



Project Completion Report

PCR

Project Name: Strengthening of Economic Governance Institutions

Country: Republic of Haiti

Sector/Subsector: Reform Modernization of the State-Modernization

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Project and Loan Numbers : HA0082; 1632/SF-HA then converted to 2386/GR-HA as per LEG/SGO/HA-35308807-10

QRR Date : 18 of June 2013

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Acronyms and Abbreviations

<i>CSC/CA</i>	<i>General Accounting Office</i>
<i>IDB</i>	<i>Inter-American Development Bank</i>
<i>WB</i>	<i>World Bank</i>
<i>ICF</i>	<i>Interim Cooperation Framework</i>
<i>CNMP</i>	<i>Procurement Regulatory Agency (Commission Nationale des Marchés Publics)</i>
<i>DGB</i>	<i>Budget Directorate (Direction Générale du Budget)</i>
<i>IGF</i>	<i>Financial Inspectorate (Inspection Générale des Finances)</i>
<i>MARNDR</i>	<i>Ministry of Agriculture, Natural Resources and Rural Development (Ministère de l'Agriculture des Ressources Naturelles et du Développement Rural)</i>
<i>MEF</i>	<i>Ministry of Economy and Finance (Ministère de l'Economie et des Finances)</i>
<i>MJSP</i>	<i>Ministry of Justice and Public Safety (Ministère de la Justice et de la Sécurité Publique)</i>
<i>SYSDEP</i>	<i>Automated Public Expenditure System</i>
<i>ULCC</i>	<i>Anti-corruption Bureau (Unité de Lutte contre la Corruption)</i>
<i>PCU</i>	<i>Project Coordination Unit</i>



DEV

DEVELOPMENT EFFECTIVENESS
AND STRATEGIC PLANNING DEPARTMENT

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N/A

I. BASIC INFORMATION

BASIC DATA (AMOUNTS IN US\$)

PROJECT NO: HA0082	TITLE : Strengthening of Economic Governance Institutions
Borrower: Republic of Haiti Executing Agency (EA): Ministry of Economy and Finance (MEF)	Date of Board Approval: 21 June 2005 Date of Signature: 28 July 2005
LOANS: 1632/SF-HA converted to 2386/GR-HA Sector : Reform Modernization of the State-Modernization	Date of Loan Contract Effectiveness: 28 July 2005
Lending Instrument: Investment Loan – Specific Project	Months in Execution: * from Approval: 97 months * from Signature: 97 months
	Disbursement Periods Original Date of Final Disbursement: 28 January 2010 Current Date of Final Disbursement: 31 March 2012 Cumulative Extension (Months): 26 Special Extensions (Months):: 0
	Loan Amount(s) * Original Amount: US\$5,000,000.00 * Current Amount: US\$5,000,000.00 * Pari-Passu : US\$45,000 Fonds redistribution: NO. - [] N/A
	Amount in \$US:
	Redirectioning Has this Project? Received funds from another Project [] Sent funds to another Project [] N/A [X]
Poverty Targeted Investment (PTI): No Social Equity (SEQ): No	
Environmental Classification: C	Disbursement * Amount to date: US\$5,000,000.00
	Total Project Cost (Original Estimate): US\$5,000,000.00
	On Alert Status Is project currently designated "on alert" by PAIS: No If yes then why is the project on alert (DO , IP Ratings and/or relevant PAIS indicators): N/A Comments on relevance of "on alert" status for this project (if applicable): N/A

Summary Performance Classifications				
Development Objective	<input type="checkbox"/> Highly Probable (HP)	<input type="checkbox"/> Probable (P)	<input checked="" type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)
Implementation Progress	<input type="checkbox"/> Highly Satisfactory (HS)	<input checked="" type="checkbox"/> Satisfactory (S)	<input type="checkbox"/> Unsatisfactory (US)	<input type="checkbox"/> Very Unsatisfactory (VU)
Sustainability	<input type="checkbox"/> Highly Probable (HP)	<input type="checkbox"/> Probable (P)	<input checked="" type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)



II. The Project

a. Project Context

The project for strengthening economic governance was developed based on the Haitian Government objective: *"enable the central administration to have a better control of public expenditure while improving the public procurement procedures and the possibility to increase state expenditure"*. This priority is clearly stated in the strategic document of the Interim Cooperation Framework (ICF), which was a reference document for the preparation of the initial project.

It is in this context, and in order to strengthen the institutional capacity of the Ministry of Economy and Finance (MEF) executing agency of the Republic of Haiti, that the Bank approved in July 2005 the Program for Strengthening Economic Governance Institutions (1632/SF-HA; 2386/GR-HA). In addition to the MEF, the following institutions also benefited from the project: (i) five Ministries including Public Works, Transport and Communication, Public Health and Population, Agriculture Natural Resources and Rural Development (MARNDR), National Education of Youth and Sports, Justice and Public Safety (MSJ); and (ii) Public Institutions such as the Customs Service (AGD) and the Internal Revenue Agency (DGI).

b. Project Description

i. Development Objective(s)

The Program for Strengthening Economic Governance Institutions (thereafter the "Program") was designed to facilitate the creation of effective conditions for economic governance in the short and medium term including the: i) implementation of the institutional framework for effective and adequate resource management, public procurement procedures at the five benefiting ministries and agencies; ii) strengthening of the capacity of the MEF to present, prepare and execute the budget of the Republic and also determine the relationship between the budget and expense reports; iii) increased and improved collection of customs duties through the AGD; and iv) improved organization of tax collection through the DGI.

ii. Components

C1: Government procurement (US\$1,200,000). This component aimed to strengthen procurement management in the five key ministries with the purpose of improving the economy and efficiency in the use of funds and the execution of programs and projects in those sectors. It included technical assistance, training and equipment to enhance the procurement structure, organization, and processes of each participating ministry.

C2: Financial management and control (US\$1,720,000). This component provided support to the MEF and the benefiting institutions so they could develop the capacity to produce and execute budgets and to control expenditure. Thus, the aim was to reduce the irregular use of resources within these institutions, while improving coordination with the MEF, and provide guidance for results definition and budget preparation.

C3: Strengthening of the AGD (US\$677,000). This component aimed to increase customs collections. It focused on the implementation of a new legal and regulatory framework, as well

as new procedures for the organization of customs. These two products were to be complemented by a staff training program and high-performance computer equipment.

C 4: Strengthening of the DGI (US\$715,350). This component was designed to enable the country to increase tax collection by identifying the distortions within the institution and taking the appropriate corrective measures to remedy the identified weaknesses both at the legal and regulatory framework level, as well as within the current structure of the tax administration, the information system, and human and material resources.

c. Review of the Quality of Design

The operation would have benefited from the inclusion of the Ministry of Planning and External Cooperation, so as to ensure that linkages between the investment planning and budget formulation were considered.

Review of Quality at Entry			
<input type="checkbox"/> Highly Satisfactory (HS) - 1	<input checked="" type="checkbox"/> Satisfactory (S) - 2	<input type="checkbox"/> Less than Satisfactory (LS) - 3	<input type="checkbox"/> Unsatisfactory (U) - 4

III. Results

a. Program Level Outcomes

ACHIEVEMENT OF DEVELOPMENT OBJECTIVE(S) (DO)			
Development Objective/s (Objective) Spending is more efficient and internal revenue collection is more effective.		Main Indicators of Direct Effects	
1. <u>Budget correlated with the National Development Strategy's activities. Indicator: Certified budget reflects development strategy activities.</u> Classification: LP			
Expected outcome Baseline Intermediary Project End 1.1B n/a (2006) 1.1I 2(2010) 1.1E 2 (2011)		1.1	Obtained Outcome Project End 1 (2011)
2. <u>Performance of the DGI. Indicator: DGI revenue statistics increased in tax revenues</u> Classification: P			
Expected Outcome Baseline Intermediary Project End 2.1B_ n/a(2006) 2.1I n/a (2010) 2.1E 46% (2011)		2.1	Obtained Outcome Project End 46% (2011)
3. <u>Government spending categories based on revenue sources, institutions and disbursement types.</u> Classification: LP			
Expected Outcome Baseline Intermediary Project End 2.1B_ 30%(2006) 2.1I 10% (2010) 2.1E 100% (2011)		2.1	Obtained Outcome Project End 50% (2011)
Reformulation [x] N/A			
Readjustment of the Project Performance Monitoring Reports (PPMR). Specify if and when this operation's PPMR has been readjusted and briefly explain any changes that have resulted from this exercise. [x] N/A			

Development Objective(s)(DO) Classification Summary:			
<input type="checkbox"/> Highly Probable (HP)	<input type="checkbox"/> Probable (P)	<input checked="" type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)
Briefly justify the classification of the DO(s), based on the degree to which the expected targets have been reached; explain the differences between the achieved and expected targets and highlight any important factors. Please include the references to the data that support these results.			
Low implementation progress, due to procurement problems and beneficiaries' own capacity, has negatively impacted targets' completion. The earthquake of January 12, 2010 had a negative impact on the achievement and sustainability of the Program's objectives and, in the medium term, disrupted the implementation of basic structures for adequate governance, as it caused the collapse of buildings, the databases and the technical capabilities, and the loss of staff, particularly at the DGII. .			
Country-Strategy. Considering the results described above, briefly specify how the project has contributed to the Bank's country-strategy for this country.			
The 1632/SF-HA program is a direct response to the concern expressed within the interim cooperation framework (ICF) and is consistent with the Inter-American Development Bank's (IDB) cooperation strategy regarding the request for prompt development assistance in Haiti for 2005-2006 (GN-2212-6). The following Program's intended actions highlight the relevance of this project within the framework of the IDB-GovH strategy: i) the identification of the targeted institutions linked specifically to public procurement problems, the budgetary process, financial control, transparency in administration and state revenue collection; ii) the drafting of project implementation support instruments with a common IDB- and GovH strategy; iii) the implementation of the project entrusted to an entity created within the MEF via "Project Coordination Unit (PCU)"; and (iv) the criteria related to the implementation of activities and the operational details prepared and validated by the PCU technical team. The project was consistent with the Bank's 2011-2015 Haiti Country Strategy (GN-2646) as it supported institutional strengthening activities within lines ministries and agencies.			

b. External Effects

In accordance with the external effects highlighted in italics, the following points can be stated:

- Macroeconomic context. *"The macroeconomic situation is stable and in this context, growth is accompanied by a fiscal balance, a low rate of inflation and an increase in net reserves."* By 2010, the Haitian economy had gradually evolved since the reforms instituted through the ICF. The study of the results recorded since 2005 when compared to basic data shows an improvement of foreign exchange reserves, a reduction in the rate of inflation as well as the budget deficit and a response to growth.
- Public Procurement. *"A public procurement commission is created in each ministry and a website is published containing all information relevant to the tender process, the award of contracts and purchases of goods and services."* In this regard, in February 2009 Parliament passed the Public Procurement Act. This is an important step even though there is still much to be done: The regulatory framework must be completed, and the procedure manual must be revised and distributed in order to improve the effectiveness and efficiency of the intervention of different agents in this area. A net improvement in award time can be noted compared to the situation before 2005.
- Budgetary Process. *"The law on the budget and public accounting is used in the ministries and public institutions and the prepared budgets include all available resources (national and international); the budget implementation rate is 100/100 and the use of current accounts has been reduced to a minimum of 10 %. The automated public expenditure System (SYSDEP) has been improved and extended to the General Accounting Office (CSC/CA) and to*

the Anti-corruption Bureau (ULCC). The investment program is in line with the budget and all sources of funding for investments have been planned and identified." The budgetary process is considered among the most important results of the project. Currently, well-trained public accountants are placed in all the institutions benefiting from national budget resources. The now computerized budget is available to the Ministries, the CSC/CA and the ULCC. This resulted in a significant real time reduction of Ministry requests and a better control of implementation and of their respective budgets. As of now, only one current account is used per Ministry.

- Financial Control and Transparency. *"The regulatory and administrative framework needs to ensure that the Financial Inspectorate (IGF) functions properly. A Financial Inspector group is operational within the Institution. An annual plan of action, a new legal framework against corruption as well as a public official asset declaration monitoring system have been prepared, approved and put into force by the ULCC."* The IGF was created in May 2006 to review, check and monitor all issues related to the budgetary and financial discipline of the national public administration including in local communities.
- Revenue Collection. *"Improving revenue collection by tax administrations (the DGI), and the AGD through the promulgation of laws, production of regulations, reorganization of administrative work and training the institutions' personnel."* The new tax administration management methods implemented through the project have facilitated the reform measures. Indeed, the trend is marked by strong growth since 2005.

c. Outputs/Outcomes

PROJECT EXECUTION PROGRESS (PE)	
Components (Outputs/Outcomes)	Main Indicators of Outputs/Outcomes
1. Title of Component 1: Government Procurement Total Cost of Component 1: US\$ 1,607,922.94 Counterpart: IDB: US\$ 1,607,922.94 Disbursement by the IDB: 100 % Classification: U	
<u>Expected Outputs/Outcomes</u> <u>Baseline* Annual/Intermediary Project End</u> 1.1 The Ministries' Procurement Units personnel are trained. 1.1 B____ (date) 1.1I____ date 1.1E 250 (2012) 1.2 Creation of procurement units within the benefiting ministries. 1.2 B____ (date) 1.2I____ date 1.2E 5 (2012) 1.3 Training of Procurement Units' officials. 1.3 B____ (date) 1.3I____ date 1.3E 75 (2012)	<u>Achieved Outputs/Outcomes</u> 1.1 The Ministries' Procurement Units personnel were trained: 150 (2012) 1.2 Creation of procurement units within the benefiting ministries: 5 (2012) 1.3 Training of Procurement Units' officials: 80 (2012)
Briefly explain the differences between the expected products/outputs and those that have been achieved (if applicable). The results of the activities were greatly impacted by damages, resulting from the earthquake of January 12, 2010, to both the physical structures and the human resources of the beneficiary institutions. The interruption of the service contract with the firm responsible for providing technical assistance to the recipient ministries and the lack of training for the MARCO software package have prevented the implementation of the activities of this component.	

Restructuring. Specify if this component has been restructured (date of approval by a Manager). Briefly describe the consequences ensuing from these changes. <input checked="" type="checkbox"/> N/A	
2. Component 2: <u>Financial Management and Control</u> Total Cost of Component 2: US\$ 1,198,590.51 Counterpart: 0 IDB: US\$ 1,198,590.51 IDB Disbursement: 100 % Classification: S	
<u>Expected Outputs</u> <u>Baseline* Annual/Intermediary Project End</u> 2.1 Implementation of the automated public expenditure system 2.1B 0 (2006) 2.1I ____ date 2.1E 1 (2012) 2.2 Creation and operation of the IGF 2.2B 0 (2006) 2.2I ____ date 2.2E 1 (2012)	<u>Achieved Outputs</u> 2.1 Implementation of the automated public expenditure system: 1 (2012) 2.2 Creation and operation of the IGF: 1 (2012)
Please briefly explain the differences between the expected and achieved outputs. The results for this component are satisfactory. The operational capacity of the MEF was enhanced; the IGF was created and is operational; the implementation of the SYSDEP enabled the benefiting Ministries to produce financial reports and to receive substantial assistance in the preparation of the budget, except in the case of the Ministry of Justice and Public Safety (MJSP) where the earthquake stopped the progress of planned activities.	
Restructuring. Specify if this project component has been restructured (date of approval by a Manager). Briefly describe the consequences ensuing from these changes. <input checked="" type="checkbox"/> N/A	
3. Component 3: <u>Strengthening of the AGD</u> Total Cost of Component 3: US\$ 805,673.30 Counterpart: 0 IDB: US\$ 805,673.30 IDB Disbursement: 100 % Classification: S	
<u>Expected Outputs</u> <u>Baseline* Annual/Intermediary Project End</u> 2.1 Increase in customs revenue 2.1B 20% (2006) 2.1I ____ date 2.1E 30% (2012) 2.2 Drafting of a new procedure manual 2.2B 0 (2006) 2.2I ____ date 2.2E 1 (2012) 2.3 Interconnection of all customs locations 2.3B 0 (2006) 2.3I ____ date 2.3E 8 (2012)	<u>Achieved Outputs</u> 2.1 Increase in customs revenue: 70% (2009) up to the earthquake of January 12, 2010 2.2 Drafting of a new procedure manual: 1 (2012) 2.3 Interconnection of all customs locations: 8 (2012)
Please briefly explain the differences between the expected and achieved outputs. The AGD's customs revenue capacity has improved substantially as a result of project operations. The available statistics clearly reflect this improvement: customs revenue from 2000 to 2010 has grown seven fold, (1,770 million gourdes in 2000 vs. 13,600 million gourdes in 2010 and , revenues tripled in the 2010 fiscal year). NB: As a result of the earthquake of 2010, the Administration has lost approximately 50% of the computer hardware and all the electrical equipment installed at the headquarters, as well as furniture and office equipment.	
Restructuring. Specify if this project component has been restructured (date of approval by a Manager). Briefly describe the consequences ensuing from these changes. <input checked="" type="checkbox"/> N/A	
4. Title of Component 4: <u>Strengthening the DGI</u> Total Cost of Component 1: US\$ 700,348.78 Counterpart: 0 IDB: US\$ 700,348.78 Disbursement by the IDB: 100 % Classification: U	

Expected Outputs	Achieved Outputs
<u>Baseline* Annual/Intermediary Project End</u> 4.1 Revenue increase 4.1 B____ (date) 4.1I____ date 4.1E 35% (2012) 4.2 Drafting of the tax code 4.2 B____ (date) 4.2I____ date 4.2E 1 (2012) 4.3. Training for DGII personnel 4.3 B____ (date) 4.3I____ date 4.3E 650 (2012) 4.4. Equipment for local services 4.3 B____ (date) 4.3I____ date 4.3E 7 (2012)	4.1 Revenue increase: 120% (2009) up to the earthquake of January 12, 2010 4.2 Drafting of the tax code: 1 (2012) 4.3 Training for DGII personnel: 650 (2012) 4.4 Equipment for local services: 7 (2012)
Briefly explain the differences between the expected and achieved outputs (if applicable). The impact of the disaster of the January 12, 2010 on this component is significant. The collapse of the central headquarters has put an end to all the profits that could have arisen from the use of a central registry, and the Administration has lost several members of its administrative and technical personnel. The recent infrastructure installed in the entire metropolitan area that was left undamaged, allowed activity to resume on February 1, 2010 after the earthquake. Tax revenue in 2010 doubled compared to the base year 2004-2005 (24.336 million gourdes vs. 11.980 million gourdes). In spite of the circumstances, the DGI experienced a marked improvement in its ability to collect revenue and in its administrative management.	
Restructuring. Specify if this component has been restructured (date of approval by a Manager). Briefly describe the consequences ensuing from these changes. <input checked="" type="checkbox"/> N/A	
Project Execution Classification Summary (
<input type="checkbox"/> Highly Satisfactory (HS) <input checked="" type="checkbox"/> Satisfactory (S) <input type="checkbox"/> Unsatisfactory (U) <input type="checkbox"/> Very Unsatisfactory (VU)	

d. Project Costs

Components	Total Cost of the Project Planned (US\$000)	Total Cost of the Project Current (US\$000)	% Difference
1.- Government Procurement	1.200	1.608	34%
2.- Financial Management and Control	1.720	1.199	-30%
3.- Strengthening of the AGD	677	806	19%
4.- Strengthening of the DGI	715	700	-2%
5.- Total administrative and monitoring costs	534	575	8%
5.1 Project coordination unit	330	369	
5.2 Reorganizing of space	64	38	
5.3 External audit	50	105	
5.4 Interim and Final Evaluation	90	63	
6. Contingencies	154	108	-30%
Total	5.000	4.996¹	0%
Briefly explain the differences. The total cost of the program and its components has been fixed at US\$5 million. After readjustments performed during implementation, small changes have been made. The program as of December 31, 2011 had absorbed \$4,995,347.86. Aside from the Public Procurement component that has increased from 24% to 32.16% of the overall amount, the others have not changed much. This new distribution is fairly similar to the original resource allocation established during the development of the program in the initial report. Due to the earthquake, an allocation of resources, coupled with an extension to the disbursement date, was undertaken to respond to the unexpected products losses; the post-earthquake estimates recorded losses at 0.92% of the overall funding.			

¹ The US\$4 difference between planned and actual costs is due to rounding up and exchange rate fluctuations.

IV. Project Execution

a. Analysis of Critical Factors

In general terms, project execution was satisfactory. All the instruments necessary for the implementation of the project were outlined in the "Initial Report" and are linked to operational headings set forth in the "Operations Manual". The responsibilities related to implementation were clearly defined and the documents for the start of operation were all made available, including: rules of procedures manual; acquisition of goods and services; consultant recruitment procedures; the disbursement system; PPMR indicators; and the estimated implementation schedule.

However, the preparation of the "Operational Plan", whose objective was to supervise the progress of activities, allowing modifications, if/when necessary, in the order of priorities and ensuring compliance with implementation deadlines through **a genuine operations dashboard**, demonstrated a poor alignment to the project implementation strategy. The Plan did not taken into account the significant variations to the basic parameters, such as the procurement times, the reliability of the different stakeholders, and the disruption of the global implementation framework, among others.

In addition, the **safeguarding policies** concerning the risks and undesirable social and environmental consequences that may arise from the execution of projects and intended to prevent the potentially harmful effects of projects on the environment and the populations must also be taken into account.

The project implementation period lasted seventy-seven months, instead of the fifty-four month term initially set in the loan contract. First, the last disbursement date was extended from January 28, 2010 to December 31, 2011, primarily due to delays accumulated during the execution of the different project components. Second, the extension to March 31, 2012 can be, in part, attributed to the earthquake. The loan balance as of December 31, 2009 (pre-earthquake) was approximately US\$2M. This would suggest a remaining implementation of around 40% of the loan amount between 2010 and 2012. Of the US\$2M, approximately US\$637,000 and US\$526,000 financed spending of AGD and DGI respectively. At the technical level, these delays were due to the establishment of new procurement procedures and methods by the PCU and to the time it took the different agents to master these new procedures and especially the time it took the local suppliers to adapt to the new rules. At the organizational level, the following particular points explain the gap between recorded effects and the effects achieved: i) the project started more than one year late which resulted in accumulated execution delays. It was only after the first disbursement in the amount of US\$ 200,000.00 on March 7, 2006 that PCU deployment and structuring activities actually began, although it had been created in October 2005. These delays have had an impact on the implementation schedule and the first major expenditures of the project took place in 2007; and ii) the PCU experienced difficulties in coordinating the Program activities with the various beneficiaries, at first, because there was no project officer; and later, because of a lack of decisive action on the part of the beneficiary ministry officials in order to ensure that their appointed Liaison Agents effectively participate in the project activities. In fact, apart from the MPTC and the MARNDR

Liaison Agents who had a genuine participation at the start-up of project activities, participation of other Liaison Agents was minimal.

b. Performance of the Borrower/Executing Agency

The Haitian Government in agreement with the Bank, established the execution of the project at the MEF, which is responsible for Economic Governance. An independent management body –the PCU – was created with the following mandates: i) coordination with the involved ministries and institutions; ii) day-to-day supervision of the activities; iii) preparation and monitoring of the call to tender for the purchasing of goods and services; iv) financial and administrative management; v) control of the award of contracts; vi) drafting of biannual progress reports; and vii) liaising with the IDB regarding disbursement instruments in accordance with the contractual provisions.

While the PCU fulfilled its fiduciary responsibilities, it could not motivate the effective participation of the beneficiary ministries' Liaison Agents. Exception to the general case, the MARNDR and the MPTC proved rather effective and very active. The difficulties encountered resulted in an overall execution delay of 30 months characterized; among these can be listed: i) administrative delays in the establishment of the operational structures; and ii) specific procedures for reformulation and coordination such as the hiring at the AGD and the DGI of temporary consultants in order to overcome noted inertia and to organize the planned activities. In spite of the accumulated delays, the PCU has been able to satisfactorily pursue the targets set and has generally fulfilled its role satisfactorily.

CLASSIFICATION OF THE PERFORMANCE OF THE BORROWER/EXECUTING AGENCY

<input type="checkbox"/> Highly Satisfactory (HS)	<input checked="" type="checkbox"/> Satisfactory (S)	<input type="checkbox"/> Unsatisfactory (U)	<input type="checkbox"/> Very Unsatisfactory (VU)
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a. Performance of the Bank

The following is the Bank's self-evaluation since the Executing Agency did not provide one.

The performance of the Bank in the execution of the project can be assessed for the duration of the implementation. The supervision method exercised in connection with the purchasing of goods and services, whether hiring consultants, purchasing services or supplies, had an impact on the terms of disbursements after the validation assessment and the requirement for no objections in order to implement the planned activities.

At the start of the project, many calls for tenders were unsuccessful because of the lack of interest and the unpreparedness or even the absence of national companies. A certain weakness of the Bank's provisions with regards to technical assistance was the lack of foresight in assessing the internal capacity of the Haitian Government to respond to these requirements.

IDB's response was to increase supervision efforts and maintain closer collaboration with the PCU to remedy these issues. The direct effect was an increase in disbursements and activities completed.

CLASSIFICATION OF THE BANK'S PERFORMANCE			
<input type="checkbox"/> Highly Satisfactory (HS)	<input checked="" type="checkbox"/> Satisfactory (S)	<input type="checkbox"/> Unsatisfactory (U)	<input type="checkbox"/> Very Unsatisfactory (VU)

V. Sustainability

a. Analysis of Critical Factors

Good economic governance is a sign of a country's economic and social stability and as such, is part of the criteria considered in order to assess the credibility of potential beneficiaries of grants or loans. Based on this premise, it is imperative to question not only the quality and the scope of the results obtained, but also the relevance of the method of implementation as well as the actions implemented for the consolidation, preservation and sustainability of the results and achievements.

In this regard, some of the provisions put in place to achieve the project goal and ensure good governance must be noted, for example: i) administrative strengthening in the different targeted ministries; ii) quantifiable key indicators; iii) training manuals developed for continued strengthening of intervention capacities; iv) establishment and reform of permanent control structures such as the IGF, the Procurement Regulatory Agency (CNMP) governed by laws; v) control and public procurement units at each Ministry; and vi) automated public expenditure system (SYSDEP) among others. Many of these achievements contributed to the sustainability of the results.

However, in order to guarantee long-term performance of the actions undertaken in the four project components, some relevant and necessary actions were more difficult to implement. Among these are: i) the introduction and the participation of the beneficiaries in decision-making throughout the execution of the project, and the incorporation of the public bodies which are a part of the budget cycle, including the Ministry of Planning and External Cooperation; ii) guaranteed and continued good management in spite of the inevitable changes that will occur in the State's executive body; which implies the preservation of a stable and non-partisan Civil Service; iii) protection, maintenance and renewal of the installed physical resources which should benefit good management; y iv) maintenance of the organizational and managerial structure.

b. Potential Risks

It is necessary to identify other factors that are likely to increase certain risks that impeded the sustainability of results. It must be noted that the design of the project implementation did not fully consider the uncertainties related to the fragility of Haiti both in term of political instability, as well as in terms of vulnerability to natural disasters. For example:

- While, this essential foresight would probably not have been able to predict and consider the risks related to the earthquake of January 12, 2010, the obvious lessons lay in the need to better take into account environment risk factors and to integrate them into a contingency plan with mitigation measures adapted to each identified risk level.

- The actual implementation and participation capacity of the various benefiting institutions was not sufficiently taken into account. The implementation of activities experienced significant delays due to the difficulties encountered by many benefiting institutions in the adequate preparation of terms of reference for the activities that were to be carried out. Similarly, the procedures for the implementation of certain service contracts were widely disrupted by the difficulties in mobilizing the Liaison Agents.
- Foresight would have allowed for the development of better adapted tools to deal with a lack of participation and motivation in the institutions by implementing for example, periodic supervision methods whereby the officials from these institutions would be held accountable for the progress and effective participation of these institutions in the execution of activities. This foresight would have allowed the persons in charge of the project to identify in real-time the difficulties encountered and develop solutions to be implemented.
- The mastery of the tools, should lead to an overall and continuous improvement of economic governance and facilitate the implementation of a strategy and a methodology open to continuous adaptations.

c. Institutional Capacity

Progress in the area of institutional capacity sustainability can be noted however in the following aspects, at the date of the evaluation:

- The Budget Directorate (DGB) and the Treasury Directorate are strengthened through the provision of equipment and materials and the establishment of the public debt management system. Budget management and financial control are better monitored thanks to the setup of a new budget implementation framework, as well as the training and deployment of public accountants and financial controllers at institutions that make significant expenditures. The coordination with officials from the various Ministries ensured timely preparation of the finance law for submission to the Parliament. Nonetheless, it should be noted, as per IDB missions undertaken in 2013, that these improvements were not long-lasting. Budget management and financial control monitoring are showing weaknesses, and inter-ministerial coordination (Finance/line ministries as well as Finance/Planning) are constraints to an adequate budget formulation.
- The capacity of the IGF is reinforced with computer equipment and furniture. Thus, there is a gradual shift in the State toward better compliance with rules, as well as the transformation and improvement of efficiency. The IGF implements internal audits and provides the people in charge at Institutions with the necessary technical assistance.
- The capacity of the Internal Revenue Agency (DGI) is reinforced through the training of its employees, the provision of computer equipment and the revision of several tax laws likely to lead to an increase in public revenue. As for the Customs Service (AGD), the timeliness, efficiency and effectiveness of customs clearance operations are strengthened by the establishment and extension of the automated system for customs data to provincial ports and by the satellite interconnection of all customs locations.

- The public expenditure control system has seen a net improvement; the SYSDEP is operational at all the Ministries and at national level. The extension of SYSDEP to the CSC/CA and the ULCC allows better control of the public expenditure chain at the Ministries of the central administration.
- Similarly, a substantial improvement and qualitative progress is obtained through the establishment of public procurement procedures by the passing of the law on June 10, 2009.

Indeed, the institutions involved in the expenditure control system were indeed strengthened, have adequate planning and control tools, and can preserve the achieved results. Nevertheless, in a comprehensive and integrated approach to strengthening institutional capacity, the process for the implementation of the planned actions should have been complemented by an actual availability of expertise and resources within the beneficiary institutions. Good governance is the result of the efforts of all the stakeholders and, in the long-term, each institution should be reinforced by the mobilization of human resources and the acquisition of materials and equipment tailored to the identified needs.

CLASSIFICATION OF SUSTAINABILITY			
<input type="checkbox"/> Highly Probable (HP)	<input type="checkbox"/> Probable (P)	<input checked="" type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)

VI. Monitoring and Evaluation

a. Information regarding the Results

This aspect of the project lacks a prior study based on research that, however rudimentary, would have allowed to better define the project baseline with the specific findings and not with general information that does not reflect in a realistic way the situation of the targeted institutions prior to the project. The interim evaluation of the achievements of the different phases of the project based on the semi-annual reports from the PCU as well as the establishment of project 1632/SF-HA baseline was carried out in May 2008, two years after the start of operations.

b. Future Monitoring & Ex-Post Evaluation

This phase was not considered during the design phase.

VII. Lessons Learned

Project formulation: Projects that focus on building good governance should result from consensus building with the beneficiary institutions and be based on a thorough needs-based analysis and sustainability of the expected results.

Implementation approach: The execution of the Program was not immune to social and environmental contingencies. In order for a project to be successful, safeguard policies,

regarding events should be included to prevent the potentially harmful effects that may result from environmental and social upheavals

Sustainability of intended results: To ensure sustainability of the results obtained, it is necessary to be able to reproduce the objective conditions that have led to the achievement of these results. In other words, parallel to the pursuit of the objectives set, relevant actions must be put in place in order to be able to consolidate the long-term performance of the actions undertaken.

In this respect, the Program evaluation demonstrates the need to avoid very broad actions and to concentrate on more targeted, specific goals. In particular, the following must be guaranteed:

- Continued good management of the institutions involved in spite of the inevitable changes that will occur in the State's executive body. This implies the effective implementation of the means to ensure reliable public institutions and the preservation of a stable Civil Service that is immune to political turmoil.
- Protection, maintenance and renewal of the installed physical resources which should benefit good management. This implies making commitments that are consistent with the available budgets for maintenance and insurance coverage as well as using management methods that are not susceptible to administrative corruption.

Furthermore, participation of a range of Bank specialists should be a necessary condition when project objectives and design include transversal support to sectorial ministries. The design and implementation of the program would have benefited from the inputs of an integrated project team.

Annexes:

1. Minutes of the End-of-Project Workshop
This activity was not carried out.
2. Evaluation of the Project by the Borrower
This activity was not completed.