will also prepare design studies for emergency works, for a total amount of US\$12.5 millions.

⁴ “Service National d'Eau Potable”: operator of water services outside Port-au-Prince

⁵ “Comité d'Eau Potable et d'Assainissement”: community based operators in rural and peri-urban areas

- 2.8 This TC operation will contribute to the Bank's Water and Sanitation Initiative, specifically to its first and last objective of "100 cities" and "Efficient companies" respectively.
- 2.9 To prepare this new operation, a Technical Cooperation financed by the IDB- Aquafund for an amount of US\$1.5 million has been requested.

III. OBJECTIVE AND DESCRIPTION OF THE PROGRAM

- 3.1 The objective of this TC is to enable the transition of the current CAMEP to its new structure pursuant to the recently passed Loi Cadre and establish the foundations that will allow for a proper execution of the upcoming grant (HA-L1044).
- 3.2 The components of this TC are as follows:
- 3.3 Component 1: Complementary studies as part of the technical audit (US\$70,000). A socio-economic evaluation and an environmental study will be prepared for the components of operation HA-L1044, on the basis of the technical studies being carried out under loan 1010/SF-HA.
- 3.4 Component 2: Strengthening of the Commercial Operations (US\$100,000). On the basis of the existing diagnosis and proposal *Audit Administratif de la CAMEP* (March 2007), a detailed Action Plan to improve commercial management will be developed for implementation during the execution of the operation HA-L1044 (US\$50,000). Additionally, terms of reference for the commercial software will be developed based on the following options: (i) new system to be developed specifically for the new operational structure that will replace CAMEP; (ii) off the shelf system plus adjustment; or (iii) software development based on the software being designed by DINEPA for the intermediate cities (US\$20,000). On the basis of the *Loi Cadre* and the software developed for the sector, a tariff structure for PAP will be designed (US\$30,000).
- 3.5 Component 3: Preparation of an Action Plan and structuring of a service contract for a pilot operation (US\$700,000): (i) DINEPA considers that, in the long term, the services for PAP will be sectorized (it is envisaged that the administrative mapping of the *communes* be used; the actual CAMEP covers eight *communes*) and that each sector will be attended through a service contract with an operator. This component will finance the development of an Action Plan for a phased approach towards this objective. On the basis of the studies and proposals for the transition of the sector structure, the Action Plan will make recommendations with respect to the program for the transition from the existing CAMEP to the new structure for the provision of the water services for PAP. (ii) the Action Plan will also make recommendations towards the definition of a sector and of the modalities of the pilot operation contract, including the preparation of its corresponding contractual basis. This component will finance the preparation of a service contract for a pilot operation in the service area attended by the operator.

- 3.6 Component 4: Staffing of PAP Operational unit (US\$600,000). This component would finance a task force that would guide the process of improvement of the services in PAP. It will finance three high level consultants (a commercial manager, an operations' manager and a manager with experience as a General Manager in a water utility). Those consultants will work with their national counterparts, to be financed by DINEPA.

IV. BUDGET

- 4.1 This technical cooperation operation will be financed in its entirety by the Aquafund as follows:

Components Table

Components	Total cost
Component 1 Complementary studies	70,000
Component 2 Commercial Operations strengthening	100,000
Component 3 Structuring of service contract	700,000
Component 4 Staffing of PAP operational unit	600,000
Audit	30,000
Total Costs	1,500,000

V. EXECUTING AGENCY

- 5.1 DINEPA will be the executing agency, under the authority of its General Manager. The fiduciary aspects of the execution will be managed by the appropriate directions and units of the DINEPA. DINEPA is already the executing agency for several IDB operations in the sector. Its executing capacity has significantly improved over the past few years.
- 5.2 The procurement of works, goods and services as well as the contracting of consultants will be governed by bank Policies for the Procurement of Goods and Works and for the Selection and Contracting of Consultants (GN-2349-7 and GN-2350-7).

VI. MAIN ISSUES

- 6.1 The success of this program and of its associated loan will depend on: (i) the quality of the Consultants that will be in charge of Components 1, 2 and 3; (ii) the quality and motivation of the international consultants that will be part of the task force as per Component 4 and more than anything; (iii) the involvement of the Management of DINEPA. The IDB will be involved in the preparation of the terms of reference for the contracting of the task force and in the selection process. In addition, DINEPA will monitor and assess on a regular basis the performance of the consultants (the Terms of Reference will include a monitoring and evaluation activity).

- 6.2 It is possible that the contract of the consultants of the task force may have to be extended. This option will be contemplated in the grant operation (HA-L1044), which will include some resources to this effect.
- 6.3 This operation will be the first operation of this magnitude in Port au Prince in the water sector in many years. There is a high risk associated with the institutional capacity of DINEPA to execute this TC operation and thereafter the grant operation as well as its capacity to monitor the different activities contemplated in this operation. DINEPA has been executing satisfactorily several Bank operations and has been involved in the preparation of two additional IDB projects in 2009, which mitigates this risk. In addition, DINEPA's staff will be significantly strengthened in the course of 2010 to be able to overcome this challenge.


VII. ACTION PLAN

- 7.1 Once the funding is ratified by the IDB-Aquafund, the profile will be submitted for approval. The Plan of Operation should be approved in May 2010. The processing will be done in parallel with the preparation of HA-L1044 project.


VIII. ENVIRONMENTAL AND SOCIAL STRATEGY

- 8.1 Given that this operation does not include any investment component (Works or rehabilitations); it is therefore not expected to have any social or environmental impact. It has been classified as Category C by the « safeguard classification tool » of the Bank.


Approved by:


 Federico Basañes, Division Chief
 INE/WSA


 Date


 Agustin Aguerre, Manager a.i.
 INE/INE

JAN 20 2010
 Date


 Dora Currea, General Manager
 CCB/CCB


 Date

Reçu le 08 JAN. 2010

No. dinepa/08-01-10/0016

Pétion-Ville, le 8 janvier 2010

Monsieur Eduardo ALMEIDA
Représentant Résident
Banque Interaméricaine
de Développement (BID)
En ses Bureaux.

Objet : Demande de Financement pour une coopération technique auprès de la CAMEP afin de préparer les investissements d'urgence sur le réseau d'eau potable de Port-au-Prince

Monsieur le Représentant,

Le Directeur Général de la DINEPA vous présente ses compliments et a l'avantage de solliciter de la Banque Interaméricaine de Développement (BID) un financement de Un Million et Cinq Cent Mille Dollars américains (US \$ 1.500,000), afin de permettre au Gouvernement la mise en place d'une coopération technique auprès de la CAMEP dans le but de préparer les investissements d'urgence sur le réseau d'eau potable de Port-au-Prince (don # HA-L1044 de la BID prévu pour approbation fin 2010).

Cette coopération technique sera financée par l'Aquafund.

Elle permettra une restructuration partielle de la CAMEP et, en particulier :

- la réorganisation de la gestion commerciale, y compris au niveau des outils informatiques
- la définition d'un plan d'actions pour une délégation de service dans un quartier-pilote de la métropole
- la mise en place d'une assistance technique composée de trois consultants de haut niveau (un Gérant, un Directeur commercial et un Directeur technique) en binôme avec leurs homologues haïtiens
- la conduite des études socio-économiques et environnementales préalablement nécessaires aux investissements prévus par le don # HA-L1044

Le Directeur Général saisit l'occasion pour vous renouveler, Monsieur le Représentant, l'assurance de sa considération distinguée.



Gérald JEAN BAPTISTE
Directeur Général

c.c. : M. Jacques GABRIEL, Ministre des TPTC
M. Ronald BAUDIN, Ministre de l'Economie et des Finances