

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

HAITI

SUPPORT FOR HAITI'S TRANSPORT SECTOR V

(HA-L1098)

GRANT PROPOSAL

This document was prepared by the project team consisting of: Alejandro M. Fros (TSP/CHA), Team Leader; Carlos Mojica (INE/TSP), Alternate Team Leader; Reinaldo Fioravanti, Andrés Pereyra, Elkin Bello, Giovanna Mahfouz (INE/TSP); Olivia Désinor (TSP/CHA); María Elena Castro-Muñoz, Nicolas Kotschoubey, France Francois (VPS/ESG); Romina Kirkagacli, Takady Konate (FMP/CHA); and Louis-François Chrétien (LEG/SGO).

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CONTENT

PROJECT SUMMARY	1
I. DESCRIPTION AND RESULTS MONITORING	2
A. Background, problem addressed and justification	2
B. Objective, components and cost	9
C. Key results indicators.....	10
II. FINANCING STRUCTURE AND MAIN RISKS	11
A. Financing instruments.....	11
B. Environmental and social safeguard risks	11
C. Fiduciary risk	12
D. Other key issues and risks	12
III. IMPLEMENTATION AND MANAGEMENT PLAN.....	14
A. Summary of implementation arrangements.....	14
B. Summary of arrangements for monitoring results.....	16

ANNEXES	
ANNEX I	Development Effectiveness Matrix (DEM) Summary
ANNEX II	Results Framework
ANNEX III	Fiduciary Arrangements

ELECTRONIC LINKS	
REQUIRED	
1.	Pluriannual Execution Plan (PEP)
2.	Monitoring and Evaluation Arrangements
3.	Environmental and Social Management Report (ESMR)
4.	Procurement Plan
OPTIONAL	
1.	Preliminary Engineering Design Route Nationale 1 Camp Coq – Vaudreuil section
2.	Economic Evaluation Sample Project Component 1
3.	Environmental Assessment (EA)
4.	Resettlement Action Plan (RAP)
5.	Regional Integration Considerations
6.	Remedial Environmental and Social Action Plan (RESAP)
7.	Safeguard Screening Form (SCF) and Safeguard Policy Filter Report (SPF)

ABBREVIATIONS

DD	Departmental Directions
EA	Environmental Assessment
ESMR	Environmental and Social Management Report
ESS	Environmental, Social, Health and Safety
GCI-9	Ninth General Capital Increase
GDP	Gross Domestic Product
GoH	Government of Haiti
GRF	Grant Facility
HDM-4	Highway Development and Management
ICB	International Competitive Bidding
IDB	Inter-American Development Bank
MTPTC	Ministry of Public Works, Transport and Communications
MWP	Multiple Works Program
NCB	National Competitive Bidding
NPV	Net Present Value
OEL	Optional Electronic Link
PaP	Port-au-Prince
PAP	Population Affected by the Project
PBG	Policy Based Grants
RAP	Resettlement Action Plan
RESAP	Remedial Environmental and Social Action Plan
REL	Required Electronic Link
RF	Results Framework
RN	<i>Route Nationale</i> /National Route
SBD	Standard Bidding Documents
UCE	Central Execution Unit
WB	The World Bank

PROJECT SUMMARY
HAITI
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(HA-L1098)

Financial Terms and Conditions			
Beneficiary: Republic of Haiti Executing Agency: Ministry of Public Works, Transport and Communications (MTPTC) through the Central Execution Unit (UCE)			
Source	Amount (US\$)	Financing	
IDB Grant Facility (GRF):	65,000,000	Disbursement period:	5 years
Total:	65,000,000	Currency of approval:	US Dollars
Project at a Glance			
Project objective/description: the overall objective of the project is to increase the competitiveness, connectivity, and territory accessibility in Haiti by reducing transportation costs and providing safer transport services, thus promoting the country's regional and international integration. Specific objectives include the rehabilitation of a road segment on <i>Route Nationale 1</i> (RN-1) between Camp Coq and Vaudreuil and multiple works of rehabilitation, improvement and/or maintenance in Haiti's primary and secondary road networks.			
Special contractual conditions prior to first disbursement of the grant proceeds: to Bank's satisfaction: (i) the entry into force of the program Operations Manual, on the terms previously agreed upon with the Bank; (ii) present updated Population Affected by the Project (PAP) information based on consultations with relevant stakeholders and submit a relocation proposal for housing, small businesses and community water centers; (iii) present evidence that the Beneficiary has committed the budget for the resettlement plan implementation to be completed before construction starts of the project sample (RN-1 segment between Camp Coq and Vaudreuil); (iv) present evidence of the existence of a grievance mechanism designed to specifically address resettlement and compensation issues; and (v) present evidence that the UCE has put in place the necessary institutional arrangements to contract a specialized firm to: (a) monitor the implementation of the Resettlement Action Plan (RAP) in the RN-1 segments financed by the Bank (Gonaïves-Ennery, Ennery-Plaisance and Plaisance-Camp Coq); and (b) monitor the implementation of the mitigation measures outlined in the Remedial Environmental and Social Action Plan (RESAP) (OEL#6) for the same segments (§3.4).			
Special contractual conditions prior to the use of resources for execution of Component 1. (i) Prior to the call for bids for works, goods and services of each project, the MTPTC will present, to the Bank's satisfaction, the final engineering designs of the civil works of the project (§2.5); (ii) The bidding documents for the works of each project will include Environmental, Social, Health and Safety (ESS) requirements as set forth in paragraph 6.3 of the Environmental and Social Management Report (ESMR) (REL#3) (§2.5); (iii) Prior to the signature of the contracts for the works of each project, the MTPTC will present to the Bank's satisfaction: a. the MTPTC's environmental and social management plans (§2.3); b. evidence of the entry into force of the service contract for the supervision of the works between the MTPTC and a specialized firm (§2.5); and c. evidence of the MTPTC's implementation of the final RAP approved by the Bank, should the works require the relocation of persons and/or economic activities (§2.3); and (iv) Prior to the commencement of works of each project the MTPTC will present, to the Bank's satisfaction, evidence of compliance with the ESS requirements as set forth in paragraph 6.6 of the ESMR (REL#3) (§2.5).			
Contractual obligations during the life of the grant agreement: the Beneficiary shall ensure compliance with the ESS requirements as set forth in paragraphs 6.2 and 6.7 of the ESMR (REL#3) (§3.5).			
Exceptions to Bank policies: None.			
The project qualifies for^(a): SV [X] PE [X] CC [] CI [X]			

^(a) SV (Small and Vulnerable Countries), PE (Poverty Reduction and Equity Enhancement), CC (Climate Change, Sustainable Energy and Environmental Sustainability), CI (Regional Cooperation and Integration).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed and justification

- 1.1 **Economic and social context.** Haiti has a population of 10.3 million inhabitants, 59% of whom live below the poverty line. The Gross Domestic Product (GDP) is US\$8.46 billion and US\$819 per capita.¹ The economic activity of Port-au-Prince (PaP) accounts for 66% of the country's GDP and 80% of the country's industrial, commercial, and financial activities. The Government of Haiti (GoH) has set as a priority to foster economic development outside of the capital in order to bring much needed jobs to the country's less developed regions. A key element of this strategy is to rehabilitate and improve the transport infrastructure.²
- 1.2 Transport in Haiti endures a series of critical limitations, most of which stem from the dual impact of historic low levels of investment in the sector and the chronic weaknesses of its institutions. Haiti has endured natural disasters through the years that have damaged key infrastructures, and thus rendered progress in the sector more onerous. The country's shortcomings in transport have acted as constraints for economic growth, people's access to basic services, and general social development.³
- 1.3 **Road transport.** Road transport is the leading mode of transportation for cargo and passengers in Haiti⁴ and henceforth a fundamental mechanism for economic development and internal⁵/interregional integration. The national road network has a total length of 3,572 km, consisting of 953 km of primary roads (27%), 1,315 km of secondary roads (37%) and 1,304 km of tertiary roads (36%). Although the quality of the road infrastructure in Haiti is improving, it lags behind other Caribbean countries: (i) while 24% of the total road network is paved, this figure is higher among regional peers;⁶ and (ii) the country has a low road coverage levels for both the size of the population (0.4 km/1,000 inhabitants) and the surface area of the country (0.12 km/km²).⁷ Only 15% of the total road networks and 64% of the primary network are in good condition. Moreover, only 35% of the roads received routine maintenance.⁸ Road safety is also an issue in Haiti, given the evidence of poor conditions of roads and vehicles, lack of road signage and enforcement of transit regulations.⁹

¹ The World Bank (WB), 2013.

² Measuring Results of the Honduras Transport Project and Farm to Markets Roads Activity, See: [MCC](#).

³ Haiti ranks 168/187 (0.471) in the Human Development Indicator. See: [UNDP](#).

⁴ Estimates indicate 80% of the country's traffic being by land (WB and IDB).

⁵ Improvement of the capacity and the quality of the road infrastructure reduces transportation costs and travel times, thus enabling less developed regions to increase their access to markets and to basic services (health and education).

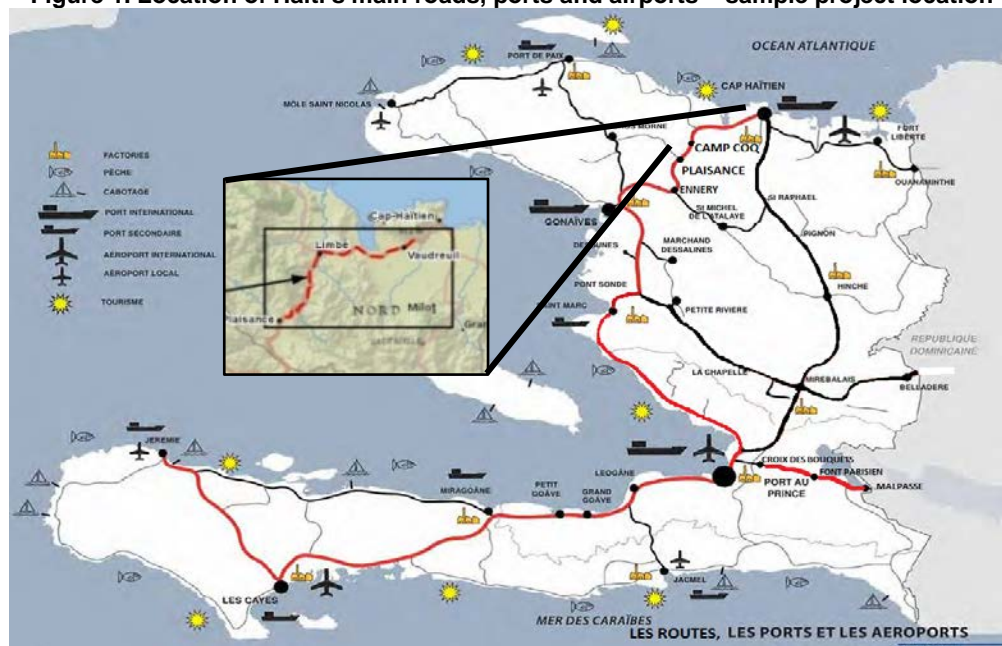
⁶ Dominican Republic (49%), Trinidad and Tobago (51%), and Jamaica (73%). World Development Indicators 2010, WB.

⁷ Other countries have higher coverage both relative to surface area and population. For example, Dominican Republic: 1.98 km/1,000 hab., 0.41 km/km²; El Salvador: 1.75 km/1,000 hab., 0.48 km/km²; Honduras: 3.34 km/1,000 hab., 2.31 km/km²; and Nicaragua: 3.92 km/1,000 hab., 1.64 km/km².

⁸ For the FY 2013-2014 a total of US\$8.4 million was invested in maintenance works from Fund for Road Maintenance (FER). Source: MTPTC.

⁹ There are a few official statistics regarding injuries and deaths caused by road accidents in Haiti. The Bank is financing baseline of accidents for *Route Nationale* (National Road, RN-1) (HA-L1079/3085/GR-HA) that will be further expanded to other roads.

Figure 1. Location of Haiti's main roads, ports and airports – sample project location



— RN-1, RN-2, RN-7 and RN-8. Priority road corridors for IDB support. Inset: Camp Coq – Vaudreuil segment
Source: Comité Interministériel d'Aménagement du Territoire (CIAT).

- 1.4 **Institutional framework.** The road transport sector in Haiti is led by the Ministry of Public Works, Transport and Communications (MTPTC) in the following areas: (i) planning and studies; (ii) road construction; and (iii) maintenance. At the local community level, the MTPTC is present through Departmental Directions (DD) in each of the nation's 10 regions. The MTPTC includes the Central Execution Unit (UCE) that supports the ministry in the execution of transport projects financed mainly by the IDB, and the World Bank (WB).
- 1.5 **Sector work and strategy for the transport sector.** In the last decade, the GoH and the IDB have made significant efforts to overcome the important restrictions in coverage, capacity, level of service, and safety conditions in the road network. Projects financed by the Bank have concentrated in the rehabilitation, improvement and maintenance of the national road network, as well as in the institutional strengthening of the MTPTC. Since 2010, the IDB approved a total of US\$291.5 million for transport sector investments,¹⁰ supporting an extensive program of rehabilitation of the road network including interventions in the trunk network of National Roads (RN), including RN-1, RN-2, RN-7, and RN-8.
- 1.6 The Bank has financed interventions in RN-1 Bon-Repos – Saint Marc (2348/GR-HA and 2663/GR-HA), Gonaïves – Ennery (2794/GR-HA), Ennery – Plaisance (3085/GR-HA), and Plaisance – Camp Coq (3190/GR-HA). Through these interventions, the Bank has secured financing for the rehabilitation of about 101 km of this corridor.¹¹ The rehabilitation of the Camp Coq to

¹⁰ Approved operations, amounts and % disbursed as of 08/05/2015: 2348/GR-HA for US\$29M (100%), 1922/GR-HA for US\$100M (94.13%), 2663/GR-HA for US\$55M (72.05%), 2794/GR-HA for US\$53M (52.71%), 3085/GR-HA for US\$50M (22.94%), 3175/GR-HA for US\$12M (100%), 2898/GR-HA for US\$17.5M (99.9%), and 3190/GR-HA for US\$50M (17.83%).

¹¹ Support to institutional strengthening has been financed through 2348/GR-HA, 2794/GR-HA, 3085/GR-HA and ATN/OC-1400/HA-T1177.

Vaudreuil segment will complete the improvement of this corridor, where the Bank has been the main financing source. The remainder segment of the RN-1 from Vaudreuil to Cap Haitian has been rehabilitated with the GoH, road works completed during the first semester of 2015.¹²

- 1.7 **Institutional strengthening.** The insufficient levels of investment in the sector explain some of the evident limitations in coverage and quality of the road infrastructure and its related services. However, sector management needs to be strengthened in its key functions (planning, maintenance, construction/rehabilitation, and road safety) to maximize the return and guarantee the sustainability of road investments.¹³ Considering the institutional challenge of implementing a multi-year/multiple-works road investment program in the sector, the Bank is supporting the strengthening of the MTPTC to ensure project sustainability through active maintenance of intervened segments.¹⁴ The Bank's efforts have focused through technical support provided in every approved investment grant operation (§1.6). Policy Based Grants (PBG) HA-L1088/3175/GR-HA and HA-L1099/3474/GR-HA¹⁵ provide an incentive structure to integrate prior efforts and implement key actions at the MTPTC including: (i) establishing an institutional strengthening and modernization plan; (ii) creating a dedicated unit, defining a strategy and establishing a management structure responsible for maintenance activities; (iii) developing a road safety strategy and creating a road safety cell to evolve into a service inside the ministry; (iv) strengthening road sector planning through the modernization of tools for asset management; and (v) modernizing the MTPTC through the standardization of operational and administrative procedures.¹⁶ Provided that the present operation will primarily base its effectiveness on the execution side by rehabilitating, improving and maintaining Haitian roads,¹⁷ the PBG's objectives and proposed measures will complement and reinforce the work from the institutional side, by preparing, modernizing and raising general competencies of the Ministry.
- 1.8 **Status of execution.** Execution of ongoing operations is satisfactory (§1.5). As of the last semester of 2014, progress in execution has been made with respect

¹² The present operation is strategic for the Bank following the commitment assumed with the GoH to rehabilitate/construct the corridor Jeremie – Cap Haitian of which RN-1 represents approximately 50%, thus the importance of completing the rehabilitation of the last link on the RN-1 corridor. Specific Bank investments include: Jeremie – Les Cayes, Grand Goave – Aquin, Bon Repos – Saint Marc, and Gonaives – Cap Haitian.

¹³ Similar experiences show that strengthening the institutional capacity of organizations in charge of the roads' maintenance can substantially decrease the pace of roads' deterioration. – Strengthening of the sector in Armenia – Independent Evaluation Group – WB – <http://lnweb90.worldbank.org>.

¹⁴ Although a maintenance fund exists, it is underfunded and with restrictions on the type of eligible civil works to execute. The MTPTC lacks capacity and an adequate plan to manage and access the funds. In 2012 the MTPTC created a maintenance cell (now unit) and currently a strategy and action plan are being prepared to strengthen the ministry on maintenance aspects. The efforts of this operation on supporting the institutional strengthening will contribute to improve this process.

¹⁵ Approved in May 20th 2015.

¹⁶ Progress achieved by HA-L1088/3175/GR-HA: (i) Maintenance Unit created in the MTPTC's Transport Direction; (ii) Road Safety Cell created within the MTPTC; (iii) a complete database of the primary network was surveyed and currently resides at the MTPTC; and (iv) an [operating manual](#) for the UCE was also prepared.

¹⁷ In addition to road works this operation will provide technical and financial support to the maintenance unit of the MTPTC complementary to the institutional strengthening approach provided by HA-L1089/3190/GR-HA.

to road construction. About 100 km of primary road network are currently under construction.¹⁸ Furthermore, contract for the works of the segment Ennery – Plaisance (23 km) has been signed on the second semester of 2014 and works began in March 2015. Studies for the RN-1 segments between Plaisance – Camp Coq (11 km financed by HA-L1089)¹⁹ and Camp Coq – Vaudreuil (29.5 km) have been completed and submitted by the study firm for approval by the UCE and the Bank (¶2.6). Regarding the UCE's technical capacity to manage environmental and social matters, actions have been put in place allowing a regular capacity increase over the past five years with the hiring of four environmental and social specialists (two each) at its headquarters. The UCE assigns environment and social specialists to the work sites for major works. However, the increasing number of projects in execution in the past years has added pressure to the unit putting in evidence that further capacity is indispensable to adequately manage social and environmental matters before and during construction. Closer Bank's supervision has also been identified as crucial to ensure compliance and to support the UCE. Consequently, an experienced firm will be hired to closely monitor the resettlement processes and their evaluation. This provision is taken into account as a special contractual condition proposed in the present operation (¶3.4). These past and coming efforts will enable the unit to continue managing and coordinating the execution of all IDB's active projects as seen in Table 1.²⁰

Table 1. Progress achieved by Project as of 08/05/2015

Project	Signature of Contract	Percentage Disbursed	Percentage Executed
HA-L1058/2794GR-HA Gonaïves-Ennery	10/29/2013	52	65
HA-L1079/3085GR-HA Ennery-Plaisance	08/11/2014	22	20
HA-L1089/3190GR-HA Plaisance-Camp Coq	11/15/2015 (Estimated)	0	0

- 1.9 Lessons learned.** The Bank has accompanied the Haitian road sector with an active participation in management, development and financing of numerous transportation projects, resulting in an important growth in practical to know-how and industry savvy. Highlights in lessons learned and solutions applied are: (i) completion of engineering designs prior to contracting the civil works to help mitigate eventual cost variations between the project budget and the final bidding price (¶2.6 and ¶2.8); (ii) preparation and implementation of an IDB approved Resettlement Action Plan (RAP) prior to the start of the civil works (¶2.3); (iii) enforcement of coordination mechanisms in projects that involve multiple agencies, in order to define the responsibilities of each agency during the

¹⁸ Road segments between Les Cayes and Jérémie (69.5 km), Croix-des-Bouquets and Fonds-Parisien (32 km), Gonaïves and Ennery (27 km) and construction of two major bridges with 95 and 145 meters span in the North-West department.

¹⁹ Operation became eligible on March 5th, 2015. As of 08/2015: (i) bidding documents for the road rehabilitation are being finalized; (ii) contracts for improvement works and supervision of PaP's airport infrastructure have been signed end of May; and (iii) MTPTC confirmed contracts for runway works which were signed end of 06/2015. Supervision contract was signed 07/2015. Disbursements have begun as programmed (second semester of 2015) with the first advance payment for the runway works.

²⁰ The UCE is expected to strengthen its capacity through the institutional reform engagements proposed by the budget support operation HA-L1099/3474/GR-HA. A comprehensive strengthening and training plan have been produced (PBG's means of verification) for the unit and are to be implemented over the course of the following FY.

planning and execution stages; (iv) need to support the process of institutional strengthening in the road sector entities (§1.7); (v) necessity to prioritize investments in road maintenance and strengthen them at the management level; and (vi) maintaining the least number of components within the operation to simplify and optimize the implementation processes while meeting goals and deadlines within the expected timeframes. The preparation of the present operation has carefully taken into consideration all of the above lessons learned observed from past operations in order to avoid their relapse and ensure a satisfactory execution.

- 1.10 **Regional integration.** One of Haiti's main integration corridors is the RN-1, a 250 km corridor extending from PaP to the second largest city, Cap Haitian, on the North Coast. In the past five years, the Bank has approved four investment operations along this corridor (§1.6). Through these interventions, the Bank has secured financing for the rehabilitation of 101 km of this corridor that plays a major role in international trade facilitation and regional integration as it connects Haiti's main economic and productive poles, three most populated cities and its largest air/sea ports²¹ (PaP, Gonaïves, and Cap Haitian). This operation is critical as it will finance the rehabilitation of RN-1's last road section, yet to be intervened (§1.11), promoting sound economic development and poverty reduction for the communities directly on its area of influence with resonance and diffusion nationwide.
- 1.11 **The problem.** Lack of investment in infrastructure and maintenance, mainly due to resource scarcity and worsened by weakness and inefficiency of sector's governing institutions has left road infrastructure on the RN-1 segment between Camp Coq – Vaudreuil in dire need of rehabilitation to ensure connectivity while avoiding mobility bottlenecks. This road segment shows low service levels evidenced by: severe pavement distress,²² inadequate road alignment, poor signalization, aging and inadequate structures operating under hazardous conditions, and drainage problems. These issues increase transport costs, pose road safety risks hindering the country's integration potential. Starting from Camp Coq, the two-lane road segment extends to approximately 29.5 km. It runs a mountainous topography with the presence of numerous curves followed by a less sinuous section on the approach to Vaudreuil. The geometry of the road presents factors that increase the risk of accidents and collisions between vehicles, both on and off the road: steep slopes obstructing visibility and desirable sight distances, narrow shoulders along the road and small radius of curvature. The condition of the pavement surface shows levels of degradation throughout the course as observed by the current roughness, rutting, texture, cracking, and asphalt fatigue. Other issues in the segment include absence of signalization, lack of stop areas, and obstruction in the drainage structures. Moreover, aggressive driving behavior increases the likelihood of accidents. In order to ensure the sustainability of the investments throughout the national road network, the sector's institutions in head of the MTPTC require urgent modernization through procedural and organizational strengthening, in particular on its maintenance unit.

²¹ In recent years, PaP's ports moved close to one million tons/year with exports of goods and services recording a 16% increase from 2012 to 2013. Source: *Autorité Portuaire Nationale* (APN).

²² International Roughness Index (IRI) for the segment Camp Coq – Vaudreuil IRI: 7 (Optimal IRI=1).

- 1.12 **The operation.** The operation is designed as an investment grant for a Multiple Works Program (MWP) to be implemented in a period of five years (§3.2). The RN-1 segment between Camp Coq and Vaudreuil will be presented as the program's sample which will meet technical, economic, environmental, and social criteria agreed with the UCE before the operation approval. An additional set of road segments, and projects might be identified during the execution of the program and will be required to meet the agreed criteria before financing is approved. The operation will also continue supporting the institutional strengthening in the MPTC by providing resources for maintenance activities. The operation also complements executed and active operations on national road network rehabilitation through: (i) capacity building in implementation and maintenance management processes; and (ii) improving and developing tools for monitoring and controlling the social portfolio with the development of a resettlement management manual tailored strategically for Haiti's road network improvement projects. Also, the operation will continue supporting road safety improvement and gender integration in Haiti. The direct beneficiaries of this operation are the users of the Haiti's transportation network including motorists²³ in RN-1 and inhabitants of the adjacent communities of the Nord-Est region.²⁴
- 1.13 **Road safety.** This operation will provide special attention to road safety on MWP eligible projects through: (i) the incorporation of considerations in the engineering designs, such as the widening of shoulders, straightening of curves, and guardrails; (ii) the implementation of a road safety baseline assessment program on the segments susceptible to intervention through the present operation and incorporating the recommendations of this road safety audit on the design of target roads (critical spot elimination program, signalization, pedestrian crossings and road marking program); (iii) the implementation of traffic calming initiatives through the construction of specific structures to protect pedestrians (e.g. sidewalks, traffic bumps, and special signalizations) in urban areas; and (iv) implementing road safety campaigns in the beneficiary communities.²⁵
- 1.14 **Gender integration.** Following previous experiences in Haiti,²⁶ this operation will continue providing an increase in women's access to quality jobs in the transport sector.²⁷ The operation HA-L1089/3190/GR-HA anticipates the training of up to 50 women in infrastructure related works providing incentives and opportunities to construction firms to hire women and local labor in activities of rehabilitation and routine maintenance. While women in Haiti represent 47.5%²⁸ of the total labor force, they are confined to jobs on the lower tier of the salary scale. A real

²³ 2013 Annual average daily traffic on the sample project: 9,220 vehicles (Source: SNC-Lavalin/LGL, 2013 and Study Carrefour-Bouteille, 2014).

²⁴ Communities in the area of influence of the sample project Limbé, Belle Hôtesse, and Carrefour du Nord and within the jurisdiction of Acul-du-Nord, Bas Limbé, Plaine-du-Nord and southern Cap Haitian influencing a population of approximately 180~220,000 people.

²⁵ These interventions will complement prior efforts to improve road safety in Haiti and will benefit from lessons learned in similar initiatives executed by the IDB Road Safety Initiative.

²⁶ The Bank has already implemented a Gender Action Plan (GAP) linked to projects HA-0093/1493/SF-HA HA-X1005 and HA-L1019/1922/GR-HA. Results up to date: 86 women out of 115 are trained in Heavy Equipment Operation and 38 women out of 43 followed an internship program with National Center for Equipment (CNE). Another group of about 30 will be trained in heavy equipment in the North. 250 people benefitted from small maintenance works training and 41 women-led microenterprises were created.

²⁷ To empower women economically is one of the six strategic objectives set by the "Implementation Guidelines for the Operational Policy on Gender Equality in Development" 2013 IDB.

²⁸ <http://databank.worldbank.org>.

challenge is the professional²⁹ segregation between men and women in the job market. Women head 44% of households in Haiti, but 60%³⁰ of these households led by women are in extreme poverty,³¹ compared to 53% of households led by men.³² The present operation will take advantage of this groundbreaking capacity building effort by stimulating the recruitment of women, ensuring their participation as active members of the road rehabilitation and maintenance workforce at a minimum of 15% of the active staff,³³ a conservative proportion that will be revised and hopefully surpassed once the implementation phase of the rehabilitation works begins.

- 1.15 **Strengthening of maintenance unit at the MTPTC.** The operation will continue supporting the strengthening of the MTPTC (§1.7) focusing on maintenance activities and coordinated by the maintenance unit established in the MTPTC.³⁴ The maintenance unit is one of the main pillars of the strengthening effort of the MTPTC and this operation will provide additional resources for the unit. This strengthening effort will help ensuring the sustainability in the long term of the infrastructure investments financed by the Bank and other donors as a more capable and response-ready maintenance team in the MTPTC will be continually growing its capacity and expertise, allowing it to assume larger and more strategic responsibilities that at present can only be fully satisfied by third parties and outsourcing initiatives.
- 1.16 **The MWP and warranty maintenance strategy.** This program is designed to identify, on a technical base, independent road segments for which the need of maintenance, improvement and/or rehabilitation interventions becomes evident. It is contemplated for this purpose, the execution of various road improvement tasks from routine and periodic maintenance to road improvement interventions of larger investment costs and complexity, all of which are urgently needed to recover the damaged road network. As an initial step, an increase of one year (total of two years) is expected to the period during which the contractor in charge of the rehabilitation works will be held accountable for the intervened section maintenance.³⁵ Thus, during this period it is expected that routine (cleaning of drains and road surface, etc.) and periodic maintenance, will be performed by the contractor and supervised by the Road Maintenance Unit at the MTPTC, in close coordination with the UCE. Also during this period the contractor will actively pursue and promote the transfer of technology and know-how to the unit, who after these two warranty years, will assume the maintenance responsibilities in accordance with the model and/or strategy adopted in the country. Finally, it is expected that the MTPTC permanently materializes its leadership in the area of road maintenance with the assistance of parallel institutional strengthening campaigns such as the purchase of

²⁹ Haiti Country Strategy 2011-2015, Gender Note.

³⁰ Oxfam, Haiti, 2009.

³¹ Extreme Poverty is defined as “those living on less than US\$1.25 a day” (WB definition), leaving them unable to meet basic needs for food, water, shelter, sanitation and health care.

³² Haiti Country Strategy 2011-2015, Gender Note.

³³ Based on estimations provided by the contractor on RN-7, women represent 15% of their current workforce. Source: Rapport Mensuel #18 Egis international (Feb 2015). The objective is to consolidate this gender share from project/region specific to a sector wide indicator.

³⁴ Maintenance Unit creation inside the MTPTC was one of the conditions of the PBG HA-L1088/3175/GR-HA.

³⁵ This period is to be counted from the provisional acceptance of the works by the MTPTC.

equipment, training and the implementation of support and management systems for maintenance included in this operation.

- 1.17 **Strategic alignment.** The project is consistent with the Bank's Country Strategy with Haiti for the period 2011-2015 (GN-2646). This strategy designates transport as one of the six priority sectors and directs the Bank's resources to: (i) rehabilitating and improving the primary network to consolidate a trunk road system that provides a safe and reliable connection between Haiti's main cities, seaports and airports; and (ii) increasing capacity of the MTPTC. The project is aligned with three of the four lending program priorities of the Ninth General Capital Increase (GCI-9) (AB-2764) targeting: (i) small and vulnerable countries; (ii) poverty reduction and equity enhancement;³⁶ and (iii) regional cooperation and integration. According to the Guidelines for the Classification and Validation of Operations Eligible for the GCI-9 Regional Cooperation and Integration Lending Priority (GN-2733) the project is considered "cross-country focus" for contributing to the internationalization of the public/private sectors through road improvements at RN-1 ([OEL#5](#)). The project will contribute to the regional goal of infrastructure for competitiveness and social welfare by increasing paved road coverage (km/km²) and to the Bank outputs of: (i) km of inter-urban roads build or maintained/upgraded; and (ii) number of cross border and transnational projects supported.
- 1.18 Following the Bank's alignments for the classification and validation of regional integration operations (GN-2733), this operation meets one of the four criteria of the Bank's Sector Strategy to Support Competitive Global and Regional Integration (GN-2565-4), cross-country focus, as it is a national project that has a direct effect on improving accessibility standards, by improving the country's primary highway link while boosting integration within the country (§1.10). The project is consistent with the strategy for Sustainable Infrastructure for Competitiveness and Inclusive Growth Strategy (GN-2710-5) with the priority action areas of: (i) supporting the construction and maintenance of socially and environmentally sustainable infrastructure, thus enhancing quality of life; and (ii) promoting the ongoing improvements in infrastructure governance to enhance efficiency in the delivery of infrastructure services. Finally, the project is aligned with the Transportation Sector Framework (GN-2740-3) with the following lines of action: (i) improvements in coverage and connectivity of road, rail, port and airport transport networks; and (ii) rehabilitation and maintenance of road systems and other infrastructures.

B. Objective, components and cost

- 1.19 The overall objective of the project is to increase the competitiveness, connectivity, and territory accessibility in Haiti by reducing transportation costs³⁷

³⁶ The project contributes to the country strategy objective of deconcentrating economic activity in less developed and often poorest regions outside PaP. Based on a [2012 poverty assessment for Haiti](#), the incidence of poverty is much higher in rural areas, particularly in the North (Nord-Est and Nord-Ouest regions). Approximately 80% of the people living in extreme poverty reside in rural areas, where 38% of the total population is unable meet basic nutritional needs. Poor population is geographically concentrated in northern regions, where the extreme poverty rate is higher than 40% (representing 20% of the total living under this threshold), as opposed to 4.6% in PaP.

³⁷ Currently, 50 minutes in average are required for a truck to cover the 29.5 km section of the sample project. Once completed the rehabilitation operating costs per km are expected to experience reductions of about 15% for automobiles and 24% for trucks with an associated decrease in travel times of 35% for automobiles and 32% for trucks.

and providing safer transport services, thus promoting the country's regional and international integration. Specific objectives include the rehabilitation of a road segment on RN-1 between Camp Coq and Vaudreuil and multiple works of rehabilitation, improvement and/or maintenance in Haiti's primary and secondary road networks.

- 1.20 **Component 1. Civil works and supervision (US\$61.1 M).** This component will finance the execution of projects eligible through a multiple works program. Specific components include: (i) rehabilitation, improvement and/or maintenance works in the national transport network;³⁸ (ii) mitigation of social and environmental impacts; and (iii) supervision of civil works by specialized firms.
- 1.21 **Component 2. Strengthening of road infrastructure sector (US\$2.6 M).** This component will finance: (i) acquisition of maintenance equipment and supplies necessary to carry out maintenance activities; (ii) implementation of a management system for the maintenance unit; (iii) training of maintenance unit's personnel; (iv) implementation of road safety campaigns; and (v) training of women in construction and maintenance works.
- 1.22 **Component 3. Engineering, socio-environmental studies and administration (US\$1.3 M).** This component will finance: (i) administration of the works and services by the UCE; (ii) monitoring and evaluation; (iii) sector studies,³⁹ engineering designs, and environmental and social impact assessments to be developed for future operations; and (iv) financial and socio-environmental audits.

Table 2. Detailed budget by activity

Components	Costs (US\$)	%
Component 1. Civil works and supervision	61,100,000	94.00
Rehabilitation and maintenance works	57,100,000	87.85
Socio-environmental mitigation and compensations	800,000	1.23
Civil works supervision	3,200,000	4.92
Component 2. Strengthening of road infrastructure sector	2,600,000	4.00
Maintenance equipment and supplies	2,000,000	3.08
Maintenance management system	300,000	0.46
Maintenance Unit's personnel training	100,000	0.15
Road safety and gender integration	200,000	0.31
Component 3. Engineering, socio-environmental studies and administration	1,300,000	2.00
Administration UCE	400,000	0.62
Monitoring and evaluation	300,000	0.46
Engineering designs and socio-environmental studies	400,000	0.62
Financial and socio-environmental auditing	200,000	0.30
Total	65,000,000	

C. Key results indicators

- 1.23 The complete set of output and results indicators is shown in the Results Framework (RF). In this operation, the output for civil works is measured by km of roads built or upgraded (rehabilitated). The results after the project completion

³⁸ For multiple-works program eligibility criteria refer to paragraph 3.2.

³⁹ Sector studies including among others: (i) elaboration of a compensation and resettlement manual for Haiti and; and (ii) diagnostic and prioritization study for secondary and tertiary road networks in Haiti to be developed as a component of technical cooperation HA-T1198/ATN/OC-14772-HA approved in December 2014.

will be measured by the following indicators: (i) travel time savings; (ii) reduction in travel costs; and (iii) reduction in number of road fatalities. The RF disaggregates the results indicator by component and by type of vehicle.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 Funding for the operation will be non-refundable under the IDB Grant Facility (GRF). The operation is designed as a MWP (§1.16) with defined eligibility criteria (§3.2 and §3.3). The MWP instrument requires a representative sample project to amount approximately 30% in value. This figure is of approximately 80% of the total cost of Component 1 of the program proposed by this operation. The beneficiary will be the Republic of Haiti and the executing agency will be the MTPTC, which will act through the UCE.

B. Environmental and social safeguard risks

- 2.2 The potential negative impacts of the sample project, associated with typical impacts of road construction and operation⁴⁰ (medium environmental sustainability risks due to the project's proximity to Côtes-du-Nord Key Biodiversity Area and Limbé river and a high social sustainability risk due to inadequate resettlement practices) are expected to be medium to high, and as such the sample project is classified Category "A" under the Bank's Environment and Safeguards Compliance Policy (OP-703) (Annex IV). The mitigation measures were designed taking into consideration lessons learned from past operations to prevent the recurrence and to mitigate social and environmental risks during the execution phases (§2.5, §3.4 and §3.5). These measures will help prevent situations of non-compliance with OP-703.
- 2.3 A scoping Environmental Assessment (EA) ([OEL#3](#)) and a RAP ([OEL#4](#)) have been prepared as key mitigation instruments for the risks described above. Among the key environmental elements identified in the scoping the EA include: considering measures for erosion and sedimentation control and water management; elaboration of a fauna and flora survey, elaboration of management plans for urban areas, preparation of an adequate solid waste and wastewater management plan and disposal sites, and rehabilitation (reprofiling, revegetation) of any slopes or areas affected by the sample project. Drainage structures have been adequately designed to consider the rainfall regimes in the region. As special contractual conditions prior to the use of resources for execution of Component 1, prior to the signature of the contracts for the works of each project, the MTPTC will present to the Bank's satisfaction: (i) the MTPTC's environmental and social management plans; and (ii) evidence of the MTPTC's implementation of the final RAP approved by the Bank, should the works require the relocation of persons and/or economic activities. Social impacts in Component 1 cover both resettlement/loss of property temporary loss of water points, temporary loss of commercial activity, and disturbances such as

⁴⁰ Environmental, social, and health and safety Impacts related to low to medium scale construction, works associated with pavement operations and the decommissioning of workers accommodations and equipment maintenance and storage camps. These impacts include affectation of soils, vegetation, ground and surface water, air pollution, and fauna. They also include impacts on quality of life, such as loss of property and resettlement. Positive impacts include improved safety and connectivity contributing to the competitiveness of local and regional economy.

noise, vibration, dust, accidents (workers and residents), prevalence of disease, disturbance from heavy works, and traffic interruption on the RN-1. For the sample project and based on census data collected through the RAP preparation, the PAP⁴¹ by one or several of the identified impacts along the road is 1,398; this number includes persons conducting activities within the right of way of the road. Housing is the main type of land affected (42.7%), followed by those dedicated to commercial activities (32.6%) and dedicated to agriculture (22.2%). The main social impact expected is the involuntary resettlement of households, small businesses, and loss of agricultural land. Approximately 17 households and 222 commercial units will be affected ([REL#3](#)). All impacts have been quantified and will be mitigated by the implementation of the RAP prepared for the sample project ([OEL#4](#)), satisfactory to the Bank and compliant with the Bank's Operational Policy on Involuntary Resettlement (OP-710).

C. Fiduciary risk

- 2.4 In the fiduciary risk evaluation, the program was found to have a medium level of risk in the accuracy of budgetary programming and annual cash flows needed to execute projects. The UCE will have to anticipate, control, and measure risk in a timely manner to avoid negatively impact the cost of the works. More and better coordination between procurement planning, activities, and management of contracts in execution on the one hand, and the planning of monthly cash flows needed to carry out plans, on the other, will help to mitigate delays in execution and cost overruns. A particular element of concern is the filing information system in the UCE for which an improvement plan is in place to organize procurement processes and other important information within the facilities. This situation was identified during the preparation of prior operations and has been continuously communicated. As part of this operation, the Bank will continue to support the UCE improving the current system to promote a secure and organized filing practice.

D. Other key issues and risks

- 2.5 **Technical feasibility.** The scope of works in the representative sample, the 29.5 km road segment of RN-1 between Camp Coq and Vaudreuil includes: repairing the pavement structure, adjusting the cross section of the road, stabilizing slopes, building, cleaning and repairing drainage structures, providing sidewalks in urban areas, rehabilitation of existing bridges, construction of the bridge over *Bois de Chêne* river, and adequate signaling installation. The technical feasibility for these works will be ensured based on finalized engineering designs (§2.6). As special contractual conditions prior to the use of resources for execution of Component 1: (i) prior to the call for bids for works, goods and services of each project, the MTPTC will present, to the Bank's satisfaction, the final engineering designs of the civil works of the project; (ii) the bidding documents for the works of each project will include ESS requirements as set forth in paragraph 6.3 of the ESMR ([REL#3](#)); (iii) prior to the signature of the contracts for the works of each project, the MTPTC will present to the Bank's satisfaction evidence of the entry into force of the service contract for the supervision of the works between MTPTC and a specialized firm; and (iv) prior to the commencement of works of each project the MTPTC will present, to the Bank's satisfaction, evidence of compliance with the ESS requirements as set forth in paragraph 6.6 of the ESMR

⁴¹ PAP comprises owners, occupiers, titled and non-titled land and users or private or public land.

(REL#3). The budget for the civil works of the Camp Coq – Vaudreuil segment has been assigned based on an expert assessment on the road segment in hand with the detailed engineering designs prepared. This assessment did extensive field work providing detailed designs, estimations of the scope of civil works and accurate cost estimations of all activities. Therefore, the proposed budget has been prepared based on detailed Bill of Quantities (BOQ) analysis for the segment with the goal of reducing budget uncertainty and ultimately minimizing cost overruns (¶2.8) (OEL#1).

- 2.6 **Technical studies.** The final engineering designs and socio-environmental impact analysis for the Camp Coq – Vaudreuil road segment have been completed on February 2015. These studies consider key parameters towards the rehabilitation of this road section such as: (i) road safety of users and dwellers; (ii) deterioration of the pavement; (iii) road geometry; (iv) hydrological conditions and drainage elements; (v) geological conditions; (vi) traffic projections; and (vii) environmental and social elements, including environmental and social management plans as well as a RAP.
- 2.7 **Economic feasibility.** The economic feasibility for the project was analyzed for the sample of civil works to be included as part of Component 1⁴² (OEL#2). A traditional cost-benefit methodology for transport infrastructure projects was used. The analysis considered benefits such as the reduction in: (i) operation costs; (ii) maintenance costs; and (iii) average travel times. The project is also expected to reduce the number of accidents and fatalities; however, these benefits were not included in the analysis due to baseline data uncertainty. The results from the economic analysis for the road segment civil works shows a Net Present Value (NPV) of US\$3.1 million (using a discount rate of 12.0%) and Economic Internal Rate of Return (EIRR) of 12.8%. Sensitivity analyses were performed yielding the EIRR of 11.7% and 11.6%.⁴³
- 2.8 **Cost overruns.** This operation includes detailed engineering designs, which have been carried out and completed prior board approval. The studies were contracted with the main objective of mitigating risks associated to construction budget uncertainties and also to expedite procurement processes for road works components. This operation will continue and complement the efforts to mitigate eventual cost overruns by monitoring activities through field visits and inspections, programmed as an additional supervision force to the mandatory supervision consultancy required for road works.
- 2.9 **Sustainability.** This operation will finance two additional years of road maintenance in the segments rehabilitated (¶1.16). Furthermore, the ongoing IDB efforts to strengthen the MTPTC aims at improving the long term sustainability of projects in the road sector through operation HA-L1088/3175/GR-HA: as a direct result, road maintenance management will be modernized through the implementation of a new organizational structure, performance indicators and operational manuals. In addition to that, this operation will provide additional resources for the MTPTC's maintenance unit to continue performing and/or coordinating maintenance activities as part of the activities proposed for Component 1 or in other projects and segments of the national road network. These tasks will ultimately be translated in long term sustainability as an efficient

⁴² Rehabilitation of a 29.5 km segment of the RN-1 representing approximately 80% of the operation component 1's budget expected for approval.

⁴³ (i) 10% budget increase (execution and construction costs); and (ii) 10% reduction in TPDA projections.

maintenance team will engage in conservation works through a consistent and reliable sector strategy.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Beneficiary and executing agency.** The beneficiary will be the Republic of Haiti. The operation will be executed by the MTPTC, through the UCE. The MTPTC will be responsible for the general management of this operation and the management of the operative relationship with the Bank will be ensured by the UCE. The UCE includes a management structure with a general coordinator, a financial specialist, accountants, a manager, procurement specialists, environmental specialists, a social specialist, and a team of engineers responsible for the technical supervision of the projects.
- 3.2 The MWP will provide financing for rehabilitation, improvement and/or maintenance works of road segments in the primary/secondary networks for which the first eligible sample project is clearly defined (§1.11) and represents approximately 80% of the operation Component 1's budget expected for approval. This sample project is in compliance with the MWP eligibility criteria defined by: (i) being a road rehabilitation, improvement and/or maintenance project; (ii) having finalized engineering designs; (iii) being in compliance with the Bank's requirements regarding the completion of environmental and social impact assessment and mitigation and resettlement action plans (§2.5); and (iv) having an economic evaluation with favorable results and a minimal EIRR of 12%. The schedule of works should be set to start within a period of up to one year from the grant proposal approval date and the implementation is expected to be extended within five years from the effective date of the grant contract.
- 3.3 **MWP Operations Manual.** As a MWP operation, execution will rely on a program Operations Manual that includes: (i) technical, economic, and socio-environmental eligibility criteria (§3.2); (ii) socio-environmental impact analysis requirements⁴⁴ in line with the project category and the vulnerability of the target area; and (iii) procurement related provisions. The proposal and evaluation of eligibility of the MWP projects to be executed with the operation's remaining funds will be in charge of the UCE with the IDB's Transport Division technical assistance. The executing agency of the eligible projects approved for implementation is the MTPTC through the UCE.
- 3.4 **Special contractual conditions prior to the first disbursement of the grant proceeds: to Bank's satisfaction: (i) the entry into force of the program Operations Manual, on the terms previously agreed upon with the Bank; (ii) present updated PAP information based on consultations with relevant stakeholders and submit a relocation proposal for housing, small businesses and community water centers; (iii) present evidence that the Beneficiary has committed the budget for the resettlement plan implementation to be completed before construction starts of the project sample (RN-1 segment between Camp Coq and Vaudreuil); (iv) present evidence of the existence of a grievance mechanism designed to**

⁴⁴ Prior to the commencement of works the Beneficiary shall ensure compliance with the environmental, social, health and safety (ESS) requirements as set forth in paragraphs 6.3; and 6.6 of the ESMR ([REL#3](#)).

specifically address resettlement and compensation issues; and (v) present evidence that the UCE has put in place the necessary institutional arrangements to contract a specialized firm to: (a) monitor the implementation of the RAP in the RN-1 segments financed by the Bank (Gonaïves-Ennery, Ennery-Plaisance and Plaisance-Camp Coq), and (b) monitor the implementation of mitigation measures outlined in the RESAP⁴⁵ ([OEL#6](#)) for the same segments.

- 3.5 **Contractual obligations during the life of the grant agreement:** the Beneficiary shall ensure compliance with the ESS requirements as set forth in paragraphs 6.2 and 6.7 of the ESMR ([REL#3](#)).
- 3.6 **Supervision.** The technical supervision of the civil works will be contracted to specialized firms that will: (i) verify the quality of the civil works ensuring the achievement of technical specifications; (ii) certify the compliance of laboratory equipment for tests and necessary technical controls; (iii) measure the progress of the activities of the contractors including measures for the mitigation of environmental and social impacts; (iv) support the UCE in relation to general project management issues; (v) advise on the needs to improve levels of activities; and (vi) elaborate monthly reports of project progress, including issues related to the implementation of environmental and social mitigation measures.
- 3.7 **Procurement.** The procurement plan ([REL#4](#)), covering 60 months of project execution⁴⁶ starting on the date of eligibility of the project, has been agreed by the UCE and the Bank. The procurement plan will be updated semiannually with the semester activity project report, or whenever necessary or as required by the Bank, the detailed procurement plan will be available at the UCE. Procurement for the proposed project will be carried out in accordance with the Policies for the Procurement of Works and Goods financed by the Bank (GN-2349-9), of March 2011; the Policies for the Selection and Contracting of Consultants financed by the Bank (GN-2350-9), of March 2011; and the Procurement Provisions for Haiti (GN-2654). Goods, works and non-consulting services requiring International Competitive Bidding (ICB) will be contracted using the Standard Bidding Documents (SBD) issued by the Bank. Procurement subject to National Competitive Bidding (NCB) will be undertaken using national bidding documents agreed with the Bank or satisfactory to the Bank in the absence of an agreement. The procurement contracts in which the method of “shopping” will be applied, must be executed according to paragraph 3.5 of Policy (GN-2349-9) and shall be undertaken using the model of document agreed with the Bank. These provisions apply to all goods, works and/or non-consulting services included in the procurement plan as operational costs.
- 3.8 **External audits.** Operation’s resources will fund financial and operation audits. An annual audit of the financial project balances will be carried out, and a six-month report under previously agreed procedures of the justifications of the use of advance payments funds made by the Bank to the UCE. The external audit will be carried out by an independent firm accepted by the Bank, and under

⁴⁵ Mitigation measures are detailed in RESAP ([OEL#6](#)) and paragraphs 3.8 to 3.12 of the ESMR ([REL#3](#)).

⁴⁶ The first 18 months of project execution are counted from the date of publication of the general procurement notice, or the first specific procurement notice published following approval of the operation or whichever is earlier.

terms of reference agreed by the Bank. The audited annual financial statements will be presented within 120 days following the closure of the fiscal year. The report of the audited final financial statements will be presented within 120 days from the date of the last disbursement. The reports on the ex post procedures for disbursement applications should be presented within 60 days of the ending of every six-month fiscal period.

- 3.9 **Disbursements.** The grant will be disbursed in five years as shown in Table 3.

Table 3. Estimated schedule of disbursements (US\$ million)

	2016	2017	2018	2019	2020	Total
IDB/Total	15,086	16,078	15,540	14,679	3,617	65.00
%	23.2	24.7	23.9	22.6	5.6	100

B. Summary of arrangements for monitoring results

- 3.10 The monitoring and evaluation plan ([REL#2](#)) will be carried out during project execution in agreement with the goals and performance indicators identified in the RF. The UCE will verify the progress and impact of the operation activities, for which it will: (i) collect periodically the information about physical progress (activities), financial (available and invested funds) and road usage; and (ii) keep updated and accessible the relevant information about the execution of the operation activities and its resources. The Bank team will coordinate and ensure that the monitoring plan is carried out within the established technical quality and timeframe. In order to accomplish this, it will carry out periodical meetings with the UCE in accordance to the progress of the project. In case it is required, the Bank will request for additional reports or presentations.
- 3.11 **Semester reports.** The UCE will present to the Bank in the months of August and February every year, a six-month progress report (which is a contractual condition for the financing of the Bank) and will describe the status of physical and financial progress, and summarize the reports from the firm doing the supervision of the works and of the internal reports of contract supervision, and which will become the Project Monitoring Report (PMR) reports where the monitoring of the program and evolution of performance indicators will be presented.
- 3.12 **Field visits and missions.** The Bank will perform periodic visits for field supervision with the goal of monitoring the progress in the execution of the different products. Furthermore, annual management missions with the purpose of analyzing the progress of the operation and deal with specific issues will be carried out.
- 3.13 **Evaluation.** After 24 months of the date the grant becomes effective or after 70% of disbursement is achieved, the UCE will present to the Bank an intermediate evaluation which should include: (i) the initial results of the operation; (ii) processes and results of the procurement processes for the civil works and consultancies; and (iii) evaluation of the progress of civil works. Within 60 days after the last disbursement a final evaluation will be carried out, including: (i) results of the financial execution by component; (ii) accomplishment of the attained goals according to the RF; (iii) compliance with contractual arrangements; (iv) detail of the cost of works; (v) lessons learned; (vi) evaluation of the socio-environmental aspects; and (vii) ex post Cost Benefit Analysis

(CBA). This methodology will be used to evaluate the program's effectiveness by replicating the methodology used to evaluate the project's economic feasibility ex ante. The analysis will study and evaluate the achieved benefits for which improvements are anticipated as identified in the RF.

Development Effectiveness Matrix				
Summary				
I. Strategic Alignment				
1. IDB Strategic Development Objectives		Aligned		
Lending Program	-Lending to small and vulnerable countries -Lending for poverty reduction and equity enhancement -Lending to support regional cooperation and integration			
Regional Development Goals	-Paved road coverage (Km/Km2)			
Bank Output Contribution (as defined in Results Framework of IDB-9)	-Km of inter-urban roads built or maintained/upgraded -Number of cross border and transnational projects supported (infrastructure and customs, etc.)			
2. Country Strategy Development Objectives		Aligned		
Country Strategy Results Matrix	GN-2646	- Improve the quality of national road infrastructure - Improve the institutional capacity of the transport sector - Improve international connectivity		
Country Program Results Matrix	GN-2805	The intervention is included in the 2015 Operational Program.		
Relevance of this project to country development challenges (If not aligned to country strategy or country program)				
II. Development Outcomes - Evaluability		Evaluable	Weight	Maximum Score
		8.5		10
3. Evidence-based Assessment & Solution		8.4	33.33%	10
3.1 Program Diagnosis		3.0		
3.2 Proposed Interventions or Solutions		2.4		
3.3 Results Matrix Quality		3.0		
4. Ex ante Economic Analysis		10.0	33.33%	10
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis		4.0		
4.2 Identified and Quantified Benefits		1.5		
4.3 Identified and Quantified Costs		1.5		
4.4 Reasonable Assumptions		1.5		
4.5 Sensitivity Analysis		1.5		
5. Monitoring and Evaluation		7.1	33.33%	10
5.1 Monitoring Mechanisms		2.5		
5.2 Evaluation Plan		4.6		
III. Risks & Mitigation Monitoring Matrix				
Overall risks rate = magnitude of risks*likelihood		Medium		
Identified risks have been rated for magnitude and likelihood		Yes		
Mitigation measures have been identified for major risks		Yes		
Mitigation measures have indicators for tracking their implementation		Yes		
Environmental & social risk classification		A		
IV. IDB's Role - Additionality				
The project relies on the use of country systems				
Fiduciary (VPC/FMP Criteria)				
Non-Fiduciary				
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:				
Gender Equality	Yes	The operation HA-L1089 anticipates the training of up to 50 women in infrastructure related works providing incentives and opportunities to construction firms to hire women and local labor in activities of rehabilitation and routine maintenance.		
Labor				
Environment				
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	HA-T1177 financed engineering designs for the RN-1 Camp Coq - Vaudreil segment.		
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan				

The overall objective of the project is to increase competitiveness and connectivity in Haiti by reducing transportation costs and providing safer transport services, thus promoting the country's regional and international integration. Specific objectives include the rehabilitation of a road segment on Route Nationale 1 (RN-1) between the towns of Camp Coq and Vaudreuil, multiple rehabilitation works, and improvement and maintenance on primary and secondary road networks in Haiti.

The project presents a complete problem diagnosis, however given the small amount of evidence that exists on the effectiveness of investments in transport, the document does not present evidence to justify the effectiveness of this intervention in terms of its impacts on competitiveness and connectivity. In terms of the results matrix, all outcome and output indicators reported are SMART and have means of verification.

The economic analysis is solid and shows that project benefits exceed costs, but the economic profitability is not sustained with the proposed sensitivity analysis. The evaluation plan is based on an ex post economic analysis. Given that this type of analysis has been performed by other similar projects previously, it is not considered that it will help to close knowledge gaps. The risks identified are sound and include mitigation measures and metrics for monitoring.

RESULTS FRAMEWORK

Project objective	The general objective of the project is to increase competitiveness and connectivity in Haiti by reducing transportation costs and providing safer transport services, thus promoting country's regional and international integration. Specific objectives include the rehabilitation of a road segment on <i>Route Nationale</i> (National Route, RN-1) between Camp Coq and Vaudreuil and multiple works of rehabilitation and maintenance in Haiti's primary and secondary road networks. ¹
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Outcome indicators	Base level (2015)	Target level (2020)		Comments	
Outcome: Increased quality of primary road network on the RN-1 Camp Coq and Vaudreuil segment.					
Vehicle operating cost in road section Camp Coq – Vaudreuil (US\$ constant/ vehicle km)	Vehicle type ²	VOC	Vehicle type	VOC	Highway Development and Management Model (HDM-4). This outcome will be measured in the final evaluation through the ex post cost-benefit analysis.
	Motos	0.05	Motos	0.05	
	Auto	0.20	Auto	0.18	
	Pickup	0.26	Pickup	0.23	
	Bus	0.52	Bus	0.41	
	Truck 2 axles	0.59	Truck 2	0.45	
	Truck 3 axles	1.29	Truck 3	0.98	
	Articulated truck	1.45	Articulated truck	1.09	
Average travel times road section Camp Coq – Vaudreuil (average travel times min)	Vehicle type	ATT	Vehicle type	ATT	Highway Development and Management Model (HDM-4). This outcome will be measured in the final evaluation through the ex post cost-benefit analysis.
	Motos	34	Motos	24	
	Auto	38	Auto	26	
	Pickup	39	Pickup	26	
	Bus	36	Bus	26	
	Truck 2 axles	46	Truck 2	32	
	Truck 3 axles	54	Truck 3	36	
	Articulated truck	46	Articulated truck	32	

¹ This operation is conceived as a Multiple Works Program (MWP). Outcome indicators presented for Component 1 are attributable to the sample project of the program. Results indicators for further eligible projects will be measured once incorporated in the program.

² Categories – Auto and pickup: vehicles with 2 axles; Articulated truck: tractor trailer or trucks with 3 or more axles.

International Roughness Index for road section Camp Coq – Vaudreuil (IRI) (m/km)	Base level (2014)	Target level (2020)	Means of verification
	7	2.3	Measures longitudinal road profile through specialized equipment (rough meter). This outcome will be verified through the field supervision reports.
Number of accidents per year from Camp Coq – Vaudreuil	Base level (2014)	Target level (2020)	Means of verification
	To be determined ³	-15% ⁴	This outcome will be measured in the final evaluation based on reports delivered by UCE.

Component 1: Civil works and supervision	Year 1 Base Level (2016)	Year 2 (2017)	Year 3 (2018)	Year 4 (2019)	Year 5 (2020)	Target	Means of verification
Roads built or upgraded (rehabilitated ⁵) (km)	0	5	15	9.5	0	29.5	Supervision reports.
Primary and secondary roads maintained ⁶ (km)	0	0	50	50 ⁷	0	100	Supervision reports.
Socio-environmental mitigation and compensations (reports)	0	1	1	1	0	3 ⁸	Environmental and Social Management Reports.

³ Considering the lack of data on accidents currently in Haiti, the operation HA-L1079 is financing the collection of a road safety baseline in RN-1 (as part of Component 4).

⁴ This figure will be updated based on the baseline figure in RN-1 to be collected.

⁵ Rehabilitation comprises complex road interventions of major magnitude divided as follows: (i) reconstruction, defined as the general overhaul of the roadway physical elements (i.e. pavement structure, road alignment and geometry, drainage structures and bridges) in order to elevate the roadway's level of service and operational conditions to either: predefined/desired targets or to original values, levels usually reduced following an extended period without the execution of maintenance activities and/or operational overuse; and (ii) improvement, defined as the technical upgrade of roadway conditions in order to raise its performance level to a higher hierarchical road classification. This process is achieved by following the reconstruction activities previously mentioned with clear and intentional improvement of the technical specifications to be implemented. Rehabilitation can also be called major maintenance but for the present operation's scope the term rehabilitation is preferred.

⁶ Maintenance is defined as simple road interventions of minor magnitude necessary to preserve the level of service of all road elements. Maintenance activities are commonly differentiated as follows: (i) periodic maintenance, necessary to delay or prevent the failure of critical and non-critical road components (e.g. inspection and treatment of pavement cracks, construction of minor drainage structures); and (ii) routine maintenance, necessary to ensure adequate operation through right-of-way clean up and upkeep (e.g. cleaning and clearing drainage structures, vegetation control). (Source: Federal Highway Administration and *Agencia Nacional de Infraestructura* (ANI). www.ani.gov.co).

⁷ The first 50 kilometers will begin maintenance in year three. An additional 50 kilometers will be maintained in year four.

⁸ As part of the eligibility criteria and operational manual defined for the multiple works program of the present operation, the existence of a valid Environmental and Social Management plan/report is mandatory prior the beginning of works. The team estimates 1/year as the rate of approval of projects financed by this operation and thus one (1) such socio-environmental management report should be prepared per year. Any additional eligible project under the project should have the required report and the target estimate should increase accordingly.

Component 2: Strengthening of road infrastructure sector	Year 1 (2016)	Year 2 (2017)	Year 3 (2018)	Year 4 (2019)	Year 5 (2020)	Target	Means of verification
Acquisition of maintenance equipment and supplies (process)	0	2	2	2	2	8	Annual maintenance unit report.
Maintenance system designed and implemented (un)	0	1	0	0	0	1	Semester UCE report.
Maintenance unit personnel training ⁹ (un)	0	10	10	10	10	40	Annual maintenance unit and departmental directions report.
Personnel trained in road safety strategy ¹⁰ (un)	0	10	10	10	10	40	Semester UCE report.
Women trained in tasks related to infrastructure works (un)	0	25	25	0	0	50	Semester UCE report.
Component 3: Engineering, socio/environmental studies and administration	Year 1 (2016)	Year 2 (2017)	Year 3 (2018)	Year 4 (2019)	Year 5 (2020)	Target	Means of verification
Engineering designs and studies developed (un)	1	0	1	1	0	3	Semester UCE reports progress of procured and executed studies.
Pluriannual execution plan update (un)	0	1	1	1	1	4	Semester UCE reports.

⁹ Training activities in each proposed cycle will be directed to people not previously trained, allowing the training of more personnel – Applies to all training activities in the component.

¹⁰ Anticipates the training in the implementation of measures proposed, and the dissemination/promotion of the strategy via campaigns and workshops.

Component 3: Engineering, socio/environmental studies and administration	Year 1 (2016)	Year 2 (2017)	Year 3 (2018)	Year 4 (2019)	Year 5 (2020)	Target	Means of verification
Project evaluation reports issued by the UCE (un)	0	0	1	0	1	2	Semester UCE reports.
Financial and socio-environmental audit reports (un)	0	1	1	1	1	4	Semester UCE reports and audit reports. ¹¹

Notes: foresees

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

¹¹ UCE reports should include as annex (es) the report(s) obtained from studies carried out by independent specialized firms in charge of monitoring the implementation of Environmental and Social Plans (i.e. Resettlement Plans, Remedial Action Plans or any other report for which the UCE is contractually obliged to provide as proof of compliance with the Bank's directives)

FIDUCIARY ARRANGEMENTS AND REQUIREMENTS

COUNTRY: Republic of Haiti
PROJECT No: HA-L1098
NAME: Support for Haiti's Transport Sector V
EXECUTING AGENCY (EA): Ministry of Public Works, Transportation and Communications (MTPTC) through the Central Execution Unit (UCE)
DATE: January, 2015
PREPARED BY: Romina Kirkagacli and Takady Konate (FMP/CHA)

I. EXECUTIVE SUMMARY

- 1.1 This document is based on information collected from existing diagnoses of public financial management systems and procurement systems of the Government of Haiti (GoH). The Ministry of Public Works, Transportation and Communications (MTPTC), on behalf of the government of the Republic of Haiti, has applied for financing (hereinafter called "funds") from the Inter-American Development Bank "the Bank" toward the cost of the project HA-L1098 named "Support for Haiti's Transportation Sector V" for the amount of US\$65 million. The objective of the program is to increase the competitiveness and connectivity in Haiti by reducing transportation costs and providing safer services. The project will promote the country's regional and international integration potential and will support institutional strengthening for the transport sector in Haiti.
- 1.2 The MTPTC, acting through its Central Executing Unit (UCE), will be the Executing Agency (EA) for this operation; supported by its administrative, public works, and transportation departments, and its technical units for project execution. The most recent institutional capacity evaluation of the UCE concludes that the fiduciary system in use at the time of the analysis does not entirely comply with the characteristics required for the implementation of projects financed by the Bank. Based on the result, the overall financial management risk rating is medium, particularly in the area of planning, internal controls, contract management operational management, inventory management, and archives.
- 1.3 **Procurement and the general context.** An evaluation of the National Procurement System (NPS) was performed in 2013, applying the Organization for Economic Co-operation and Development/ Development Assistance (OECD/DAC) methodology and indicators. A certain number of weaknesses were identified and although an action plan for the modernization of the national procurement system was presented, strengthening activities still need to be initiated. Based on the current situation and the need to align the system to international best procurement practices and standards, no country systems will be used and the Bank's procurement policies will govern procurement activities foreseen under this program.
- 1.4 **Public financial management and the general context.** The most recent assessment of the public financial management systems of the Republic of Haiti is contained in the Public Expenditure and Financial Accountability (PEFA) assessment report conducted in 2011 and published in February 2012. Country financial

management systems and external control mechanisms, as evidenced in recent diagnostics, would require further improvements to conform to levels consistent with fiduciary management of Bank funded projects.

- 1.5 To mitigate these weaknesses, the Bank will continue to: (i) rely on special project execution units for the execution of all projects; (ii) implement special fiduciary arrangements for the implementation of its projects; and (iii) conduct close operation supervision of project execution units. External control will be performed for all Bank operations by independent audit firms acceptable to the Bank in accordance with the Bank's financial reporting and audit guide.

II. EXECUTING AGENCY FIDUCIARY CONTEXT

- 2.1 **Organizational structure and administrative policies.** The UCE has gone through several restructuring exercises since 2004 in order to cope with the gradual increase in the number of projects. The latest restructuring was initiated in 2013 with a proposal for an integrated manual of operations and an improved organizational structure. A revised organization chart was recently proposed by external consultants and will be submitted to the Bank for comments and recommendations.
- 2.2 The current structure, which was established in 2011, foresees the following key functions: (i) a coordinator who reports directly to the minister of the MTPTC; (ii) technical staff responsible for the project execution; (iii) an administrator; (iv) financial specialists; (v) three procurement specialists, executing the procurement processes of all projects financed by the Bank and other donors; and (vi) administrative and support staff.
- 2.3 The integrated manual of operations and an organizational analysis and reengineering recommendations are currently in process. These actions are expected to set the foundation for an organizational restructuring that should capacitate the UCE in order to meet the new challenges that have been imposed.

A. Procurement

- 2.4 According to the supervision visits conducted by the procurement team of the Bank and the track record of project execution, the risk level for this operation is set as medium.
- 2.5 While the procurement capacity of the UCE has improved over time, some areas of risk are identified: (i) due to the current structure, the division of roles and responsibilities between the procurement specialists and technical staff is not clearly defined. Mitigation: It is expected that the proposed new structure will address this issue by creating a procurement unit which will be working closely with the technical unit but not under its supervision; (ii) with six projects currently under execution and the workload of the procurement specialists who are also involved in projects funded by other donors, some weaknesses were identified in the management of the procurement workload, which can not only result in delays in the execution but also impact on strategic functions such as planning and contract management. Mitigation: with the proposed new structure, a coordinator of the procurement unit should be identified in order to organize the work of the procurement specialists and ensure that the core functions of planning and contract management are guaranteed; (iii) weaknesses in the area of contract management which is essential for works related contracts. Mitigation: The procurement team of the Bank will provide training in this area in order to incorporate contract management in the procurement function;

and (iv) the issue of filing and archiving still requires to be addressed and the filing expert which was supposed to be recruited under the previous operation still needs to be identified. Mitigation: The filing expert should be recruited as quickly as possible in order to set up an organized filing system and the personnel responsible for keeping such system should be identified and trained by this expert.

B. Financial management

- 2.6 The UCE is led by a general coordinator seconded by an administrator (see above). In addition, the UCE employs a financial specialist, financial consultant, an accountant and three procurement specialists, as well as a team of engineers responsible for the technical monitoring of projects. The current financial management structure is deemed adequate for executing the new program. In addition to Bank's projects, the UCE is currently responsible for managing other projects financed by the World Bank (WB) and European donors.
- 2.7 Accounting, recordkeeping, and financial reporting are carried out using an ACCPACC 4.1 accounting system, which is capable of posting accounting transactions and compiling financial data by investment or budget category. The EA uses a modified cash-based accounting method to record costs on its various projects, i.e. UCE records expenses when paid and revenues when received. Supporting documentation for internal accounting vouchers, supplier contracts, Bank requests and justifications, as well as banking transactions is easily identifiable; and the filing system used is well-organized and appropriate for project execution.
- 2.8 In 2011, the UCE adopted an improved method for cash flow planning, in order to more effectively and efficiently execute project activities. Although its financial projection capabilities did indeed improve, further efforts are required to make planning and budget control more reliable. In particular, the UCE will require assistance in implementing a system for developing, monitoring, and controlling project budgets that would coordinate procurement planning, management of contracts in execution, and activity timetables. Efforts should be increased to strengthen the UCE's ability to monitor contracts in a timely manner so as to mitigate the risk of potential cost variations in labor, quantity, and materials, etc. that could cause bottlenecks or result in inadequate cash-flow projections.
- 2.9 The recent assessment of UCE's institutional capacity in December 2011 and updated in October 2014, and based on reviews determines that the level of development of its financial management systems and internal control processes present medium risk and identified the following weaknesses: (i) the UCE has displayed weaknesses in anticipating, controlling, and measuring risk in a timely manner of events that could negatively impact the cost of the works. Furthermore, the operation manual does not provide guidelines program planning, leading to overspending. Mitigation: Update the operating manuals to provide guideline on programmatic and financial planning and implement the revised policies; (ii) budgets and funds are managed in Excel and policies do not cover the implementation of a computerized management system. Mitigation: Acquire an integrated accounting software to manage budgets and funds for a holistic approach to management at the UCE; and update the operating manual to reflect a computerized financial management system; (iii) weaknesses in internal control and inability to implement auditors' recommendations. Mitigation: Reinforced the internal audit function by hiring an internal controller, position currently vacant, and by addressing audit findings as prescribed by external auditors; (iv) a lack of monitoring in the reception and payment

of goods and services procured. Mitigation: Put in place a contract management system to track quality of goods and services received as defined in contracts deliverables, including defining the roles and responsibilities of those involved in the procurement process (from acquisition to payments of goods and services); and (v) deficient archiving system. Mitigation: training on archiving methods will be provided through the Bank procurement unit's technical assistance program, with the support of the Bank's archiving specialist.

III. ISSUES TO BE CONSIDERED SPECIAL CONDITIONS OF CONTRACT

- 3.1 **Conditions precedent to disbursement.** In order to move forward the contract negotiations by the project team, herein are those fiduciary arrangements that must be considered: **Special accounts and authorized signatures:** the UCE will open separate bank accounts at the Central Bank of Haiti for the management of grant resources.
- 3.2 **Audit special requirements.** The UCE will be responsible for the recruitment of external auditors eligible to the Bank to perform the audit of their program as follows: (i) annual financial audit of the program to be submitted within 120 days after the closure of each fiscal year; and (ii) a final financial audit of the program to be submitted within 120 days after the date of the last disbursement. The UCE will be responsible to submit its audited financial report to the bank as defined in the reporting guidelines. Exchange rate valid at the day of transaction will be used to record all expenses made in local currency; the Central Bank of Haiti exchange rate will be used as the reference rate.

IV. AGREEMENTS AND REQUIREMENTS FOR PROJECT PROCUREMENT

- 4.1 **Procurement execution.** The procurement plan, covering 48 months of project execution¹ starting on the date of eligibility of the project, has been agreed by the UCE and the Bank. The procurement plan will be updated semiannually with the semester activity project report, or whenever necessary or as required by the Bank. The detailed procurement plan will be available at the UCE.
- 4.2 Procurement for the proposed project will be carried out in accordance with the Policies for the Procurement of Works and Goods financed by the Bank (GN-2349-9), of March 2011; and the Policies for the Selection and Contracting of Consultants financed by the Bank (GN-2350-9), of March 2011, complemented by the special procurement provisions for Haiti while in place.
- 4.3 **Procurement of works, goods, and non-consulting services.** Goods, works and non-consulting services requiring International Competitive Bidding (ICB) will be contracted using the Standard Bidding Documents (SBDs) issued by the Bank. Procurement subject to National Competitive Bidding (NCB) will be undertaken using national bidding documents agreed with the Bank or satisfactory to the Bank in the absence of an agreement. The procurement contracts in which the method of Shopping will be applied, must be executed according to paragraph 3.5 of the Document GN-2349-9 and shall be undertaken using the model of document agreed with the Bank. These provisions apply to all goods, works and/or non-consulting services included in the procurement plan as operational costs.

¹ The first 18 months of project execution are counted from the date of publication of the general procurement notice, or the first specific procurement notice published following approval of the loan, whichever is earlier.

- (i) **Procurement of works.** The Bank is considering the following arrangements for works: a contract for the Rehabilitation, Improvement and Maintenance of the RN-1 Camp Coq – Vaudreuil segment applying ICB method. One additional rehabilitation contract is foreseen and will be agreed, during the execution of the project between the MTPTC and the Bank.
- (ii) **Procurement of goods.** The Bank is considering the following arrangements for goods: a contract for the procurement of maintenance equipment and supplies applying ICB method.
- (iii) **Procurement of non-consulting services.** There are no non-consulting services envisioned; however if needed, the UCE will use the standard documents agreed by the Bank for this type of services.
- (iv) **Community participation in procurement.** Some contracts may be procured allowing the participation of local community organizations, based on Clause 3.17 from the Document GN-2349-9.

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

- (i) **Selection of consulting firms.** The Bank has considered the following arrangements for consulting firms as well as other contracts foreseen in the procurement plan: (a) the supervision of the rehabilitation of the RN-1 Camp Coq-Cap Haitien segment applying the method of: (b) engineering designs and environmental-social studies applying SBQS method; and (c) the development of a software for the management of maintenance activities using SBQS method. One additional rehabilitation contract is foreseen and will be agreed, during the execution of the project between the MTPTC and the Bank.
- (ii) **Selection of audit firm.** The selection process to contract the audit firm will be realized through the invitation of the firms in a short list of audit firms qualified and approved by the Bank. Only the firms approved by the Bank will be part of this short list. For this process, the UCE will use the Bank standard document for the selection of audit firms.
- (iii) **Individual consultants.** National and international individual consultants will be selected according to Annex V of the procurement policies Document GN-2350-9. Training. At the project launching, the European Union (EU) and the Bank will agree on any consultancy that will include training.

4.5 **Recurrent expenses.** The following recurrent expenses, also known as operational costs, will be financed by the Bank: (i) all expenses required and agreed with the Bank for the execution of the project;² (ii) all executing unit individual consultants contracts required for the execution of the project; and (iii) per diem (if any) and wire transfers if agreed with the Bank. Operational costs do not include the salaries of public workers.

² Office rent, automobile rent to perform supervision tasks, public service expenses and communication, translations, bank charges, office supplies, advertisement, photocopies mail, etc.

- 4.6 **Domestic preferences.** Goods and non-consulting services are not envisioned for this operation, however, if needed, the clause of domestic preferences will apply. Bids offering goods originating in the borrower's country will receive a 15% price preference in contracts requiring international competitive bidding, as established in Appendix 2 of the procurement policies Document GN-2349-9.
- 4.7 **Advance contracting and retroactive financing.** Not applicable to this project.
- 4.8 **Project procurement thresholds table.** The threshold amounts agreed by the Bank for Haiti have been modified through procurement provisions for Haiti Document (GN-2654), which apply during the term of the Bank's strategy in Haiti 2010-2015. For purposes of the execution of this operation, the tables with the thresholds that apply regularly and those that apply under the procurement provisions for Haiti are considered. Any modification of these provisions will apply immediately to the procurement execution of this operation and if it ceases to have effect, the procurement of this operation would then run under the regular thresholds.

Table 1. Regular threshold amounts for Haiti

Haiti – Limit amounts (in thousands of US\$)							
Works			Goods			Consulting	
ICB	NCB	PC	ICB	NCB	PC	International	100% National
≥1,000	100<1,000	<100	≥100	25<100	<25	>100	<100

Table 2. Threshold amounts under procurement provisions for Haiti

Haiti – Limit amounts (in thousands of US\$)					
Works		Goods		Consulting	
ICB ³	NCB ⁴ /PC ⁵	ICB	NCB/PC	International	100% National
≥1,000	<1,000	≥100	<100	>100	<100

- 4.9 **Procurement supervision.** Based on the risks identified under Section II above, the major procurement activities foreseen under this operation will be subject to ex ante review by the Bank. Procurement activities using the shopping method for goods and for works falling below the threshold of US\$200,000 and the recruitment of individual consultants selected under a competitive method will be subject to ex post review. Ex post inspection visits will be conducted on a quarterly basis by the Bank.
- 4.10 **Records and files.** The EU will keep the procurement records integrally by contract and in an orderly manner. This method will include all documents starting with the procurement plan, including all documents from the procurement process and contract management, through the end of contract execution.

³ ICB: International Competitive Bidding.

⁴ NCB: National Competitive Bidding.

⁵ PC: Shopping.

Table 3: Main procurement activity

Activity	Procurement method	Estimated date	Estimated amount US\$
Goods			
Maintenance equipment and supplies	ICB	January 2016	2,000,000
Works			
Rehabilitation works	ICB	January 2016	52,100,000
Consulting			
Civil works supervision	SBQC	January 2016	3,200,000

*To access the 18 month procurement plan ([REL#4](#)).

V. ARRANGEMENTS FOR PROJECT FINANCIAL MANAGEMENT

- 5.1 **Programming and budget.** The financial programming, planning and monitoring of budget execution of the UCE will be supported by the utilization of ACCPAC accounting module. At the start of the project, the UCE will prepare a comprehensive financial annual plan covering the total expected execution time and it will be an integral part of the Pluriannual Execution Plan (PEP). The execution of the project's financial plan will be evaluated every six months and reported in the semiannual Project Monitoring Report (PMR). The financial plan will coincide with the Haitian fiscal year and will respect budget lines defined in the grant agreement (investment categories).
- 5.2 **Accounting, financial reporting and financial management system.** The general accounting module of ACCPAC financial management system is currently used by the UCE to record financial transactions and produce reports and financial statements.
- 5.3 **Disbursements and cash flow. Project financial management may be guided by OP-273-2.** The UCE will prepare annual planning of the project cash flow and will update it quarterly. The projected cash flow of the project will be based on activities planned for 12 months. Direct payment to suppliers for payments to be made in a currency other than the local currency (Gourdes) will be processed by Bank. Other costs will be covered with advance of funds equivalent to four months of operations and will be subject to ex post supervision. The projected annual cash flow will be the basis for determining the advances of funds to be disbursed by the Bank to the UCE. For each new advance, the EA will need to justify 80% of advance received. The entity will establish separate bank accounts for the management of grant and counterpart resources if applicable.
- 5.4 **Financial control and reporting.** Audits will be performed in accordance with Bank's Guidelines for Financial Reports and external audits as described in Section IV. Financial audit cost will be financed by the Bank grant and estimated at US\$100,000. The program financial statements will correspond to the fiscal year. The Bank will also conduct ex post verification of the procurement processes on the basis of specific terms of reference to be agreed between the UCE and the Bank. Ex post verifications will be held annually and will be concurrently performed with the annual audit of the financial statements of the project.
- 5.5 In addition, the following will be monitored: (i) timetable and disbursement; (ii) updated procurement plan and annual working plans; and (iii) financial report and updated financial projections.

- 5.6 **Financial supervision plan.** Fiduciary staff of the Bank will perform periodic inspection visits to UCE, which are aimed at reviewing the implementation of the mitigation actions and the execution of financial plan.
- 5.7 **Execution mechanism.** The UCE will maintain proper financial management systems and will prepare an AOP and procurement plan and a 12 month financial plan indicating cash flow needs for the execution of project's activities stemming from the AOP and procurement plans. The 12 month financial plan will be the basis for advance of funds disbursements, which will cover the funding needs of four months of project execution.
- 5.8 **Financial supervision plan.**
Fiduciary staff of the Bank will perform periodic inspection visits to the UCE which are aimed at reviewing the capacity of the project and the execution of financial plan.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/15

Haiti. Nonreimbursable Financing ___/GR-HA to the Republic of Haiti
Support for Haiti's Transport Sector V

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the IDB Grant Facility (hereinafter referred to as the "Account"), to enter into such contract or contracts as may be necessary with the Republic of Haiti, as Beneficiary, for the purpose of granting it a nonreimbursable financing to cooperate in the execution of the project "Support for Haiti's Transport Sector V." Such nonreimbursable financing will be for an amount of up to US\$65,000,000, which form part of the Account, and will be subject to the Terms and Financial Conditions and the Special Contractual Conditions in the Project Summary of the Grant Proposal.

(Adopted on ____ 2015)