

PROJECT CONCEPT DOCUMENT

HAITI

October 6, 2006

I. BASIC DATA

Project Name:	Support for Public Sector Human Resource Management	
Project Number:	HA-L1018	
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Project Team:	Leader: Sandra Bartels (RE2/SC2). Other members: Roberto Camblor (RE2/SC2); Susana Sitja Rubio (RE2/SC2); Marco Nicola (COF/CHA) Vibeke Oi (RE2/RE2); and Leila Sarquis (RE/SC2) assisted in the preparation of this document.	
Borrower:	Republic of Haiti	
Executing Agency:	The Ministry of Economy and Finance and Prime Minister's Office	
Financing Plan:	IDB (FSO):	<u>US\$10.0 millions</u>
	Total:	US\$10.0 millions
PTI/SEQ:	Poverty Reduction:	does not qualify
	Social Equity:	does not qualify
Tentative dates:	Analysis Mission:	October 2006
	Loan Committee:	November 2006
	Board:	December 2006

II. FRAME OF REFERENCE

A. Macroeconomic and social context

- 2.1 Haiti is the developing country with the highest emigration rate of educated people, according to empirical data. For instance, Orozco (2006) reported that 88 percent of the Haitians who migrate abroad do so because they cannot find working opportunities in their country. Given the political instability and the poor investment climate in Haiti, this migration has created a vicious circle in a way that attraction of productive investment (including FDI) and total factor productivity growth have become seriously constrained, fostering in turn migration of people.
- 2.2 For this reason, improvements in human capital seem to be needed and accompanied at the same time by the lifting of other restrictions to economic growth. It is expected that with an advance in the investment climate, the potential contribution of the Haitian Diaspora would go beyond sending remittances into the country, by contributing to

expand foreign trade, capital and technology flows, as well as support the important task of institution building.

- 2.3 Economic growth in Haiti has been erratic and on average stagnating, leaving real income at about the level of the end of the 70's. With a population rate increasing annually by almost 1.9 percent over that same period, real per capita income dropped to two-thirds as compared to thirty years ago. However, growth seems to be on a slightly improving path as of 2005, a year in which real growth reached 1.8 percent. This represented an important recovery compared to the previous year's steep fall in GDP of 3.5 percent. A more stable political-economic outlook due to a coalition-oriented new Government and strong support from the international donor community accompanied by a number of legal and institutional reforms, suggests that the growth revival would continue, reflected in a growth estimate of 2.5 percent for 2006.
- 2.4 However several factors might lessen the optimism generated by the first steps of this recuperation. Growth is driven by external demand, or more specifically by booming exports in the assembly industry, while internal demand both for domestic and foreign goods continue to be on a stagnating path in real terms. Also, the fact that recent rises in oil prices have made the import bill boom has offset the positive impact of growing exports on the trade balance.
- 2.5 Macroeconomic prudence has prevailed within the two-phased Emergency Post-Conflict Assistance initiative (EPCA). With the aim of strengthening macroeconomic stability and increase social spending and infrastructure investments, the IMF provided almost US\$15 million in each of the fiscal years 2004/05 and 2005/06.¹ Furthermore, the program intended to facilitate the inclusion of Haiti into a PRGF and the enhanced HIPC initiative.
- 2.6 Although external debt is modest compared to many of country's neighbors at 31 percent of GDP in 2005, its exports-to-debt ratio at 1,76 suggests that the debt levels is unsustainable. Thus, the recent announcement by the IMF executive board that declared Haiti eligible under the HIPC initiative was most welcome.
- 2.7 Haiti's is highly dependent on external financing. Large inflows of foreign donor capital is accompanied by privately sent remittances. Coming close to 25-30 percent of GDP, these flows almost balance the current account. Moreover, grants and loan disbursements help financing a current rise in public expenditures. The share of grants directed towards balancing the budget has steeply increased as confidence in the government is gradually rising. Currently, between 20-26 percent of government expenditures are financed by donor grants. As a result, "after-grant" deficits have remained rather constant. In addition, net external loan disbursements in FY 2005/06 financed an additional 10 percent of public spending, easing the financing needs of the public sector. In July 2006 the International Conference for Haiti's Economic and Social Development pledged to donate US\$750 millions to finance budget deficits and investment needs for the period July 2006 to September 2007.²

¹ The fiscal year goes from October to September.

² Final Communiqué International Conference for Haiti's Economic and Social Development, July 25, 2006.

- 2.8 The increase in level of public expenditures has to be complemented by a substantial reallocation to meet public needs and address government priorities both in the short and medium term. Among these priorities should be to increase the wage bill and finance incentive schemes in order to target the strengthening of public resource management.
- 2.9 At present significant amounts of resources are tied up in expenditure items that prevent the Government from targeted resource allocation. According to the IMF, government transfers to public sector enterprises reached 1.3 percent in 2005. Moreover, debt servicing is another item that hamper flexibility in expenditure allocation; in FY 2005/06 10 percent of expenditures was tied up by this item.

B. Human Resources in the Public Sector

- 2.10 In 1999, roughly 60 percent of expenditure paid salaries, and it represented 4 percent of GDP. In 1978, the total number of public servants was estimated at 42,500, in 1999 there were 46,618 (41 percent of whom are women), and the latest registry in May 2005 comprising 22 public institutions indicated that roughly more than 47,000 civil servants were receiving pay checks issued by the Treasury. The proportion of employees per inhabitant is very low, with a quotient civil servants/population of roughly 0.7 and unequally distributed across the territory; in urban areas there are roughly 1.2 civil servants per 100 inhabitants, while in rural areas the share is 0.1 percent. Therefore, the gap between citizenry and public administration is huge. Besides, territorial and sectoral distribution of civil servants aggravated the problem as most of them work in Port-au-Prince and in three large ministries (Education, Health, and Justice).
- 2.11 There is a shortage of staff capable of delivering policy-formulation and monitoring policy-implementation. Moreover, the civil service suffers from low levels of professionalisation, and inappropriate structure and procedures. A survey revealed that 58 percent of the civil servants polled said they got their jobs through professional or personal networks, and only 16 percent on the basis of diploma. In 2002 an UNDP survey indicated that 68 percent of all staff had only primary or secondary education, only about 25 percent had university degrees, and those holding postgraduate courses were exceptional (2.3 percent).
- 2.12 Before 1996, public sector remunerations were competitive and also included personal loans to build a house. Since the depreciation of the local currency, purchasing power dropped by 50 percent between 1997 and 2000, and even fell more rapidly after that. While a director in 1996 earned 2,500 dollar, he today earns less than 900 dollars,³ despite the first 30 percent salary increase granted in 2004 following a 15 percent increase in 2006.⁴(not to mention the gap salary between higher and lower categories)

³ Exchange rate in 1986 was roughly US\$ 1.0 = 5 Haitian Gourdes (HG); in 2006 the rate is roughly 38.5 HG.

⁴ By international standards, wages and salaries are extremely low, reaching only 4 percent of GDP. However, this picture is somewhat altered when comparing wages and salaries to the size of the government budget. As much as 22 percent of 2005 government expenditures, or 34 percent of current expenditures, went to wages and salaries. Thus, although higher wages in public sector is among the required means to attract qualified staff and fill empty positions, it should be noted that this ought to be accompanied with an increase in the level of government revenue and expenditures.

- 2.13 Since the political instability, leadership has been highly unstable and civil servants and those holding appointed positions have few incentives to perform, because of the uncertainty of civil service career development. These problems have resulted in the fading of Haiti's State structures turning the existing small public sector powerless to carry out basic functions to deliver public services. Frequent changes of ministers have led to unstable working conditions. Empirical evidence revealed also that physical working conditions are heterogeneous and capabilities are not only exceptionally weak but rather badly distributed.
- 2.14 However, the problem may not only be attributed to the size, quality and distribution of the civil service but also to the failure to design and implement working procedures, and the deficiencies in oversight that would ensure that those responsible of core functions have the necessary resources to perform them well. The lack of emphasis on outputs, outcomes and the responsibility of institutions in producing them add to the reasons that encourage misuse of resources and employee absenteeism.
- 2.15 The experience from the ICF implementation confirmed that national policies are poorly designed, the administrative capacity is low, and the system of policy-making and implementation does not lead to a rational prioritization of tasks and use of financial resources available. Therefore, it could be stated that one of the impediments to successful economic governance in Haiti is the under-provision of public services in quality and quantity – given the absence of a sufficient number of qualified personnel, within key ministries to be able to provide adequate public services to population. Furthermore, the lack of a sound incentives system makes it difficult to retain and encourage civil servants or attract highly qualified people from the Haitian diaspora that has migrated basically to the United States, Canada, and Europe.
- 2.16 International donor-sponsored assessments of capacity in ministries revealed that the majority of appointments in the public sector were made on the basis of political and clientelism. Although political appointments may be used to bring new people, they may have an adverse effect on professionalisation. Moreover, the lack of incentives system has led to international donors, NGOs, and the private sector attracting qualified staff at the expense of the public sector.
- 2.17 Human resource management inadequacies take many forms. First of all, the vital link between policy-making, budgetary costs and public sector organization has never been assessed in any depth. Some technical offices (the statistical and economic studies offices, procurement personnel in ministries and project coordination units) have had highly skilled professionals but their number was often too small to accomplish their mandates. In a few cases (e.g., *commissionnaires de douanes*⁵), redundancies (“a useless layer of extra semi-officials”) have been also a problem. Besides, continuous late arrival to office, undocumented successive called-in sick happens to be a major issue for daily operation in public sector, reinforcing low performance.
- 2.18 No detailed information is available about current individual pay determination methods with respect to efficiency, equity, or intra-agency differences, nor about accumulated valuable knowledge and experience in the public sector. The current capabilities of the

⁵ World Bank (1999), Republic of Haiti: Country Procurement Assessment Report, Draft, September p.21.

existing personnel has never been assessed, but in most of the areas staffing levels were simply too low for adequate performance (particularly taxation, customs, and local governments).

- 2.19 Insecurity, distances, power failures, interruption of network communications, and transport limitations within the capital city make difficult to rely on proposals based on supply and insufficiently on demand in-room courses organized to cover massive training for civil servants. Unfortunately, scarce funding either to build, develop or adapt training courses for public servants has been pledged by international donors. Funding shortages meant little opportunity for in-room training and limited the possibilities for promotion according to performance through a formal civil service career development.
- 2.20 There is a shortage of personnel outside of Port-au-Prince, but even in the capital city many offices lack the technical staff required to implement policies. Estimates from an assessment done under the ICF period of time indicated an urgent need for nearly 4,000 additional employees, most of them in technical positions. As of the early 2000s (i) senior officials comprised 5.6 percent of public service employees; (ii) technical personnel makes up between 35 and 40 percent; while (iii) 65 percent of the public sector was comprised of support staff. Thus, the level of technical expertise throughout all ranks of the public sector is limited.
- 2.21 Indeed, Haiti's public institutions have been particularly vulnerable to a high turnover of staff linked to changes of administration and political crises, which in turn undermines efforts to fully implement and professionalize civil service.
- 2.22 The 1987 Constitution and the prevailing legal framework underscore the importance of building a modern, reliable and competent public sector firmly grounded in the principles of equal employment opportunities and merit-based recruitment and promotion practices. Nonetheless, the ICF recognized that the insufficient number of qualified civil servants and the lack of an incentive system capable to attract, retain and motivate them has seriously undermined government's performance.
- 2.23 The amendment of legislation granting a civil service status in 2005⁶ is very general and basically focused on tenure reform. It is only a beginning and, as with any major reform, it gives rise to difficulties in implementation. Although the previous and this legislation called for the establishment of a civil service career system, a detailed set of procedures to manage human resource has had an implementation deficit since 1983. For instance, the possibilities for promotion according to seniority and performance are inexistent.
- 2.24 The further implementation of civil service reform is a prerequisite for advances in government priorities. Failure in modernizing HR management to ensure efficiency in delivering public services would mean a constraint on what can be expected to be achieved in promoting public sector reforms for greater benefits of the poor.

⁶ The Interim Government embarked on and amended the Law on Civil Service, and the Law on the Organization of Public Administration (passed at the same time in May 2005). Both law amendments were financed by an assistance project of UNDP on a project-by-project basis.

C. Country Strategy in the Sector

- 2.25 It is worth noting that the recently elected Government adopted the ICF as its short-term country strategy which includes: (i) strengthening political governance and promoting national dialogue; (ii) strengthening economic governance and promoting institutional development; (iii) promoting economic recovery; and (iv) improving access to basic social services. The second pillar, strengthening economic governance and promoting institutional development, sets out the country's reform program in this area. For several aspects of the proposed strategy, the government has made substantial advances in pursuing reforms, with the support of the IDB and other international organizations.
- 2.26 The GOH has centered its priorities on building a modern State as well as promoting a better climate for private investment in order to ease the constraints to growth in the country. In this context, government authorities consider that an improvement in the quality of public institutions and economic governance is critically needed to create a business-oriented environment. This will be accompanied by lifting other restrictions to growth by improving the education, develop adequate infrastructure, improve human capital, all necessary conditions for restoring growth in Haiti.
- 2.27 The GOH's main priorities to enhance institutional capacity are the following: (i) new hires for crucial policy making and executive positions by tapping the expertise of Haitians living abroad, (ii) training of existing and new staff in the open administration school being upgraded, (iii) retention of existing skilled staff through a system of incentives based on a competitive remuneration package, (iv) improvement of the working environment, including management and training methods, (v) building capacity in the Human Resource Management Offices to implement the procedures required to ensure a transparent management across public administration, (vi) establishing an automatized information system, and (vii) setting up the overall basis for civil service modernization.

D. Bank Sector Strategy

- 2.28 The Bank's new Strategy will focus on four pillars: (i) governance; (ii) economic recovery; (iii) improving human development, and (iv) private sector development. The proposed project fits within the first pillar particularly by supporting the continued improvement of the country's capacity to manage human resource, as well as promoting actions that contribute to improving the transparency and efficiency of the public sector to deliver services.
- 2.29 **Relation with other Bank operations.** The Bank has had a leadership role in the economic governance in Haiti, having supported economic governance issues through prior programs in the country. Amongst Bank financed projects that complement this program is the Institutional Sector Facility (HA-0082), which main objective is strengthening the government's capacity in the areas of financial administration, government procurement and revenue institutions.
- 2.30 The Program for Public Finance Reform (1499/SF-HA) assisted the GoH in establishing a normative structure for financial management through the approval of the Organic Budget Law in December of 2003 and its enactment in August of 2004. This Law provided a legal framework to make feasible future actions to be undertaken in economic

governance pillar. Also, the Program assisted the government to limit current accounts, reducing the number to one per ministry and defining the criteria for use on exceptional basis. These actions led to a reduction in use from 58 percent of total expenditures in 2002/2003 to 4.18 percent between October 2004 and May 2005.

- 2.31 The Fiscal Reform and Governance Program (1644/SF-HA) focused on actions to strengthen: (i) public procurement, in particular the establishment of the normative framework need for the procurement offices at the sectoral level; (ii) the budget process, by supporting the establishment of public accountants in the sectors, and the reduction of discretionary spending; and (iii) *ex ante* and *ex post* financial controls, particularly anti-corruption measures, and the establishment of the normative framework for internal controls.
- 2.32 The proposed operation is being prepared in parallel to the Strengthening Public Sector Resource Management Program (HA-L1017), and supports the human resources policy conditions included in the Policy Based Loan (PBL). Altogether, both operations provide support and incentives to the efforts of the GoH to implement reforms in the area of economic governance, specifically those that can improve the efficiency, effectiveness and transparency of the management of public resources in Haiti.
- 2.33 The HA-L1017 operation supports the establishment and sustainability of a legal and institutional framework in the fiscal area that will be further strengthened through activities already identified. This operation will provide the needed technical assistance and investments to ensure that the impact expected from the proposed policy reforms, especially in the area of human resource, supported by the PBL HA-L1017, is achieved, and doing so, will provide, in the medium term, the minimum conditions required for civil service modernization.
- 2.34 This operation will finance activities in the following Ministries: Public Works, Education, Health, Justice and Agriculture. The selection criteria used responded to their level of involvement in public service delivery and participation in projects financed by the donor community, especially the Bank and The World Bank.
- 2.35 **Coordination with the international community.** The largest international donors' technical teams initiated substantial sectoral analysis, which resulted in a unusual high level of cooperation and coordination in the preparation of their individual operations. The key aspect of the proposed operation is the effort that the Bank has made to establish the feasibility and sustainability of the reforms, by working together with the government authorities, and coordinating and exchanging information with other key international donors in the sector. This has led to joint efforts with the IMF, the World Bank, the USAID and also the French Cooperation. The Bank's team has had coordination meetings with these international organizations and has agreed on complementary activities on the overall economic governance pillar.
- 2.36 The proposed operation complements the EGTA I and II that are being financed by the World Bank that will finance a central registry of who is working for the Government, in which agency and post, under which statute, to draw on quantitative and qualitative data useful for reforms in future, better fiscal and establishment control, and to make wage information more transparent; an action plan for meeting human resource needs, and the upgrading of the existing public administration school (CEFOPAFOP) to be equipped

with basic technology (computers and audiovisual). This school is expected to be put in operation in 2007. This program will complement the WB activities by financing implementation stage at the ministry level.

- 2.37 In addition, as part of its PRGF-supported program, the IMF requested a preliminary civil service registry based on the preliminary payroll census prepared in 2005 by the MEF. Civil service salaries were increased by 30 percent in 2004, in consultation with the IMF, while an additional 15 percent increase was granted in 2006.
- 2.38 **Lessons Learned:** In recent years the Bank has carried out many operations in the area of civil service reform. Lately, the Bank has financed programs in the Public Administration Sector in Brazil, Colombia and Chile, which included components on civil service modernization. Additionally, within the Network of the Regional Policy Dialogue in the area of Transparency and Public Management until 2005 the Bank concentrated its efforts to study the civil service reform.
- 2.39 The lessons learned from the operations carried out in the region can be summarized as follow: (i) the need to focus especially on achieving results linked to the profesionalisation and modernization of the civil service, concentrating the efforts in the modernization of management instruments and processes and not exclusively in the approval of laws, regulations or other formal instruments; (ii) the convenience of focusing the efforts in the profesionalisation of the key figures that constitute the motor of the public administration, including the operationalisation of a merit-based system; (iii) the need to carry out the reforms within the fiscal restrictions, which requires a strong coordination between the area responsible for the civil service and the area responsible for the budget; (iv) the need that the office in charge of the civil service concentrates its functions in planning, designing and evaluating policies, decentralizing the management in the units of personnel in line ministries; (v) the importance of a good coordination between the governing body of the civil service and the governing body of budgetary management. This program takes into account all these lessons.

E. Justification of the Program

- 2.40 The Bank sees a significant scope for supporting on-going efforts in the area of strengthening human resource management. This support will take the form of implementation and oversight that would allow for modernizing the public service. Moreover, given limited financial maneuvering room, achieving cost effective staff management is indispensable. The identification of key positions will be part of this effort. In addition, the IDB program seeks to reinforce the creation of incentives schemes and allow for extensive training programs in order to move towards a career system.
- 2.41 In addition to the government's own initiative to reform the civil service, the World Bank and the IMF, as mentioned in paragraph 2.36 and 2.37 above, are also providing substantial assistance in this area. The IDB will through this program seek to build synergies with these on-going efforts. More specifically, the IDB will support the operation of the unit attached to the PMO and provide institutional capacity. Moreover, the IDB will supplement the World Bank's EGTAG operation through focusing efforts on data collection and the implementation of management tools.

- 2.42 However, the proposed project will also go beyond these efforts and work with implementing specific programs aimed at improving structures and processes of delivering public services to the citizens.

III. THE PROJECT

A. Objectives and description

- 3.1 The objective of the proposed program is to support the GoH's effort to (i) develop and implement HR management tools to rationalize and organize the civil service in key ministries, in preparation of the groundwork for a broad civil service modernization, and (ii) improve service delivery and the capacity of selected ministries to policy-making and implementation.

B. Description

- 3.2 To produce a coherent administrative environment in which the public sector modernization can evolve, the following three components summarized below will be financed.
- 3.3 **Component I: Human Resource Management:** This component will seek improvements to baseline data and implement human resource management tools in order to help the GoH regain control over the public service, pay determination methods related to post, and employment quality. This component includes the following sub-components:
- 3.4 **Subcomponent A: Data collection and computerization of manual payrolls, and payroll assessment:** This sub-component is designed to remedy deficiencies of existing payroll data quality and quantity, and to help computerize manual payrolls. Among others, it will finance the following main activities: (i) undertake an assessment of payroll using as a framework the civil service registry requested by the IMF as part of the PRGF, and the World Bank activity financed by the EGTAG operations, (ii) completing data entry and/or unify existing electronic databases, and (iii) in search of immediate budgetary savings, detect ghost workers, and mismatch of actual versus authorized positions and other employment categories, such as temporaries. This database will allow for increased knowledge of public sector institutional features at the ministry level.
- 3.5 **Subcomponent B: Creation of the human resource management tools for implementation:** This sub-component is designed to support the development and implementation of tools for human resource management, and will finance, for instance the following activities: (i) to provide and staff the OMRH with a core small team of full-time personnel, supported by short-term professionals contracted on an as-needed basis, to make possible the provision of policy advice and inter-institutional co-ordination, strategic planning, design of basic tools, and perform supervision of the medium-term improvement and training action plans, (ii) review existing practices, procedures, and staffing, with special reference to quantity and quality of information; and (iii) devise procedures for a sound HR management at the ministry level. These activities will provide the blue-print for an integrated medium-term HR management information system needed to support an effective implementation of civil service. In particular, this system will be used as the source of accurate personnel information, payroll, and compensation package, and at the

same time to support efforts to tying individuals' performance to pay and job retention or to strategically put existing employees where they are most needed.

- 3.6 This sub-component will deal with systems related to civil service career development: recruitment procedures, better contracts, pay determination methods, revised compensation package, training, and evaluation. In addition, it will include (i) focused on key ministries, a review of organizational structure, current posts, needs assessments, registry of seniority, job evaluation criteria, last training received, and physical conditions of human resource units (equipment, facilities, technology equipment); (ii) prepare a performance appraisal scheme and procedures needed for its implementation. To put the entire HR offices at the ministry level into compliance with rules compatible with a focus on results management will be a work in progress in the medium-term.
- 3.7 **Subcomponent C: Further Development of Training Capacity:** This sub-component will support the creation of a technically competent and certified bureaucracy able to develop, implement, monitor and assess public services by means of the following activities: (i) to prepare a training and certification model adapted to public sector needs and to circumstances in the capital city, (ii) an inventory and assessment of education, last training received and skills levels in key ministries, (iii) to audit training curricula and materials so as to ensure that performance related to public service delivery will be improved, and (iv) to set an academic equivalence for training on-the-job linked to career development complementing actions already being financed by the World Bank.
- 3.8 **Component II: Public Service Compensation Program:** Following the improvements to payroll, recruitment, promotion, job evaluation and the HR management system, this component will support the GoH to finance a short-term public service compensation aimed at attracting highly qualified Haitian candidates either local or living abroad. In the meantime the GOH will draft a medium-term compensation program to retain and/or attract critical staff. The financing of the short pay system is in accordance with the modernization of policies and practices that restrict the use of resources in investment loans, say Document GN-2331-5.
- 3.9 **Component III: Improve Public Sector efficiency and effectiveness for service delivery:** This component would seek to improve public sector efficiency and effectiveness by providing assistance for the reengineering of processes and structures to improve organizational/institutional productivity and increase responsiveness to citizen needs and demands in selected ministries. The improvements will complement on-going efforts by the Bank in the area of organizational reform financed by the Institutional Sector Facility (HA-0082), and by other donors including the World Bank, and USAID.
- 3.10 For each ministry targeted for improvement, this component will finance an organizational assessment that will contain at a minimum the following: (i) evaluation of quantity and quality of, and current and potential demand for services rendered for each administrative unit, (ii) identification of areas for improvement, including an assessment of: a) specific laws, regulation and norms affecting services rendered, b) service delivery systems, physical distribution and access, c) policy making and implementation processes, d) planning systems, e) structure design of services and supporting services, f) inter-governmental relation, g) assessment of physical resources such as operational equipment,

communication facilities, and other technology equipment, i) management of information systems.

- 3.11 Based on the organizational assessment, each ministry will draft medium-term improvement plans, benchmarks and indicators related to public services to be rendered, and an implementation calendar. Each ministry will propose and negotiate specific performance targets in exchange for a “special” package of incentives and organizational status. This package refers to a competitive salary regime, conditions of service, and budgetary resources required for implementation and achievement of the performance targets.

C. Cost and financing

- 3.12 The following Table I presents a preliminary distribution of the estimated costs to implement the proposed operation. Costs will be assessed in detail during the analysis of the project.

Table I: Cost and Financing

Cost and Financing (In thousands US\$)				
Category or Component	BID/TSO	Local	TOTAL	Share
I. Administration and Supervision Category	400,000		400,000	4.0%
H. Components	9,290,000		9,290,000	92.0%
Component 1	2,790,000		2,790,000	27.6%
Subcomponent A	650,000		650,000	
Subcomponent B	1,940,000		1,940,000	
Subcomponent C	200,000		200,000	
Component 2	5,080,000		5,080,000	50.3%
Component 3	1,420,000		1,420,000	14.1%
III. Financial Costs	310,000	100,000	410,000	4.1%
IV. Total Costs	10,000,000	100,000	10,100,000	100.0%

IV. EXECUTION OF THE PROGRAM

A. The borrower and executing agency

- 4.1 The Borrower will be the Republic of Haiti. The Executing Agency (EA) will be the Ministry of Economy and Finance (MEF) and the Prime Minister’s Office, through the existing joint Project Coordination Unit (PCU) for economic governance set up into the former institution.

B. Execution and administration of the Program

- 4.2 **Project Coordination Unit (PCU).** An existing joint IAB-WB's PCU will be reinforced within the MEF for the purposes of project execution. The PCU will be in charge of all projects daily operations including procurement, financial management, filing of project documents and correspondence and communication with the interested parties. The PCU will be staffed with specialists and assistants need to project implementation. The Coordinator of the PCU will be responsible for the day-to-day management of operations, as well as the technical aspects of the projects. At the same time, he/she will serve as the focal point for communication between the GoH and the Bank. The appointed Administrative/Financial Specialist, Procurement Specialist, and the Coordinator will serve as liaison with other public entities. The Coordinator will be in charge of managing the relations with the PMO and each of the selected ministries. The duties of these individuals and the activities that they will coordinate will be described in the Operating Manual satisfactory to the Bank and the corresponding Terms of Reference which will be a condition prior to first disbursement.

C. Execution period and disbursement schedule

- 4.3 Project implementation will extend over a five-year period. The estimated schedule of disbursements is presented in Table II.

Table II - Estimated schedule of disbursements

Table 1I. Estimated schedule of disbursements						
Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB	15%	25%	30%	15%	15%	100%
In millions	1.5	2.5	3.0	1.5	1.5	10

D. Monitoring and evaluation

- 4.4 **Mid-term review and final evaluation.** Two independent evaluations will be carried out with resources of the project: one mid-term evaluation and a final one. In order to carry out the evaluations, the Executing Agency will hire a consultant, during the first year of the project execution, to establish an evaluation framework, based primarily on the indicators and goals established in the Logical Framework. The Logical Framework will be attached to the Operating Manual. The PCU will be responsible for collecting the relevant data during the execution of the program.
- 4.5 The mid-term evaluation will take place 24 months after the signature of the loan contract or after 50% of the resources have been disbursed. The consultant will carry out a review of the project based on the agreed indicators, and will evaluate the degree to which the program is achieving the goals established. Among other things, it will also determine if any changes should be made and to ensure the successful and timely execution of the

program and recommend for actions to improve execution. The assumptions in the Logical Framework will also be reviewed and updated as required. The final evaluation will be carried out once 90% of the projects' resources have been disbursed. This evaluation will assess the results of the execution of the program and the achievement of the proposed goals in all sections of the Logical Framework. It will also be an important input for the Project Completion Report (PCR).

V. DEVELOPMENT IMPACT

- 5.1 There are some reasons for thinking that the current and likely future environment for public sector reform is more supportive now and has a better chance of achieving genuine progress. The first reason is that the Government has stepped up the policy dialogue on public sector reform with multilateral financial institutions and bilateral donors. The second reason is the promise of considerably increased funding and reduced debt payment through HIPC.
- 5.2 **Social and Environmental Impact:** The project does not qualify as a poverty-targeted investment according to the Bank's Eight Replenishment Agreement (Document AB-1704), as amended by document GN-1964-3 of June 3, 1997. Due to the nature of this project, no negative environmental impacts are expected.

VI. RISKS

	Risks	Risk rating with mitigation	Detailed risk mitigation measure
To project goal and purpose	Slow implementation due to weak institutional capacity in any or all components	Moderate	To keep coordination around HR activities. The task team leader, other Bank HC staff, and key consultants will continue a program of missions and audio/video-conferences to encourage forward movement. Government-donors coordinating meetings in Haiti and in Washington will be held regularly.
	Project is unable to elicit cooperation from selected ministries	Moderate	Permanent dialogue with all tiers of government to explore their expectations regarding coordination
	GOH is ineffective in implementing high quality subprojects	Substantial	Comprehensive training and technical assistance in effective subproject implementation, O&M; use of standard project designs and ToR.
	Possibility of emigration of public servants trained under the program.	High	Specific commitments to persuade public servants to remain in public administration

	Insufficient resources to allow managers to effectively implement HR management tools provided under the program.	Moderate	Action plans and indicators in exchange for a “special” package of incentives and organizational status
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VII. PROGRAM PREPARATION AND ACTION PLAN

- 7.1 The team plans to do the analysis mission at the end of October. This will enable the operation to be presented to Loan Committee in November and for consideration of the Board by December 2006.

VIII. ESTIMATED PREPARATION COST

1. MISSIONS (US\$30,000)	
Orientation Mission	3 person-weeks
Analysis Mission	3 person-weeks
Negotiation Mission	2 person-weeks
2. ADMINISTRATIVE RESOURCES FOR OFFICE WORK	
Team Leader	16 person-weeks
Team Members	8 person-weeks
Attorney	2 person-weeks
3. CONSULTANTS (US\$20,000)	
Financed by Administrative Budget during design and appraisal:	US\$20,000

HAITI

SUPPORT FOR HUMAN RESOURCE MANAGEMENT IN THE PUBLIC SECTOR
(HA-L1018)

LOGICAL FRAMEWORK

Narrative summary	Indicators	Means of verification	Assumptions
GOAL			
Increase the efficiency and transparency of the public administration in Haiti, by modernizing the internal organization of key ministries and enhancing its human resources' administration.	Two years after project completion : Public service delivery is improved in quantity and quality in key ministries.	Ex-post evaluation of Ministries' annual plans and budget. Survey about user's satisfaction of the public services delivered by selected ministries.	Political and macroeconomic stability are maintained. Substantial consensus for PSR among stakeholders Public servants gain stability in their jobs after changes in political leadership.
PURPOSE			
Support the GOH's effort to: (i) improve service delivery and the ability of selected Ministries to formulate sound sector policies, technical standards and operational norms, and (ii) develop and implement tools for HR management to rationalize and reorganize the civil service in selected ministries, in preparation of the groundwork for a broad civil service modernization.	At the end of the project: - A reorganization of at least five selected ministries. - HR management system implemented at the ministry level. - Consistency between value of work and remuneration.	Annual evaluation reports by external consultants PCR PPMR Progress reports by MEF and the Prime Minister's Office Baseline records from the beginning of the program.	Substantial interest from stakeholders for Public Sector Reorganization (PSR) .
COMPONENTS			
I. Human Resource Management: to improve baseline data and the human resource management tools and procedures. This component includes the following sub-components:	24 months after the first disbursement: Advances in: - number of public employees	Evaluation reports by External Consultants. PCR PPMR	Substantial interest from stakeholders for PSR.

Narrative summary	Indicators	Means of verification	Assumptions
<p>I. Data collection, computerization of manual payrolls, and payroll assessment</p> <p>II. Development and implementation of human resource management tools</p> <p>III. Further development of training capacity</p>	<ul style="list-style-type: none"> - listed in human resource unit's registry at the ministry level, new appointments made through competitive procedures (advertised and with criteria defined) at the ministry level, - development of the OMRH office in compliance with the new Law, - systematization of human resources management at the ministry level, and compliance with normative framework issued by the OMRH, - training needs assessment at the ministry level, and efforts of human resource units to implement actions plans to reorganize themselves at the ministry level. <p>By the end of the program:</p> <ul style="list-style-type: none"> - Tools for HR management implemented - Payroll computerized and networked 		
<p>II. Public Service Compensation Program: to define criteria and finance public service compensation to attract and recruit highly qualified Haitians living in the country or abroad</p>	<p>24 months after the first disbursement:</p> <p>Advances in:</p> <ul style="list-style-type: none"> - development and implementation a model to attract and retain local and/or qualified people from the diaspora to ensure better policy formulation and implementation of programs, and, - the development of a durable 	<p>Evaluation reports by external Consultants.</p> <p>PCR</p> <p>PPMR</p> <p>Progress reports by Ministries.</p> <p>Incentives system completed.</p>	<p>There is consensus for the implementation of the program</p> <p>There are high quality professionals interested in being recruited into the public sector.</p>

Narrative summary	Indicators	Means of verification	Assumptions
	<p>incentives system for civil servants.</p> <p>By the end of the program:</p> <p>At least 60% of the public employees financed through this program are included in the operating budgets of each key ministry.</p>		
<p>III. Improve Public Sector efficiency and effectiveness for service delivery: to improve public sector efficiency and effectiveness by providing assistance for the reengineering of processes and structures to improve organizational/institutional productivity and greater responsiveness to citizen needs and demands in selected ministries</p>	<p>24 months after disbursement:</p> <p>Advances in the development of basic systems for tracking and evaluating public service delivery in 5 key ministries and their programs.</p> <p>By the end of the program:</p> <p>Selected ministries are operating based on public services delivery indicators.</p>	<p>PCR</p> <p>Reorganization chart</p> <p>Set of indicators.</p>	<p>There is substantial interest in the selected ministries to improve public services delivery</p>

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Component A	
Subcomponent A	
Data collection, computerization of manual payroll and payroll assessment	
Local and international technical assistance to assess ministries' registries, action plan included	50,000
Technical assistance to develop an organizational model for human resource units at the ministry level	50,000
Installation of networking of registries (software, hardware, web site), training on maintenance included	200,000
Training on network management	30,000
International technical assistance to develop a methodology to assess and follow-up payroll	20,000
International technical assistance to follow-up and medium-term assessment	50,000
Equipment for human resource units	250,000
Subtotal	650,000
Component B	
Creation of the human resource management skills for implementation	
Equipment and 2 car vehicles for the Office de Management des Ressources Humaines (OMRH)	160,000
Staffing of the OMRH	780,000
- Coordinator (1) 4,000 x 12 x 5	240,000
- Deputy coordinators (3) 3,000 x 12 x 5 x 3	540,000
Local and international technical assistance for human resource management:	1,000,000
- Identification and organization of professional groups	
- Job classification	
- Specific regulations for professional groups	
Subtotal	1,940,000

Subcomponent C		
Public Development of Training Capacity		
Technical assistance to develop a training model for civil servants according to best international practices in French speaking countries		50,000
Training needs assessment at ministry level and both short and medium-term action plans		50,000
Study tours (3 trips, two people)		20,000
International technical assistance to develop an incentive model for public sector		50,000
Workshops/seminars to assess/discuss the consolidation of public sector's technical capacity		30,000
Subtotal		200,000
Attitude Change Program		
Public Service Compensation Program		
International technical assistance to develop a model of compensation to attract local professionals and living abroad.		50,000
Payement de compensation (25 personnes cinq ans)		5,030,000
Subtotal		5,080,000
Attitude Change Program		

Improve Public Sector efficiency and effectiveness for service delivery	
International technical assistance to develop and implement 3 surveys on practices and procedures at the ministry level	100,000
International technical assistance to develop and implement 2 surveys on level of satisfaction of public service delivery	400,000
International technical assistance to assess organization and operation of public service delivery, action plan included	300,000
International technical assistance to assess ministry deconcentration, action plan included	200,000
International technical assistance to follow-up and medium-term assessment	50,000
Drafting of guidelines and procedures	100,000
International technical assistance to assess and compare operational costs and quality public service delivery	220,000
Local technical assistance to prepare an inventory of ministry assets	50,000
Subtotal	1,420,000
Subtotal (continued)	
Total Components	9,290,000
Administration and Supervision Category	400,000
Financial Costs Category	310,000
Total Costs	10,000,000