

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**HAITI**

**SUPPORT FOR PUBLIC SECTOR HUMAN RESOURCE  
MANAGEMENT**

**(HA-L1018)**

**LOAN PROPOSAL**

The project team consisting of prepared this document: Sandra Bartels (RE2/SC2), Project Team Leader; Marco Nicola (COF/CHA), Roberto Camblor and Susana Sitja Rubio (RE2/SC2), Vibeke Oi (RE2/RE2), Maristella Aldana (LEG) and Leila Sarquis (RE2/SC2), who was in charge of document production.

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Electronic Links and References	
Basic Socioeconomic Data	<a href="http://www.iadb.org/res/externallink_list.cfm?language=en&amp;parid=1&amp;itemlid=1&amp;detail=Box1#b1">http://www.iadb.org/res/externallink_list.cfm?language=en&amp;parid=1&amp;itemlid=1&amp;detail=Box1#b1</a>
Status of Loans in Execution	<a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=834637">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=834637</a>
Tentative Lending Program	<a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=834640">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=834640</a>
Related project financed by IADB /Available in the files of RE2/RE2	<a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=834210">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=834210</a>
Detailed Budget	<a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=834421">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=834421</a>
Acquisition Plan	<a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=834479">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=834479</a>

## ABBREVIATIONS

BRH	<i>Banque de la République d'Haïti</i>
CEFOPAFOP	<i>Centre de Formation et de Perfectionnement des Agents de la Fonction Publique</i>
EGTAG	Economic Governance Technical Assistance Grant
FY	Fiscal Year
GDP	Gross Domestic Product
GoH	Government of Haiti
HIPC	Highly Indebted Poor Country
HR	Human Resource
HRM	Human Resource Management
ICF	Interim Cooperation Framework
IMF	International Monetary Fund
	Monitoring and Evaluation
M&E	
MEF	Ministry of Economy and Finance
MPCE	Ministry of Planning and External Cooperation
NGO	Non Governmental Organization
OAS	Organization of American States
OMRH	<i>Office de Management et des Ressources Humaines</i>
PCR	Project Completion Report
PCU	Project Coordination Unit
PMO	Prime Minister's Office
PPMR	Project Progress Medium Review
PSR	Public Sector Reorganization
PRGF	Poverty Reduction and Growth Facility
TA	Technical Assistance
TBD	To be determined
TOKTEN	Transfer of Knowledge Through Expatriate Nationals
ToR	Terms of Reference
UNDP	United Nations Development Programme
USAID	United States Agency For International Development
WB	World Bank
YR	Year

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Financial Terms and Conditions				
Borrower: Republic of Haiti Executing Agency: Ministry of Finance with the participation of the Office of the Prime Minister			Amortization Period:	40 years
			Grace Period:	10 years
			Disbursement Period:	5 years
Source	Amount	%	Interest Rate:	1% during the first 10 years, 2% there after
IDB (FSO)	10,000.000	99%	Supervision and	
Local	100.000	1%	Inspection Fee:	1.0%
			Credit Fee:	0.5%
Total	10.100.000	100%	Currency:	US\$
Project at a Glance				
<p><b>Project objective:</b> The objective of the proposed Project is to support the GoH's efforts to: (i) develop and implement a sound human resources (HR) regulatory framework and HR management tools to rationalize and organize the civil service in the ministries of Planning and External Cooperation, Education, Health, Public Works, and Agriculture, as a means to prepare the groundwork for a broad civil service modernization, and (ii) improve service delivery and the capacity of such ministries for policy-making and project implementation.</p>				
<p><b>Special contractual clauses:</b> <i>See paragraph(s): cross-reference</i></p>				
<p><b>Prior to first disbursement:</b> In addition to the conditions set forth in Article 4.01 of the General Conditions, the following conditions shall be met prior to the first disbursement: (i) the Prime Minister shall issue and Arrêté to adopt the operating rules of the Conseil Supérieur de l'Administration et de la Fonction Publique (3.2); (ii) the Deputy Coordinator of the Project Coordinator Unit (PCU) and the Coordinator of the Office de Management et des Ressources Humaines (OMRH) shall be selected and hired (3.3); and (iii) the Project Operating Manual previously agreed upon with the Bank shall be adopted by the MEF and the OPM and shall be in effect (3.7).</p>				
<p><b>Other Execution Conditions:</b> The Project resources to finance compensation program may only be used after an Arrêté satisfactory to the Bank has been adopted by the Prime Minister setting forth the procedures of competitive hiring for civil servants that will be hired or will benefit from the Project and regulating their compensation and other conditions of employment (2.13 and 3.12). In addition selected ministries shall only be eligible to benefit from resources allocated to Component III after the Bank the organizational assessment of such Ministry and its special package of incentives have been agreed with OPM and MEF the Bank has given its nonobjection (2.9 and 3.8)</p>				
<p><b>Special Disbursement:</b> Once the Borrower has complied with the conditions set forth in Article 4.01(a), (b) and (e) of the General Conditions of the Loan Agreement, the Bank may disburse up to US\$150.000 to finance activities necessary to comply with the special conditions prior to first disbursement and prepare the first Annual Implementation Plan.</p>				
Exceptions to Bank policies:				
<b>Project consistent with Country Strategy:</b>		Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ]		
<b>Project qualifies for:</b>		SEQ [ <input type="checkbox"/> ] PTI [ <input type="checkbox"/> ] Sector [ <input type="checkbox"/> ] Geographic [ <input type="checkbox"/> ] Headcount [ <input type="checkbox"/> ]		
<p><b>Procurement:</b> <i>See paragraph 3.11.</i> The procurement of works, goods and consultancy services shall be undertaken pursuant to the Bank's policies and procedures (GN2349-7 y 2350-7), supplemented by a special Annex Ad-Hoc that will form part of the Loan Agreement</p>				
<p><b>Verified by CESI on:</b> September 29, 2006</p>				

## I. FRAME OF REFERENCE

### A. Socioeconomic framework

- 1.1 Haiti has the highest emigration rate of educated people of any developing country, according to empirical data. For instance, Orozco<sup>1</sup> (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 that has seriously constrained attraction of productive investment (including FDI) and total factor productivity growth, fostering in turn migration of people.
- 1.2 For this reason, improvements in human capital seem to be needed, and must be 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, to contributing to expand foreign trade, capital and technology flows, as well as support the important task of institution building.
- 1.3 Economic growth in Haiti has been erratic and on average stagnating, leaving real income at about the level of the end of the 70s. With a population rate that is 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 and 4.0 for 2007.
- 1.4 Macroeconomic prudence has prevailed within the two-phased Emergency Post-Conflict Assistance initiative (EPCA) of the IMF. With the aim of strengthening macroeconomic stability and increase social spending and infrastructure investments, the IMF provided almost US\$15 million per year between 2004 and 2006. Furthermore, the program was intended to facilitate the inclusion of Haiti into a PRGF and the enhanced HIPC initiative.
- 1.5 Although external debt is modest compared to many of its neighboring countries, at 31 percent of GDP in 2005, its exports-to-debt ratio of 1.76 suggests that the debt level is unsustainable. Thus, recently, the IMF's Executive Board announced Haiti was eligible under the HIPC initiative.
- 1.6 Haiti is highly dependent on external financing. Large inflows of foreign donor capital are 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 finance 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

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<sup>1</sup> Orozco, M. 2006. Understanding the remittance economy in Haiti, Inter American Dialogue, World Bank.

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 million to finance budget deficits and investment needs for the period July 2006 to September 2007.<sup>2</sup>

- 1.7 The increase in the level of public expenditures has to be complemented by a substantial reallocation of resources to meet public needs and address government priorities both in the short and medium term. At present, significant amounts of resources are tied up in expenditure items that prevent the Government from targeted resource allocation. For example, government transfers to public sector enterprises reached almost 9 percent of total expenditures in FY2005/06. Moreover, debt servicing is another item that hampers flexibility in expenditure allocation; in FY 2005/06 this item tied up 5.5 percent of expenditures. It is therefore vital that the improved macroeconomic stability and the increased fiscal space created by the donor support described above be used for prioritized actions. Among these, strengthening the civil service is crucial, because the lack of technical professionals staff impede the efficient and effective use of public resources. In this initial phase this require increasing the wage bill and designing, financing incentive schemes that improve the capacity of technical staff within the public sector in order to target the strengthening of public resource management.

## **B. The sector: Problems facing the Civil Service**

- 1.8 In 1999, roughly 60 percent of public 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 census 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 public 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<sup>3</sup>. 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).
- 1.9 There is a shortage of staff capable of undertaking policy-formulation and monitoring policy-implementation. Moreover, the civil service suffers from low levels of professionalisation, an 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 their education or training. In 2002 an UNDP survey indicated that 68 percent of

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<sup>2</sup> Final Communiqué International Conference for Haiti’s Economic and Social Development, July 25, 2006.

<sup>3</sup> Compared with around 3 percent in other countries (USA 6.8%, Uruguay 6.5%, Argentina 4.9%, Canada 3.84%, Ecuador 3.4%, and Guyana 2.2%).

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).

- 1.10 Since the political instability that characterized the country in recent years, leadership has been highly unstable and civil servants and those holding appointed positions have few incentives to perform, because of the uncertainty of developing their careers in the public sector. These problems have resulted in the deterioration of Haiti's state structures making the existing small public sector powerless to carry out basic functions to deliver public services. Empirical evidence revealed also that physical working conditions are variable and civil servants capabilities are not only exceptionally weak, but also badly distributed.
- 1.11 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 for 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.
- 1.12 The experience from the implementation of the Interim Cooperation Framework (ICF) 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 the available financial resources. 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 to the United States, Canada, and Europe.
- 1.13 International donor-sponsored assessments of capacity in ministries reveal that the majority of appointments in the public sector were made on the basis of political connections and clientelism. Although political appointments may be used to bring new people, they may have an adverse effect on professionalisation. Moreover, the lack of a competitive incentive system has led to international donors, NGOs, and the private sector attracting qualified staff at the expense of the public sector.
- 1.14 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 has often been too small to accomplish their mandates. In a few cases, redundancies or “a useless layer of extra semi-officials”(e.g., *commissionnaires de douanes*<sup>4</sup>)

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<sup>4</sup> World Bank (1999), Republic of Haiti: Country Procurement Assessment Report, Draft. September p.21.



have also been a problem. Furthermore, continuous tardiness; undocumented and successive absenteeism happens to be a major issue for daily operation in public sector, reinforcing low performance.

- 1.15 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 existing personnel have never been assessed, but in most of the areas staffing levels were simply too low for adequate performance (particularly in taxation, customs, and local government offices).
- 1.16 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 during the ICF indicated an urgent need for nearly 4,000 additional employees, most of them in technical positions. As of the beginning of this decade, (i) senior officials comprised 5 percent of public service employees; (ii) technical personnel is 30 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.
- 1.17 This expertise is further eroded because of a high turnover of staff linked to changes of government and political crises, which in turn undermines efforts to fully implement and professionalize civil service.
- 1.18 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 of attracting, retaining and motivating them has seriously undermined the government's performance.
- 1.19 The amendment of legislation granting a civil service status in 2005<sup>5</sup> is only a beginning and, as with any major reform, gives rise to difficulties in implementation. Although previous laws and this one called for the establishment of a civil service career system, a detailed set of procedures to manage human resources have not been implemented. For instance, the procedures for promotion according to seniority and performance are non-existent.
- 1.20 The further advance of civil service reform is a prerequisite for implementing government priorities. Failure to modernize HR management to ensure efficiency in delivering public services, would constrain what can be achieved through public sector reforms that lead to greater benefits of the poor.

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<sup>5</sup> 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.

## 1. Recruitment

- 1.21 Recruitment is not centralized as stipulated by the Law and according to the OPM; current procedures are partially respected by ministries. This situation has encouraged the fragmentation and diversification of HR management modes between ministries and within ministerial units. In general, ministries are recruiting on a mix of professional qualifications (diploma) and personal qualities and networks, but seldom by open competitive procedures. Beyond the issue of clientelism, to bring new professionals to public institutions, hurried appointments have been the norm.
- 1.22 Except for the case of the MEF, that is currently preparing a new generation of accountants, there is no program in the public sector to assess competencies needs to determine new hires. With respect to scarce training, the drop-off rate for courses is high. Career progress and annual performance appraisal and promotion are not operational. There is also a shortage of officials working at the conceptual level in proportion to support personnel (roughly 65 percent).
- 1.23 The Haitian civil service has experienced a severe brain drain, with technical staff going to international organizations, NGOs, or the North American continent, mostly due to low pay levels. In other countries, UNDP had set up specific programs (TOKTEN)<sup>6</sup> to attract members of the Diaspora. TOKTEN is a global UNDP mechanism for tapping and mobilizing qualified expatriate professionals from developing countries return to their countries of origin, as consultants, for short period of time, to share their accumulated skills and experience and to perform tasks that might otherwise be performed by international consultants. The UNDP, in partnership with governments, civil society organizations, and donors, is currently implementing the program in 35 countries. Its concentrate fundamentally on wilt experience public service delivery, budgeting, financial management, procurement, audit, project management on shorts term contracts of up to 2 years duration.
- 1.24 However, according to international experience, the main problem of attracting Haitians from the Diaspora to become involved in local dynamics is the gap between education and the level of experience needed and the salary level. Without a competitive system of financial incentives, it is more likely that professionals living abroad would be contracted by an NGO rather than the public sector to return to the country.

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<sup>6</sup> The TOKTEN is regarded as an added dimension of technical cooperation, which contributes to reducing the adverse effects of the "brain-drain", with several advantages. Recipient institutions benefit from the expertise contributed by TOKTEN consultants at low cost to them, consultants derive satisfaction by contributing to the development of their countries, and countries benefit not only from the experience and knowledge gained but also because each TOKTEN assignment counters the effects of brain drain. This programme is also unique since it permits a transfer of expertise and an exchange of know-how and experience in the language of the country of origin. The Sixth International TOKTEN Conference held in Beijing (May 2000) highlighted that TOKTEN is a unique and valuable concept, and a powerful expression of volunteerism among expatriate nationals under the UN umbrella. In particular, information technology has created greater opportunities for TOKTEN.

## 2. Salaries

- 1.25 Before 1996, public sector remuneration was 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 dollars per month, today they earn less than 900 dollars,<sup>7</sup> despite the 30 percent salary increase granted in 2004, and a 15 percent increase in 2006<sup>8</sup> (not to mention the salary gap between higher and lower categories).
- 1.26 Few specialists remain in the public sector and salaries paid to local staff recruited by NGOs and international organizations have distorted the labor market, and reduced the pool of potential civil servants. This issue makes it more difficult for the government to recruit and keep qualified and effective staff. The impact of this phenomenon is difficult to assess. The sharp increase in international cooperation in Haiti did not take into consideration the risk of weakening the civil service in the short-term, which compromises the results of institutional strengthening programs. When international donors pay higher salaries in order to improve the execution capacity of their programs, the result is a short-term solution with broader long-term consequences.
- 1.27 Research undertaken in 2004 by the ICF showed that non-public service pay was higher than public service remuneration except for support personnel who are systematically disadvantaged (see Table 1.1). At that time, a Technical Director was making more than twice in a NGO than as a public sector employee, and there are cases in which NGO technical directors earn the same or more than a Minister.

**TABLE 1.1**  
**COMPARATIVE REMUNERATION**

Job	Remuneration		
	Civil Service (after adjustment)	NGO*	Minimum International Organizations*
Technical Director	1,170	3,000	+4,000
Senior Professional	426	2,000	1,773 et 2,656
Junior Professional	359	1,000	1,451 et 2,090
Assistant to Director	385	571	574 et 882
Driver	74	285	337 et 503

Exchange rate: 1.0 USD = 35 gourdes (August 9, 2004)

(\*) basic salary -without including benefits.

<sup>7</sup> Exchange rate in 1986 was roughly US\$ 1.0 = 5 Haitian Gourdes (HG); in 2006 the rate is roughly 38.5 HG.

<sup>8</sup> 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.

- 1.28 As non merit-based appointments prevailed in the past, it was natural that a salary bracket based on diploma (*barème de salaire*) was dominant rather than one based on career development (vertical and horizontal salary grid-*grille de salaire*). So far, the salary bracket level is set annually by the MEF. However, very little information is available about actual pay determination methods with respect to efficiency, equity, as well as intra-agency differences in salary structure. What is known is that the MEF runs a centralized payroll system based on a unique-identifier number (*feuille rosé*) to minimize fraudulent or mistaken payments. Besides, it is also known that the MEF has higher payroll thresholds than the rest of the public sector.
- 1.29 As remunerations represent a large part of total expenditures, the public sector expenditure levels do not ensure successive improvements in salaries. Any increase in funding availability would face a trade-off between wages and the financing needed to channel investment toward other sectors.
- 1.30 In 1997, the Preval-Camdessus initiative granted Haiti financial support to pay higher salaries than the national average in the public sector. In 2004, based on the same premises, the OAS granted Haiti US\$1.0 million to recruit 20 highly qualified professionals to work in the field.

### **3. Training**

- 1.31 There is at present no clearly defined training policy at the national level. There are civil servants with no diploma at all. Despite the existence of Human Resource Departments in each ministry, no person is responsible for a needs assessment in the training area.
- 1.32 Higher learning institutions with different objectives have developed some training programs in the area of public policy management. University programs exist mostly at the sector level (education, health, agriculture). The Haitian public service organizes training sessions for its staff and employees and has established a few key institutions and centers to meet this need: the Center for Public Service Training and Development (*Centre de Formation et de Perfectionnement des Agents de la Fonction Publique*, CEFOPAFOP), and the Center for Techniques of Planning and Applied Economics (*Centre de Techniques de Planification et d'Économie Appliquée*, CTPEA) and the Central Bank Training Institute (*Institut de Formation de la Banque Centrale*). CEFOPAFOP has been in existence since 1985, but is currently not operational. Its purpose is to execute State policy related to the technical training and education of administrative staff with courses tailored to the needs of participants. CTPEA functions under the Ministry of Planning and External Cooperation (MPCE) and aims at training staff in the areas of statistical analysis, economic planning and applied economics. Initially, priority was given to public service officials and staff, particularly those in national planning system, but enrollment is accessible to all those who pass the requisite entrance examinations.

- 1.33 Demand for in-situe training for civil servants is low, given insecurity, distance, power failures, interruption of network communications, and transport and infrastructure limitations within the capital city. Unfortunately, insufficient funding to establish, develop or adapt training courses for public servants has been pledged by international donors. Funding shortages have meant little opportunity for in-situe training and have limited the possibilities for promotion according to performance through formal civil service career development.

#### **4. Service Delivery**

- 1.34 Public services in Haiti are weak, substandard or nonexistent. According to the overall findings of the ICF, the principal indicators in Education, Health, Water and Sanitation show that access to basic public services is highly limited and their quality is extremely low. Across the public sector, ministries delivering public services have massive capacity challenges from undertaking the functions required by them in the budgeting process, to managing procurement policies and systems, and human resource oversight.
- 1.35 Up until now, the public sector lacks systems to track whether budgetary resources are used efficiently, according to established priorities and in a transparent fashion. Mismanagement in service ministries, expressed in terms of inefficient allocation of resources, inefficient human resource management, and leakage of funds to other purposes, add to the problems that undermine service delivery capabilities.
- 1.36 In general, the ICF called for a package of interventions across the public sector. Improving efficiency and effectiveness of public services is implicit in the sector work undertaken by all donors, but no special program has ever been prepared to explicitly address the structural issues that undermine service delivery. With adequate counterpart staff, and by relying on the operational capacity of the private sector and civil society, the key is having the GoH prioritize, sequence and undertake oversight actions in a wise fashion. This will only be done if the current level of information gathered is sufficiently reliable and complete to link budgetary allowances and human resource stock to quantity and quality of output.
- 1.37 Whether some of the service ministries are deemed to be technically ready for a comprehensive reengineering is dubious. Therefore, it makes sense to design a pilot plan to rationalize (basic re-engineering of processes to improve service delivery), evaluate skill requirements and availability, and introduces a program for professionalisation. The successful implementation of pilot plans will help to provide the GoH with the space and the rationale for proceeding with future public sector reforms better able to deliver policies that lead to poverty reduction.

#### **C. The country's sector strategy**

- 1.38 It is worth noting that the recently elected Government adopted the ICF as its short-term country strategy. The ICF includes actions for: (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.

- 1.39 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, the 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 reducing other restrictions to growth through actions to improve education levels, develop adequate infrastructure, and improve human capital, all necessary conditions for restoring growth in Haiti.
- 1.40 The GoH's main priorities to enhance institutional capacity are: (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 the public administration, (vi) establishing an information system, and (vii) setting up the overall basis for civil service modernization.
- 1.41 In June of 2005, the government approved a decree that revised the General Status of Human Resources<sup>9</sup>. This decree established the Office of Management and Human Resources (OMHR) and the Superior Council for Administration and Human Resources. The former is under the authority of the latter. The Council is formed by the Primer Minister, the Minister of Finance and several other cabinet members and is the policy decision-making body for the OMHR.

#### **D. The Bank's sector strategy**

- 1.42 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 resources, as well as promoting actions that contribute to improving the transparency and efficiency of the public sector to deliver services.
- 1.43 The Bank has had a leadership role in economic governance in Haiti, having supported actions in the sector through prior programs in the country. Amongst Bank financed projects that complement this program is the Institutional Sector Facility (1632/SF-HA), approved in June 2005, that has actions in 5 Line Ministries (Public Works, Education, Health, Justice and Agriculture) to: (i)

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<sup>9</sup> Le Moniteur; year 160; special No. 7; July 22, 2005.

strengthen the institutional capacity of by creating, in the short and medium term, the minimum conditions required for good economic governance; (ii) support the implementation of the needed institutional framework in order to create efficient and well-functioning management of public procurement processes; and (iii) enhance the capacity for budget formulation, presentation, and execution, linking the budget to the expenditure and procurement plans. It is also supporting the GoH to improve the capacity of the AGD to increase customs collection; and DGI to increase tax mobilization and collection. This program will help the five Ministries under consideration to align the budget allocation with sector's strategic priorities.

- 1.44 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 provides a legal framework for future actions in economic governance. Also, the Program assisted the government in limiting the number of current accounts to one per ministry and defining the criteria for use on an 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.
- 1.45 The Fiscal Reform and Governance Program (1644/SF-HA) is focusing on actions to strengthen: (i) public procurement, in particular the establishment of the normative framework needed for the procurement offices at the sector level; (ii) the budget process, by supporting the establishment of public accountants in the sectors, and the reduction of discretionary spending; and (iii) financial controls, particularly anti-corruption measures, and the establishment of the normative framework for internal control.
- 1.46 The proposed operation is being prepared in parallel to the Strengthening Public Resource Management (HA-L1017), and supports the implementation of the human resources policy conditions included in the Policy Based Loan (PBL). Both operations provide support and incentives to the GoH efforts to improve the efficiency, effectiveness and transparency of public resources management.
- 1.47 The proposed operation will finance activities in human resource management modernization in the following Ministries: Planning and External Cooperation, Public Works, Education, Health, and Agriculture (the "Selected Ministries"). The sector ministries were selected because of their level of expenditures, their importance in public service delivery, and their role as executing agencies for projects financed by the donor community. The Ministry of Planning is included because of its critical role in strategic planning, the definition of macro levels results indicators and management of the Public Investment Program. Therefore, modernization of the Ministry of Planning is required so it can attract the necessarily technical staff to fulfill its mechanism and to establish the basis for sector level improvements, which lacks the necessary technical personnel to fulfill its mission, key to having greater impact at the sector level.

## E. Coordination with other Donors

- 1.48 The largest international donors' technical teams initiated substantial sector analysis for the ICF, which resulted in a high level of cooperation and coordination in the preparation of their individual operations. The key aspect of the proposed operation is to improve the feasibility and sustainability of the reforms supported by the Bank, by working together with 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 CIDA. The Bank's team has had coordination meetings with these international organizations to agree a package of complementary activities focuses on economic governance.
- 1.49 The proposed operation complements the World Bank financed EGTA I and II, which finance a central registry to identify who is working for the Government, in which agency and posted, under which statute. These operations finance activities to establish quantitative and qualitative database for future reforms, better financial controls and fiscal management, and to established transparent wage information; an action plan for meeting human resource needs, and the upgrading of the CEFOPAFOP, with basic technology (computers and audiovisual). This school is expected to be in operation in 2007. This program will complement the WB activities (See Table 1.2).
- 1.50 In addition, as part of the IMF PRGF-supported program, the GoH is preparing a preliminary civil service registry based on the preliminary payroll census created 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. The Table 1.2 *Major related projects financed by the IDB and/or other agencies* indicate the relation of the proposed program and other Bank and donors supported programs.
- 1.51 As well, the World Bank and USAID have projects in the Education, Public Works (transport), community development, Health and Justice sectors. All these programs have institutional strengthening components. The design of the proposed project has foreseen the need to coordinate actions in these sectors, share information, harmonize activities and ensure that there is no overlapping of financing the same activities to attain a goal.

**TABLE 1.2**  
**MAJOR RELATED PROJECTS FINANCED BY THE IDB AND/OR OTHER AGENCIES**

<b>Project</b>	<b>Main Objectives</b>	<b>Links to HA-L1018</b>
<b>Strengthening Public Resource Management</b> <b>HA-L1017</b> <b>(currently under preparation)</b>	The Program will contribute to improving the efficiency, effectiveness and transparency of public sector human resource Management, thereby providing a strong fiscal basis for sustained growth. The loan will improve policies in six areas, human resource management included.	The proposed project will support the establishing the organizational structure of the OMPR and of the Supreme Council of the Public Administration and the approval of the Human Resource Management Strategy and action plan.



<b>Project</b>	<b>Main Objectives</b>	<b>Links to HA-L1018</b>
<b>Institutional Strengthening and Development Facility 1632/SF-HA (June 2005)</b>	This operation supports: (i) Institutional reforms in order to create an efficient and well-functioning public procurement management in key institutions of the Executive Branch; (ii) enhancing the capacity for budget formulation, presentation, and analysis of expenditure and policy options, thereby, linking the budget to the expenditure and procurement plans, as well as improving liaison and coordination between the Ministry of Finance and other institutions.	The proposed project will continue strengthening the same key ministries' capacity beyond budget formulation and procurement plans to set up a minimal effective governance structure built upon improving the management of human resources, and the capacity of staff. It will also strengthen the capacity of the line ministries by allocating skilled personnel for policy formulation and project implementation
<i>(a) Other Development Agencies</i>		
<b>Economic Governance Technical Assistance Grant EGTAG 1 (2005) and EGTAG 2 (2006) The World Bank</b>	Create human resource agency and program, strengthen legal framework, and provide training. EGTAG 1: Work on normative and legal framework; limited support to training institutes. EGTAG 2: Develop human resource unit, basic management tools, and capacity to implement a career system based on merit; and monitoring of service delivery. Is is also financing a civil servants census	The proposed project will complement the effort to set up the OMRH, utilize the civil servant census and expand the HR system at the ministry level, and provide funding to improve efficiency and effectiveness in the delivery of public services. It also will finance the design and implementation of a compensation program
<b>UNDP</b>	Long-term consultants in the fields related to public sector reform	Local consultants may turn into coordinators attached to OMRH through a competitive procedure.
<i>(b) Planned projects</i>		
<b>Education For All - Low-Income Country Adaptable Programmatic Credit (LICAPC) The World Bank</b>	Contribute to the achievement of "Education For All" in a sustainable manner, while improving quality of education services and governance of the education sector, to promote short-term poverty relief and longer-term human capital development.	The proposed operation will coordinate on the strengthening of the human resource unit at the Ministry of Education, benefit from experience in public-private partnership, contribute to harmonization of practices, and ensure that areas where other donors will work have sufficient counterpart staff.
<b>CIDA</b>	Support Public Administration Training school	The proposed operation's results may become key to expand support to training institutes. By sharing information, the proposed project will contribute to ensure that areas where other donors will work have sufficient counterpart staff.

## II. THE PROGRAM

### A. Objectives and description

- 2.1 The objective of the proposed program is to support the GoH's efforts to: (i) develop and implement a sound HR regulatory framework and corresponding management tools to rationalize and organize the civil service in selected ministries, within the framework of the modernization of the civil service and (ii) improve service delivery and the capacity of selected ministries for policy-making and project implementation.
- 2.2 To produce a coherent administrative environment in which the public sector modernization can evolve, the following three interrelated components will be financed:
- 2.3 **Component I: Human Resource Management (US\$1,830,000):** This component will seek improvements to the information collected on human resources and the implementation of human resource management tools in order to help the GoH have more effective control over the public service pay conditions and training. This component includes the following sub-components:
- 2.4 **Subcomponent A: Data collection and computerization of payrolls, and payroll assessment:** This sub-component is designed to remedy deficiencies of existing payroll data, both in quality and quantity, and to help computerize the manual payrolls that exist today at Selected Ministries. It will finance technical assistance and equipment to implement the following main activities: (i) undertake an assessment of the payroll system at Selected Ministries using as a framework the civil service registry under preparation with WB resources; (ii) complete data entry and unify existing electronic databases into one unified database to be managed by the OMRH; (iii) develop an organizational model for human resource units at the ministry level and equipment for such units at the Selected Ministries; and (iv) installation of equipment (network, hardware and software) for payroll system at Selected Ministries and training for its management and maintenance. The implementation of these activities will result in immediate budgetary savings, by detecting ghost workers and mismatches of actual versus authorized positions and other employment categories, such as temporary employees.
- 2.5 **Subcomponent B: Creation of human resource management tools:** This sub-component is designed to support the development and implementation of tools for human resource management, and will finance the following: (i) incremented staff of the OMRH, supported by short-term professionals contracted to provide policy advice, assist in inter-institutional co-ordination, strategic planning, design of basic tools, and perform supervision of the medium-term improvement and training action plans and basic equipment, (ii) the revision of existing practices, procedures, and staffing, with special reference to information quantity and quality; (iii) devise unified procedures for sound HR management at central

government with respect to personnel selection criteria, career development, specific competencies for each professional group, seniority, and job evaluation criteria; and (iv) draft proposed regulations for the civil service remuneration system.. 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 reform. In particular, this system will be used as the source for accurate personnel information, payroll, and compensation program, and will support efforts to link individual performance to pay and job retention, as well as place existing employees where they are most needed.

- 2.6 Subcomponent C: **Further Development of Training Capacity:** This sub-component will support the strengthening of technical competencies linked to career development, so that civil servants have the capacity to develop, implement and monitor public policies and services. To this end, the component will finance the hiring of technical assistance to implement the following activities: (i) prepare a training and certification model adapted to public sector needs of the Central Administration, including an audit of training curricula and materials and an academic equivalence for on-the-job training, so as to ensure that performance related to public service delivery will be improved; and (ii) an inventory of civil servants education levels, last training received and skill levels in key ministries.
- 2.7 **Component II: Improve Public Sector efficiency and effectiveness for service delivery (US\$1,820,000):** This component will provide assistance for the reengineering of processes and structures in order to improve selected ministries organizational/institutional productivity and increase responsiveness to citizen needs and demands.
- 2.8 For each Selected Ministry (see paragraph 1.47), this component will finance technical assistance to prepare organizational assessments 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; and (ii) identification of areas for improvement, including an assessment of: a) specific laws, regulations 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 relations, g) assessment of physical resources such as operational equipment, communication facilities, and other technology equipment, and i) management of information systems. Based on (i) and (ii), the component will finance technical assistance to review and reassign current positions, provide basic equipment, define vacancies and assess pension fund and future obligations.
- 2.9 Each Selected Ministry will also receive technical assistance to draft medium-term improvement plans, benchmarks and indicators related to public services to be rendered, and an implementation calendar. Selected Ministries will propose and negotiate with the OPM and the MEF a “special” package of incentives to finance, with the resources of component III, the remuneration of critical

positions for the implementation of the plan and achievement of performance targets.

- 2.10 **Component III: Public Service Compensation Program (US\$5,130,000):** This component is essential to achieve the Program development objective as it seeks to reduce the adverse effects of the brain-drain phenomena and uncompetitive compensation program on the quality of public services provided by Selected Ministries. This component will finance a public service compensation program aimed at attracting highly qualified Haitian candidates either from the public sector or other professionals based locally or living abroad to perform policy design and implementation tasks (category A and/or B under the Civil Servant Statute).
- 2.11 These activities will provide an opportunity for highly skilled expatriate professionals to return to the country to assist on policy issues and technical matters key to the implementation of top priority projects in the Selected Ministries. The aim to convert these professionals into a core group of public servants able to improve the government's capacity to establish policies with clear development impact.
- 2.12 Based on the assessment of Human Resources needed to implement the medium-term improvement plan and achieve the targets agreed upon between each of the Selected Ministries, and MEF and OPM (2.9), this component will finance technical assistance to prepare a compensation program that will be determined by a basic salary for each position to be filled, bonuses based on function specific performance criteria, and a social assistance package. The compensation structure will take into account Haitian private sector.
- 2.13 The OMRH will draft particular statutes and regulations under the Civil Servant Statute, for approval by the Prime Minister as provide in such Statute, setting forth the terms and conditions of the compensation program. Technical assistance may be financed to assist in the drafting of such particular statutes and regulations, which shall include, among others, the modalities and procedures for competitive external or internal hiring, requirements and classification of employment, compensation, other benefits and allowances as well as vesting conditions to encourage public servants to remain in the civil service, performance evaluation criteria, and conditions for promotion. The OMRH will also be responsible of preparing, in collaboration with the Selected Ministries, job descriptions to conduct the competitive external or internal hiring.
- 2.14 This component will implement the agreed compensation program. To attain sustainability, the compensation of civil servants hired or benefit from supplements granted under this component shall increasingly be financed with budget resources allocated to the selected ministries, as detailed in the Operating Manual. In this context, this component will pioneer the foundation for the development in the medium-term of a comprehensive public sector compensation model.

**B. Cost and financing**

2.15 Table 2.1 presents a preliminary distribution of the estimated costs to implement the proposed operation.

**TABLE 2.1**  
**COST AND FINANCING**

<b>Component and Budget Category</b>	<b>BID</b>	<b>Local</b>	<b>Total</b>
<b>1. Component I: Human Resource Management</b>	<b>1,830,000</b>		<b>1,830,000</b>
Consultants	1,170,000		1,170,000
Goods (hardware, software, vehicles)	410,000		410,000
Services	200,000		200,000
Training	50,000		50,000
<b>2. Component II: Improve Public Sector efficiency and effectiveness for service delivery</b>	<b>1,820,000</b>		<b>1,820,000</b>
Consultants	1,570,000		1,570,000
Goods (hardware, software)	250,000		250,000
<b>3. Component III: Public Service Technical Compensation Program (Categories A and B)</b>	<b>5,130,000</b>		<b>5,130,000</b>
Compensation (salaries, supplements and other benefits)	5,130,000		5,130,000
<b>4. Administration and Coordination Unit</b>	<b>400,000</b>		<b>400,000</b>
<b>5. Monitoring and evaluation</b>	<b>60,000</b>		<b>60,000</b>
<b>6. Financial Audits</b>	<b>100,000</b>		<b>100,000</b>
<b>7. Financial Costs</b>	<b>300,000</b>	<b>100,000</b>	<b>400,000</b>
7.1 Interests	200,000		
7.2 Credit Commission		100,000	
7.3 FIV	100,000		
<b>8. Contingencies</b>	<b>360,000</b>		<b>360,000</b>
<b>Total</b>	<b>10,000,000</b>	<b>100,000</b>	<b>10,100,000</b>

### III. PROGRAM EXECUTION

#### A. The borrower and executing agency

- 3.1 The Borrower will be the Republic of Haiti. The Executing Agency (EA) will be the Ministry of Economy and Finance (MEF) under the technical supervision of the OPM, with the participation of the Selected Ministries. The MEF will act through the existing IDB-WB's Project Coordination Unit (PCU) for economic governance.

#### B. Execution and administration of the Program

- 3.2 The architecture for implementing an integrated public sector human resource management program involves the expertise and contribution of different public entities and inter-governmental linkages. For this reason, the *Conseil Supérieur de l'Administration et de la Fonction Publique*, created by means of the Decree of Organization of the State Central Administration will be in charge of the overall strategic guidance and general coordination of the Project. This Council is composed of the Prime Minister, who presides it, and the Ministers of Economy and Finance, Interior and Territorial Entities, Education, Health, Agriculture, Justice and Gender Issues. To ensure participation of all Selected Ministries, the Minister of Public Works, Transport and Communication, and the Minister of Planning and External Cooperation will be invited to the Council meetings when the activities of the Program are part of its agenda. **As a condition prior to first disbursement, the Prime Minister shall adopt an Arrêté setting forth the operating rules for the *Conseil Supérieur de l'Administration et de la Fonction Publique*.**
- 3.3 The MEF's PCU established for 1632/SF-HA and the WB program, will be in charge of the administration of Project resources, financial management, filing of project documents, correspondence and communication with the OPM and the Bank, and based on technical inputs provided by the OPM, through the OMRH, of the acquisition of goods and services and hiring of consultancy services. The Coordinator of the PCU will be assisted by a deputy coordinator for this Project. The PCU staff also includes an Administrative/Financial Specialist and a Procurement Specialist and may be reinforced with other support staff on as needed basis. **As condition prior to first disbursement, the Borrower shall select and hire: (i) the deputy coordinator for the PCU; and (ii) the coordinator of the OMRH' staff (see paragraph 2.5).**
- 3.4 The OPM will be the decision-making body for the Project, but in view of the impact the Project will have on public expenditure, the MEF, as the institution in charge of public finances will participate in all decisions regarding the structure of compensation program to be financed under component III. The OPM will act through the OMRH that will have one coordinator and up to three deputy coordinators, all financed with resources of component I.

- 3.5 The OMRH will also be responsible of day-to-day inter-agency communication and coordination with selected ministries, through the HR offices of the selected ministries.
- 3.6 Prior to the start of the program activities, the Bank will organize a start-up workshop to refresh the PCU knowledge in project management and procurement issues and review the first Annual Implementation Plan (AIP) that the Executing Agencies shall present to the Bank as part of the initial report referred in Article 4.01(d) of the General Conditions of the Loan Agreement. Thereafter the Executing Agency shall present AIPs to the Bank two-months prior to the beginning of each calendar year. All AIPs shall be presented by the PCU. The OMRH will prepare the AIP that shall contain the following: (i) the annual goals in terms of outcomes and outputs, taking into account the progress and evaluability of Log frame PPMR indicators; (ii) detailed chronogram of activities and analysis of the critical path to achieve those activities; (iii) specification of activities for compliance of contractual conditions; and (iv) budget and chronogram for disbursement. The AIP will be analyzed jointly by the Bank, OMRH and the PCU through annual supervision meetings immediately after its presentation and presented by the PCU to the Bank for its non-objection.
- 3.7 The Project Operating Manual will include specific dispositions with regard to responsibilities and roles of all entities involved in the execution and to the implementation of Project activities. **The approval of the Project Operating Manual previously agreed upon with the Bank, by MEF and OPM shall be a condition prior to first disbursement. The OM is under preparation and will be ready before project approval. The Bank has already reviewed a draft of the OM.**<sup>10</sup>
- 3.8 The execution of the third component will depend on the execution of the activities financed under components one and two. Specifically, the Project resources to finance the compensation program may only be disbursed after an Arrêté satisfactory to the Bank has been adopted by the Prime Minister setting forth: (i) the procedures of competitive hiring for civil servants that will be hired or will benefit from the Project; and (ii) their compensation and other conditions of employment (2.13 and 3.12). In addition selected ministries shall only be eligible to benefit from resources allocated to Component III the organizational assessment of such Ministry its special package of incentives have been agreed with OPM and MEF and the Bank has given its non objection (2.9).
- 3.9 **Accounting:** The PCU will prepare the project's financial and accounting records. The PCU will open a separate and specific bank account for managing the Bank's contribution. The PCU will be responsible for keeping adequate accounting records and for preparing and submitting disbursement requests to the Bank and the corresponding justification of expenses.
- 3.10 **Auditing:** Financial statements, audited by a firm of independent public accountants acceptable to the Bank, will be presented during the program

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<sup>10</sup> The Bank is financing the consultancy for the preparation of the OM.

execution period. Each year, the audit firm will prepare two reports, which shall be submitted by the Borrower to the Bank as follows: the first, a semi-annual financial and operational audit report, within 60 days of the end of the first semester of each calendar year, and the second, an annual financial and operational audit report, within 120 days of the end of each calendar year. A final audited financial report will be submitted within 120 days after the date of the last disbursement for the project. The cost of the external audits has been included in the cost of the program and will be financed with Bank resources. Audit works will be performed under the terms of reference previously approved by the Bank (Document AF-400).

- 3.11 **Procurement of good sand consulting services:** The procurement of goods and the selection and contracting of consultants will be governed by Bank's Policies for the Procurement of Goods and Works and for the Selection and Contracting of Consultants, as respectively set forth in Documents GN-2349-7 and GN-2350-7. Additional procedures will be applied in order to complement those included in the Decree regulating public procurement in Haiti. These procedures will be described in detail in a special procurement Annex of the Loan Contract. The Program, will not finance works.
- 3.12 The selection of staff for the Selected Ministries will be conducted pursuant to procedures of competitive hiring for civil servants prepared by the OMRH and adopted by arreté of the Prime Minister **with the prior non objection of the Bank. The issuance of this arreté shall be a condition prior to the use of resources to finance compensation program under Component III.**
- 3.13 A procurement plan was prepared by the Executing Agency and sent to the Bank for its non-objection. This Plan covers the initial 18 months of Project execution and will be updated on an annual basis, in accordance with the relevant provisions of the Bank's Procurement Policies (see Annex III).

#### C. Execution period and disbursement schedule

- 3.14 Project resources will be disbursed over a five-year period. A revolving fund of up to 5% of the amount of the financing will be established and managed in a special project bank account. The estimated schedule of disbursements is presented in Table 3.1 below.

**TABLE 3.1**  
**ESTIMATED SCHEDULE OF DISBURSEMENTS**

Estimated schedule of disbursements						
Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>IDB</b>	15%	25%	30%	15%	15%	100%
<b>In millions</b>	1.5	2.5	3.0	1.5	1.5	10

- 3.15 Once the Borrower has complied with the general conditions for first disbursement set forth in article 4.01(a), (b) and (e), the Bank may disburse up to



US\$150,000 to finance Project activities related to the compliance with special conditions prior to first disbursement and the initial AIP.

**D. Monitoring and evaluation**

- 3.16 **Monitoring:** To ensure GoH ownership, the proposed operation supports government priorities and also includes benchmarks to facilitate monitoring of activities' implementation and to ensure timely execution, and coordination with other donors. Monitoring and evaluation of project implementation will focus on the achievement of expected results. The overall project monitoring and results framework is presented in Annex I, and includes indicators agreed with the government for supervision purposes.
- 3.17 The OMRH and PCU will prepare semi-annual progress reports that will include information on expected results in the format previously agreed with the Bank. This report will be presented 60 days after each calendar semester. The Bank may conduct supervision missions to evaluate achievement of results and to agree with the implementing agencies on necessary adjustments.
- 3.18 **Mid-term review and final evaluation.** Two independent evaluations will be carried out with project resources one mid-term and a final evaluation. In order to carry out the evaluations, the PCU will hire a consultant during the first year of the project execution, who will 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 OMRH will be responsible for collecting the relevant data during the execution of the program.
- 3.19 The mid-term evaluation will take place 24 months after the loan agreement is in effect or after 50% of the resources have been disbursed, whichever occurs first. 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 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. The evaluation reports will also be an important input for the Project Completion Report (PCR).

#### **IV. VIABILITY AND RISKS**

##### **A. Institutional viability**

- 4.1 The Ministry of Economy and Finance is the executing agency for this Program under the technical orientation and supervision of the OPM. The MEF has shown capacity to undertake reforms, and has been responsible in the most adverse circumstances for the execution of reforms operations supported by the IDB, World Bank and USAID. The MEF therefore has acquired the type of experience that will be important in ensuring coordinated actions on civil service reform.
- 4.2 In addition, the ministries selected: Public Works, Education, Health, and Agriculture are the ones that provide most of the basic public goods, they account for a large percentage of total government expenditures (around 70%), and have a central role as executing agencies for projects financed by the donors community. Beside, these ministries have the greater capacity to formulate medium term objectives and quantifiable indicators as reported by donors institutional assessments. It is also important to note that the project is not an isolated intervention, but as part of a set of incremental actions financed by the Bank and other donors is integrated into activities already under way. Consequently, the project's clear insertion into an ongoing process contributes to its institutional viability.

##### **B. Socioeconomic viability**

- 4.3 The current economic and socio-political conditions in Haiti require intensive support from international organizations in order to maintain an enabling context for project execution. At present, improved macroeconomic stability and extensive donor commitment is widening the fiscal space required to undertake public sector reform. This project will contribute to build the country's institutional capacity to undertake prioritized actions and assure the viable implementation and long-term sustainability of government and donor-supported projects and programs. In particular, institutional capacity will be built with specific attention to strengthen human resources and to counteract the ongoing brain drain that undermines the functioning of the civil service.
- 4.4 This project contributes to reducing the adverse effects of the "brain-drain", with several advantages: Recipient institutions benefit from the expertise contributed by the compensation program at low cost to them, members of the Diaspora derive satisfaction by contributing to the development of their country, and Haiti benefits not only from the experience and knowledge gained but also because each assignment counters the effects of brain drain. This project is also unique since it permits a transfer of expertise and an exchange of know-how and experience in the language of the country of origin.

- 4.5 Experiences in other countries have demonstrated several advantages of this approach, for example (i) The cultural and linguistic affinities and knowledge of context and constraints in their home country are valuable assets in identifying the special needs of the country; (ii) These type of program has proved to be an effective means for mobilizing the skills of female and male experts living abroad, for services back at home; thus, provides an added dimension of technical cooperation that contributes to reverse the problem of brain drain; (iii) Cost effectiveness. Transfer of knowledge occurs at a much lower cost (often with savings of 50-75%) because average salary costs around US\$4,000 per month, roughly one-third as much as would be spent on an international expert; 4) the people selected are usually talented professional highly motivated by a desire to give something back to their country, and these programs have proved to be an effective mechanism of resource mobilization for the financing not only of the public sector but also the private sector and civil society organizations.
- 4.6 In addition, the viability of investments in human resources will contribute to the attainment of goals and priorities at sector level as expressed in the strategies in the health, education, infrastructure and agriculture sectors, and will accompany the elaboration of a long-term civil service development strategy.

#### **C. Financial viability**

- 4.7 In order to build and maintain a core group a of highly trained professionals in the civil service, the GoH needs external donor assistance. Based on the project's outcomes and outputs, the Bank will be in position to promote a dialogue and coordination of a formal multilateral initiative on a comprehensive public sector compensation program. Such an approach contrasts with that exclusively linked to donor projects, and would permit attention to issues such as capacity building for public policy formulation and implementation, which is key area contributing to the success of all programs in Haiti.
- 4.8 It is expected that this operation will ensure that public-sector resources are used more effectively, efficiently, and transparently. The consequence of these improvements would be improved rates of return on public investments and donor projects that rely on the capacity in the executing agencies for their performance. A similar program in other countries has shown that the cost of the proposed reforms are outweighed by the economic gains accruing from their successful implementation.
- 4.9 Moreover, the implementation of component I and II will result in immediate budgetary savings, by detecting ghost workers and mismatches of actual versus authorized positions and other employment categories, such as temporary employees. This will allow that professionals hired through the new compensation program to be paid through the Ministries' public servant payroll at the end of the program. This better qualified human resource base will improve the government's capacity to establish policies with clear development impact.

**D. Social equity and poverty classification (PTI/SEQ)**

- 4.10 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.

**E. Environmental impact**

- 4.11 Due to the nature of this project, no negative environmental impacts are expected.

**F. Benefit and Beneficiaries**

- 4.12 The benefits of the proposed Project will be considerable and will accrue mostly in institutional changes that will:
- a. give the country an effective and efficient body of public officials comprising top graduates recruited in a competitive manner.
  - b. provide support for the implementation of the Civil Service Statute, and introduce a competition-based promotion strategy, an up-to-date training policy, a reformed salary structure, a career development policy based on objective criteria they provide employment and stability, and a wide dissemination of the roles and responsibilities of civil servants to the mutual benefit civil servants and the citizens wide population, alike.
  - c. develop a public sector human resource management system that will provide improved functional performance and increased efficiency based on a strengthened relationship between inputs and levels of outputs.
  - d. improve public service delivery that will upgrade critical social conditions, and,
  - e. further advance a strategy for public sector reform within a coherent policy design, decision-making, coordinated planning and implementation within a fiscal framework.
- 4.13 It is too early to assess the potential quantifiable outcomes, estimate rates of return, and predict the impact of capacity building activities. Consequently project monitoring will need to incorporate activities that will permit calculation as execution progresses of the exact number of direct and indirect beneficiaries.
- 4.14 The Bank sees 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 public service modernization. Moreover, given limited financial parameters, achieving a cost effective staff management system is indispensable. The identification of key positions will be part of this effort. In addition, the Bank's program includes financing of those activities that will reinforce the creation and introduction of incentive schemes

and allow for extensive training programs in order to move towards a career system.

**G. Risks:**

4.15 The following table presents the identified risks and mitigation measures.

**TABLE 4.1**  
**RISKS**

	<b>Risks</b>	<b>Risk rating with mitigation</b>	<b>Detailed risk mitigation measure</b>
To project goal and purpose	Slow implementation due to weak institutional capacity in any or all components	Moderate	To ensure coordination around HR activities, the task team leader, other Bank staff, and key consultants will implemented a program of missions and audio/video-conferences to support implementation. Government-donor coordination 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 Programs	Substantial	Comprehensive training and technical assistance in effective project implementation, and use of standard project designs and ToR will be provided. Support will be targeted to the MEF and OPM, coordinating project implementation.
	Possibility of emigration of public servants trained under the program.	High	Specific incentives 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 area part of component II.

**HAITI**  
**SUPPORT FOR PUBLIC SECTOR HUMAN RESOURCE MANAGEMENT**  
**(HA-L1018)**

**LOGICAL FRAMEWORK**

Logical Framework

Because of the emphasis on institutional change, results indicators will focus on processes. They will measure the extent of adoption of new practices and structures in the following areas, as a necessary starting point to produce improvements in the civil service:

- Implementation of office, staff, and key processes defined by the new Civil Service Law,
- Advances in the creation of a system to manage human resources, compliance with normative framework, and development of improved regulations,
- Advances in development of a model to attract and retain highly skilled local professionals and/or technical people from diasporas to ensure better policy formulation and implementation programs, and,
- Advances in the development of basic systems for tracking public service delivery.

Narrative summary	Project Indicators	Means of verification	Assumptions
<b>GOAL</b>			
Increase the efficiency and transparency of public administration in Haiti, by modernizing the internal organization of key ministries and enhancing its human resources administration.	<b>Two years after project completion :</b>  Basic public service delivery is improved in quantity and quality in key ministries. Human Resource management system fully operational and the selection of civil servants is done based on a transparent selection process	PRSP reviews Reports from OMHR	Political and macroeconomic stability are maintained. Substantial consensus for PSR among stakeholders Public servants gain stability in their jobs after changes in political leadership.

Narrative summary	Project Indicators	Means of verification	Assumptions
<b>PURPOSE</b>			
Support the GoH's efforts to: (i) develop and implement a sound HR regulatory framework and corresponding management tools to rationalize and organize the civil service in selected ministries, in order to prepare the groundwork for a broad civil service modernization, and (ii) improve service delivery and the capacity of selected ministries for policy-making and project implementation.	<p><b>After 24 months of project execution:</b></p> <ul style="list-style-type: none"> <li>- HR management system designed</li> </ul> <p><b>At the end of the project:</b> HR management system implemented and fully operational in participating ministries Developed and put in place a computerized civil service Human Resource (HR) database</p> <ul style="list-style-type: none"> <li>- A reorganization of participating ministries to improve delivery of basic public service implemented.</li> <li>- At least 20% of technical staff have received training in the the existing Government training schools</li> <li>- At least 25 executive and professional and technical staff have benefited from the compoensatioon program through a trasparent selection process for the 5 participating Ministries</li> </ul>	<p>Annual evaluation reports by external consultants</p> <p>PCR</p> <p>PPMR</p> <p>Progress reports by MEF and the Prime Minister's Office</p> <p>Baseline records from the beginning of the program.</p>	Substantial interest from stakeholders for PSR.

Narrative summary	Project Indicators	Means of verification	Assumptions
<b>COMPONENTS</b>			
<p><b>I. Human Resource Management:</b> This component will seek improvements to the information collected on human resources and the implementation of human resource management tools in order to help the GoH have more effective control over the public service pay conditions and training. This component includes the following sub-components:</p> <p>I. <b>Data collection, computerization of payrolls, and payroll assessment.</b></p> <p>II. <b>Development and implementation of human resource management tools.</b></p> <p>III. <b>Further development of training capacity.</b></p>	<p><b>24 months after first disbursement:</b></p> <ul style="list-style-type: none"> <li>- Data collection on payroll, database listing personnel of a minimum of 2 ministries; payroll system drafted.</li> <li>- OMRH operational, and working plan drafted.</li> <li>- HRM Procedures drafted for 2 or 3 selected ministries; procedures tested in 2 or 3 selected ministries.</li> <li>- Needs assessment in a minimum of 2 of the selected ministries and their plans drafted.</li> </ul> <p><b>By the end of the program:</b> Database tracking all personnel. Payrolls computerized and networked fully operational in participating ministries. OMRH Plan on human resource management, including a proposal for a durable incentives system for all civil servants fully implemented. HR new procedures implemented in participating ministries. All new appointment are made through a competitive process.</p>	<p>Evaluation reports by External Consultants. PCR PPMR</p>	<p>Substantial interest from stakeholders for PSR.</p>



Narrative summary	Project Indicators	Means of verification	Assumptions
	At least 3 Training programs for technical personnel implemented for the selected ministries.		
<b>II. Improve Public Sector efficiency and effectiveness for service delivery:</b> provide assistance for the reengineering of processes and structures to improve organizational/institutional productivity and greater responsiveness to citizen needs and demands in selected ministries.	<b>24 months after disbursement:</b> <ul style="list-style-type: none"> <li>- Data collection, and at least 1 program assessed in 1 or more ministries.</li> </ul> <b>By the end of the program:</b> <ul style="list-style-type: none"> <li>- Participating ministries fully reorganized to provide better public services and plan operations based on results indicators.</li> </ul>	PCR Reorganization chart  Evaluation report	There is substantial interest in The selected ministries to improve public services delivery
<b>III. Public Service Technical Compensation Program:</b> finance a public service compensation program aimed at attracting highly qualified Haitian candidates either from the public sector or other professionals based locally or living abroad to perform policy design and implementation tasks (category A and/or B under the Civil Servant Statute).	<b>24 months after the first disbursement:</b> <ul style="list-style-type: none"> <li>- Preparation of compensation model, and 10 highly skilled professionals recruited.</li> <li>- Data collection and durable incentive pilot plan drafted.</li> </ul> <b>By the end of the program:</b> <ul style="list-style-type: none"> <li>- At least 25 professionals recruited are included into the operating budget of ministries.</li> <li>- Pilot plan for a system of incentives implemented in the selected Ministries.</li> </ul>	Evaluation reports by external Consultants. PCR PPMR Progress reports by Ministries.  Incentives system completed.	There is consensus for the implementation of the program There are high quality professionals interested in being recruited into the public sector.

Component 1 Indicators by Activity Human Resource Management			
Subcomponent A Data collection, computerization of manual payrolls, and payroll assessment			
1.1 Local and international technical assistance to assess ministries' pay roll systems, action plan included for improvement	Consultants' reports, including action plans		
1.2 Technical assistance to develop an organizational model for human resource units at the ministry level	Consultant's report, proposed model, and action plan included		
1.3 Installation of networking of payroll system into 5 participating ministries (software, hardware, web site), training on maintenance included)	Systematization of procedures, and registries networked in operation		
1.4 Training on network management	Number/hours of training courses		
1.5 Equipment (hardware, software) for human resource units in 5 participating ministries	Systematization of basic procedures		
Subcomponent B Development and implement human resource management tools			
1.1 Equipment (hardware, software) for the OMRH	Equipment in operation, maintenance plan, and working timetable		
1.2 Car vehicles (2) for the OMRH	Maintenance plan, including working timetable		
1.3 Staffing of the OMRH	Appointments made through competitive procedures (advertised and with criteria defined)		
1.4 International and local consultant to review existing procedures and develop new procedures for HR management and implementation plan.	Consultant report and new procedures		

<b>Subcomponent C Further Development of Training Capacity</b>			
1.1 Technical assistance to develop a training and certification model for civil servants according to best international practices	Consultant's report, proposed model, and action plan included		
1.2 Training needs assessment at ministry level and both short and medium-term action plans	Consultants reports including inventory of skills in place and action plan		
1.3 Study tours (3 trips, two people)	Back-to-Office Report drafted and submitted to the Prime Minister		
<b>Component II Improve Public Sector efficiency and effectiveness for service delivery</b>			
2.1 International technical assistance to assess organization operation and cost of public service delivery, action plan developed.	Consultant's report, reorganization and system proposed, and action plan		
2.2 International technical assistance to implement the action plan	Consultant report		
2.3 International technical assistance to assess existing HR practices and procedures at the ministry level	Consultant report		
2.4 International technical assistance to draft guidelines and procedures and implement new HR procedures based in best international practices	Consultant report		
2.5. International technical assistance to develop a sustainable incentive model for public sector	Consultant's report, proposed model under three scenarios (low, medium and high), and action plan included		
2.6 Local and international technical assistance for human resource management: - Identification of competencies of professional groups - Job classification - Specific regulations for professional groups in five Ministries	Consultants reports, including Inventory, job classification and regulations proposed		
2.7 International and local assess pension fund and future obligation for the 5 ministries	Consultant report		

<b>Component III</b> <b>Public Service Compensation Program</b>			
3.1 International technical assistance to develop a sustainable model of compensation to attract local professionals and living abroad.	Consultant's report, proposed model under three scenarios (low, medium and high), and action plan included		
3.2 Payment de compensation (25-30 personnes, cinq ans)	Implementation of model		

Target Values and Monitoring							
Project Indicators	Baseline 2006	YR1	YR2	YR3	YR4	YR5	Responsibility for Data Collection
Number of public employees listed in selected HR units' records.	0	Data collection	Database listing personnel of 2 or 3 ministries; payroll system developed	Database listing personnel of the other selected ministries. Payroll computerized	Database tracking all personnel. Payrolls networked	Database tracking all personnel. Payrolls computerized and networked fully operational in participating ministries	MEF/OMRH/selected ministries
Creation of the OMRH and its implementation plan drafted in compliance with the new Law.	0	OMRH operational  HR strategy drafted	Working plan drafted	Plan approval	Plan operational	Plan progress report on human resource management approved	OMRH
General procedures for human resources management in compliance with normative framework	0	HRM Procedures drafted	Procedures tested in 2 or 3 selected ministries	Procedures tested in the other selected ministries that includes changes after the first test	Procedures under implementation in all selected ministries	Procedures fully implemented in participating ministries	OMRH/Selected ministries

Target Values and Monitoring							
Project Indicators	Baseline 2006	YR1	YR2	YR3	YR4	YR5	Responsibility for Data Collection
Number of new appointments made through competitive procedures (with criteria defined and advertised).	0	Data collection	5% increase	10% increase	10% increase	All appointments in participating ministries are made through competitive procedures	OMRH/Selected ministries
Organizational assessment of five selected ministries prepared and implementation plans drafted.	0	Organizational assessment in 3 selected ministries prepared	Organizational assessment in the other 2 selected ministries prepared  Implementation Plans drafted for 5 ministries	Plans approved and under implementation for 5 ministries.	Incentive packages for 5 ministries negotiated	Packages fully implemented in participating ministries	OMRH/Selected ministries

Target Values and Monitoring							
Project Indicators	Baseline 2006	YR1	YR2	YR3	YR4	YR5	Responsibility for Data Collection
Number of new recruitments of qualified people from diasporas and based locally.	0	Preparation of compensation model	10 civil servants recruited using new compensation model	15 civil servants recruited	10 civil servants recruited are included into the operating budget of ministries	At least 25 civil servants recruited are included into the operating budget of ministries	OMRH
Sustainable incentives system for all civil servants.	0	Data collection	Pilot plan drafted	Pilot plan approval	Pilot plan tested	Pilot plan progress report, and approval of durable incentives system approved	MEF/OMRH

Target Values and Monitoring							
Project Indicators	Baseline 2006	YR1	YR2	YR3	YR4	YR5	Responsibility for Data Collection
Ministry programs with capacity to track quantity and quality of public services.	0	Data collection	1 or 2 programs assessed in 1 or 2 more ministries	Monitoring System for tracking effectiveness and efficiency for service delivery defined	Tracking system tested	Participating ministries are reorganized to provide better public services, and are evaluated based on indicators previously selected and tested.	MEF/OMRH/Selected ministries



DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/06

Haiti. Loan \_\_\_/SF-HA to the Republic of Haiti  
Support for Public Sector Human Resource Management

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Haiti, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a program to support the public sector human resource management. Such financing will be for the amount of up to US\$10,000,000 or its equivalent in other currencies, except that of Haiti, which is part of the Bank's Fund for Special Operations, and will be subject to the Financial Terms and Conditions and the Special Contractual Clauses of the Project Summary of the Project Report.

(Adopted on \_\_ \_\_\_\_\_ 2006)

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