

## EMERGENCY ECONOMIC RECOVERY PROGRAM

(HA-0011)

### EXECUTIVE SUMMARY

**BORROWER AND GUARANTOR:** Republic of Haiti

**EXECUTING AGENCY:** The Minister of Finance for the sector component and the Emergency Implementation Unit (EIU) for the emergency works component.

**AMOUNT AND SOURCE:**

IDB-Sector component:	US\$40,000,000 (SF)
IDB-Investment component	US\$28,500,000 (SF)
Local counterpart funding:	US\$ 1,500,000
Total:	US\$70,000,000

**FINANCIAL TERMS AND CONDITIONS:**

Amortization period:	40 years
Grace Period:	10 years
Disbursement period:	
Sector Component	6 months
Investment Component	24 months
Parallel TC	24 months
Interest rate:	1% the first 10 years, 2% thereafter
Inspection and supervision:	1% of IDB Loan amount
Credit fee:	0.5%

**OBJECTIVES:** To stimulate the revival of economic activity in Haiti by financing the purchase of key imports and the repair and rehabilitation of essential infrastructure.

**DESCRIPTION:** The sector component will contribute to the multi-donor effort to resuscitate the Haitian economy. It will finance the CIF costs of imports and address the immediate crisis resulting from the extended dislocation of economic activity and the prolonged trade embargo. The emergency works (investment) component will finance emergency reconstruction and rehabilitation sub-projects in the agricultural, infrastructure and energy sectors.

**ENVIRONMENTAL CLASSIFICATION:** The Environmental Management Committee, at its meeting of August 18, 1993, classified this as a Category III operation.

BENEFITS:	Sub-projects will generate employment and income; finance key imports for agriculture and other productive sectors; stimulate productive economic activity by repairing infrastructure and electric generating facilities; and upgrade the quality of life through improved sanitation, cleaning of the drainage systems, solid waste removal and rehabilitation of potable water systems.
POVERTY TARGETED CRITERIA:	Considering that the sub-projects in the investment component of the program (US\$30 million) are expected to benefit almost entirely poor groups, this component can be considered a poverty targeted investment.
RISKS:	The project presupposes the restoration of law, order and internal security. Other risks include timely and adequate support from other donors for budgetary and balance of payments support and slowness in government's ability to quickly respond to the emergency.
EXCEPTIONS TO BANK POLICY:	Because of the emergency nature of this operation, several exceptions will be required: (i) in the sector component an exception will be required to permit a system of advances and subsequent submission of import documentation; (ii) in the emergency works component an exception will be required to: (a) permit the Bank to finance up to 95% of project costs; (b) to permit direct contracting of NGOs for works and supervision utilizing a cost reference system; (c) to suspend the requirement for maintenance on works financed under the project; and (d) to permit the direct purchase of spare parts from the manufacturer to expedite repairs.
THE BANK'S COUNTRY AND SECTOR STRATEGY:	The Bank's strategy over the next 15 months is to participate in a coordinated fashion with other donors for the economic recovery of Haiti. This effort is estimated at US\$670 million. The Bank's participation in the recovery effort will be this US\$70 million multi-sector emergency economic recovery project.
SPECIAL CONTRACTUAL CONDITIONS:	<u>Special Contractual Conditions:</u> (i) Prior to the first disbursement of Loan funds for the sector component the Borrower will have provided the Bank with a Policy Letter indicating the policy reforms it intends to pursue to improve the functioning of the state, to achieve sustainable growth in a stable macroeconomic context, and to reduce poverty and social inequalities. The Policy Letter was received

by the Bank on November 18, 1994 and included herein as Annex II.

(ii) Prior to the disbursement of Loan funds for the investment component the Technical Cooperation for the EIU must have been declared eligible for disbursement.

## I. FRAME OF REFERENCE

### A. Macroeconomic Framework

- 1.1 Preliminary data indicate that real GDP fell by over 20 percent during 1992-1993, and by a further 10 percent in 1994. All sectors were affected, and the situation has been further aggravated by the tropical storm Gordon which hit Haiti on November 12, 1994. Agricultural production and exports decreased considerably, and the sector is now heavily decapitalized. Many farmers switched from coffee cultivation for exports to the production of domestic crops, for which prices rose markedly under the embargo. As this development affected marginal lands with steep slopes, it will likely contribute further to the already high degree of soil erosion. Export oriented industries have been devastated by the embargo. By May 1994, related employment had fallen to 8,000, compared to 44,000 in September 1991 -- a job loss of 81 percent of the labor force, compared to about 40 percent in the rest of the industrial sector. Value-added in the services sector decreased in line with GDP, and construction activities came to a virtual standstill reflecting the low level of public investment and the sharp increases in the price of cement.
- 1.2 Inflation increased rapidly, from 10 percent during 1991 to an estimated 52 percent by 1994. Inflation has been fueled by the embargo, together with rapid growth in the money supply (M2) of about 30 percent per year. In this environment, real interest rates, which historically have been positive, turned highly negative. Against this background, the nominal exchange rate depreciated by about 50 percent during 1991-94.
- 1.3 Fiscal performance also deteriorated, mainly due to a sharp fall in tax revenues, combined with some increases in the wage bill due to increased public employment. The central government accounts indicate that the overall deficit of the Central Government increased from less than 1 percent of GDP in 1991 to almost 5 percent of GDP in 1994. Over the entire period the deficit was financed by credit from the Central Bank and by an accumulation of domestic and external arrears.
- 1.4 Total central government revenue declined from 8 percent of GDP in 1991 to about 3 percent in 1994, due to the decline in economic activity, lower taxable imports, and a further weakening of tax administration. Total central government expenditure increased from about 8 percent of GDP in 1991 to over 9 percent in 1993, mainly because of increases in the wage bill and accrued interest payments. Operating and maintenance expenditures declined in terms of GDP and capital expenditure remained broadly unchanged. In 1994, total expenditure declined somewhat to 8 percent of GDP as the growth in public sector employment slowed, and operating, maintenance and capital investment, already extremely low, remained depressed. The decline in expenditure appears to reflect a general

disarray in governmental procedures rather than a deliberate policy of containment, as spending increased sharply in the second half of 1994. This increase was largely recorded in the ministerial discretionary accounts, thereby masking the precise nature of the expenditure. By end-September 1994, the public sector is estimated to have had domestic arrears of about US\$11 million equivalent and external arrears of US\$122 million, of which US\$77 million was due to the multilateral agencies: IDA (US\$15 million), IDB (US\$29,918,028 as of December 8, 1994) and IMF (US\$34 million).

- 1.5 In the face of a growing fiscal deficit, Central Bank net credit to the public sector rose by 65 percent per year on average in 1992-94, financed by a sizable increase in currency issue, a decline in the Bank's net foreign assets reflecting the accumulation of external arrears, and an increase in commercial banks' reserve balances at the Central Bank. Over the same period, the commercial banks built up substantial net foreign assets reflecting strong growth in their deposit liabilities, and sluggish credit expansion to the private sector. Also, net lending to the private sector was restricted by the imposition of a freeze on commercial bank lending during the period July 1993 to October 1993. To facilitate the financing of the fiscal deficit the legal time limit on the Central Bank's issue of currency was abolished by Parliament in July 1994.
- 1.6 International trade has been severely affected by the embargo. Haiti's external current account deficit excluding grants increased from 4 percent of GDP in 1991 to 5 percent in 1993, and to over 7 percent of GDP in 1994 following the tightening of the trade embargo. With usable foreign exchange reserves virtually depleted since 1992, the deficit has been financed largely by humanitarian assistance and the accumulation of external arrears. Estimated exports of goods declined from US\$163 million in 1991 to an estimated US\$47 million in 1994, and imports from US\$300 million to US\$139 million during the same period. The main sources reflected humanitarian assistance, which amounted to about US\$112 million in 1994.
- 1.7 The new Aristide government now faces a bewildering array of economic and financial problems: the country's infrastructure is dilapidated by years of neglect, the treasury empty and finances in shambles, economic activity is at a virtual stand-still, domestic and foreign arrears have accumulated, unemployment is rampant and both foreign and domestic investors are waiting for signs of stability. Much will be required of the new and fragile government including the imposition of discipline over the budget, revenue collection and public sector finances and the determination to address the country's urgent economic and financial problems. The donor community is prepared to assist the new government in its quest for economic stabilization.

B. Bank's emergency strategy

- 1.8 The Bank's strategy over the next 15 months is to participate in a coordinated fashion with other donors for the economic recovery of Haiti. This effort was estimated at US\$670 million in a report (The Emergency Economic Recovery Program, EERP) prepared by an IDB led Joint Assessment Mission to Haiti comprised of 16 donors in November 1994, (see paragraph 1.11). The Bank's participation in the EERP will be a US\$70 million Emergency Economic Recovery Project (PURE) 1/. Concurrently, the Bank will:
- a. prepare for approval in 1995 two high priority pipeline operations: one in energy (HA-0015 for US\$48.4 million), and one in road rehabilitation and maintenance (HA-0041 for US\$45 million);
  - b. quickly reactivate nine currently approved projects (7 active, 2 pending eligibility) with undisbursed balances of US\$132.3 million in order to have an immediate impact on employment and income; and
  - c. re-staff the Field Office in Haiti.

C. Basic characteristics of the PURE Program

- 1.9 The PURE will be the first major instrument for the Bank's participation in the emergency reconstruction of Haiti's economy. It will be a hybrid operation with three components: (i) a fast disbursing sector component to support GOH performance in public sector policy reform consistent with the provisions of a GOH Policy Letter dated November 18, 1994 (see Appendix II); (ii) an emergency works component to finance sub-projects which will have an immediate visible impact by improving the living conditions of the population, providing employment and earnings opportunities and rehabilitating the country's physical infrastructure and, (iii) a parallel technical cooperation to support the creation of an Emergency Implementation Unit (EIU) to enhance the capacity of the GOH to implement the emergency works sub-projects.
- 1.10 While sub-projects may pave the way for future Bank operations (e.g., in the transport and power sectors) their objectives and impacts will be short-run and immediate. Emergency works sub-projects will be executed by resident NGOs, private contractors or municipalities. As the PURE is implemented there will be close coordination with the efforts of other donors via the IBRD sponsored Haiti Contact Group in the context of the agreement at the informal meeting of donors in Paris in August 1994 that the IDB would be the lead institution for infrastructure activities.

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1/ To avoid confusion with the global recovery effort, the IDB's emergency program will be referred to as "PURE", the French acronym for PROGRAMME D'URGENCE ET REDRESSEMENT ECONOMIQUE.

Finally, in order to accelerate the impact of the PURE, special procedures will be put into place to streamline procurement actions, to minimize counterpart requirements, and to permit the financing of recurrent costs.

D. The Emergency Economic Recovery Program

- 1.11 In November 1994 a Joint Assessment Mission (Mission) comprised of 16 donor agencies led by the IDB visited Haiti to identify the major components of the country's near-term (15 month) economic and social recovery program. A parallel mission by the IMF gathered data on the fiscal and balance of payments situation. The focus of the Mission's analyses and recommendations was to identify policies and projects to be undertaken during the remainder of President Aristide's government. 2/ The cost of the recovery program was estimated by the Mission at US\$670 million and is summarized in Annex VI. The international response to date has been impressive.

1. The IMF program

- 1.12 At the August 1994 donor meeting in Paris the Government indicated that after its return to Haiti a Letter of Intent would be sent to the IMF detailing the reform measures it would adopt. The IMF sent a mission to Haiti concurrent with the IDB-led Joint Assessment Mission and a follow-on mission was sent in mid-December. As stated in its Policy Letter (Annex II) the GOH intends to reach agreement with the IMF on a new Stand-by Agreement by early 1995.

2. The World Bank program

- 1.13 The World Bank's participation in the EERP will be: (a) a US\$40 million Emergency Economic Recovery Credit which will provide immediate balance of payments support (the first tranche of US\$20 million will be disbursed prior to the end of 1995), and (b) reactivation or restructuring of six loans with available balances of US\$104 million.

3. The US response

- 1.14 On September 30, 1994 the United States Agency for International Development and the GOH signed an Economic Support Fund (ESF) agreement under which US\$45 million will be provided to help stabilize the Haitian economy and finance the basic functions of government during the first three months after political resolution. The ESF funds are being used to import petroleum and to meet scheduled payments of principal and interest to the international financial institutions. Sale of petroleum products to the public (which began days after the return of President Aristide) generate local currency deposits to be jointly programmed

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2/ The November 1994 "Report of the Joint Assessment Mission" is available in RE2/OD4.

with the GOH for general budget support, to cover the general administrative, financial management and audit costs of the program and retirement of Central Government debt with the Central Bank. ESF disbursements began in November 1994 and are scheduled to be completed by end-January 1995. It is imperative that the disbursements under the PURE and other donor EERP initiatives begin early in 1995 to avoid risking a disruption in emergency balance of payments assistance.

#### 4. Other agencies reactivation programs

- 1.15 On December 8, 1994 the European Commission signed a 3-year protocol for an indicative program of ECU120 million for infrastructure and rural development under the Fourth Lomé Convention. The Canadian government is considering a US\$5 million petroleum import program. Donor agencies are focusing both on the response to the emergency itself as well as on programs to strengthen the institutional capacity of the government to carry out its responsibilities. Donor community requirements to support the emergency recovery effort are summarized in Annex VI.

#### E. The IDB Response

##### 1. The Emergency Economic Recovery Program (PURE)

- 1.16 The US\$70 million PURE program is the centerpiece of the Bank's response to the emergency situation in Haiti. Fast disbursing funds will be utilized to finance imports and to support the government's policy agenda as contained in its November 18, 1994 Policy Letter (see Annex II), while resources for emergency works will finance the repair and rehabilitation of infrastructure, thereby providing income and employment opportunities for the poor majority in Haiti.

##### 2. Reactivation of approved projects

- 1.17 The IDB will reactivate its nine existing operations (financed with ten loans) with undisbursed resources totalling US\$132.3 million. A series of Bank working groups reviewed and reformulated approved projects so that execution can begin or be resumed quickly. The purpose of the reformulation exercise is to facilitate the resumption of project activities by updating project design and streamlining execution procedures.
- 1.18 Briefly, the status of the Banks portfolio of approved projects is as follows:
- a. Conditions prior to first disbursement must be met for three operations (approved in 1990/91) which represent 58% of the undisbursed resources (i.e., Economic and Social Fund, FAES, {854/SF-HA with US\$12.4 million}, Pont Sonde Mirebalais Road, {838/SF-HA with US\$44.5 million}, and complementary financing for the Artibonite, irrigation project {845/SF-HA with US\$11.5



million)). In addition, the FAES loan requires ratification by the Haiti Parliament and two loans require official publication.

- b. Three agricultural projects (the Artibonite and Cul de Sac irrigation projects the Asile Rural Development Project and the Porcine Program (loans 690/SF-HA, 845/SF-HA, 794/SF-HA, 777/SF-HA and 738/SF-HA) with US\$27.8 million of undisbursed funds will be reactivated. Two parallel technical cooperations for the agricultural sector, with available resources of approximately US\$1.7 million, will be reformulated in order to better support the execution of the Artibonite and Porcine Programs.
- c. Three other operations: the Primary Education project (774/HA-SF), the Drainage project of Port-au-Prince (795/SF-HA) and the Rural Potable Water Program (POCHEP, 784/SF-HA) are being reformulated.

### 3. New Bank operations

1.19 In addition to the PURE and the resumption of approved projects, the Bank has two new projects under preparation. Both operations have the highest priority for the recovery of the Haitian economy and each has a major institutional support component:

- a. The Road Rehabilitation and Maintenance Project (HA-0041 for US\$45 million) will be co-financed with the IDA and the German Bilateral Aid (total cost US\$125 million) and consists of five main components including the rehabilitation and maintenance of urban and intercity roads, routine maintenance, bridge rehabilitation and maintenance, acquisition of maintenance machinery and the institutional strengthening of the Ministry of Transportation and Communications. The Loan proposal for this operation is well advanced and will be presented to the Board early in 1995.
- b. The Energy and Transmission Project (HA-0015 for US\$48.4 million) will be co-financed with the European Investment Bank (total cost US\$73 million) and provides for electrical transmission lines linking Haiti's three major population centers and for the construction of two diesel power generating units. The project could be ready for Board review in mid-1995 subject to the GOH response to a study concerning privatization options for the sector.

### F. Donor coordination

1.20 During the Joint Assessment Mission (JAM) considerable study was given to the subject of coordination, both among the donors and between the donors and the GOH. While coordination mechanisms are still being designed, three approaches are being pursued: first, as demonstrated during the JAM, the UNDP has become a focal point for

donor coordination in Haiti and will likely assume an increasingly important role as EERP projects are implemented. More formal donor meetings and regular reporting mechanisms are likely to evolve. Second, the EIU to be established under the Prime Minister will afford a convenient conduit for communications with the GOH. Third, at the headquarters level, the World Bank sponsored Haiti Contact Group will meet regularly to coordinate the donor response to the emergency. Also, a Consultative Group (CG) meeting will take place in January 1995 and this will provide a more formal forum for donor coordination.

G. Program benefits

- 1.21 The PURE components will generate employment and income by financing key imports for agriculture and other productive sectors, stimulate productive economic activity by repairing infrastructure, helping restore energy supply, and upgrading the quality of life through improved sanitation, cleaning of the drainage systems, solid waste removal and rehabilitation of potable water systems. Positive environmental impacts will flow from projects for land erosion control in rural areas, planting of fruit trees and improved sanitation in urban areas. Quick disbursing funds to finance urgent import requirements will help restore viability to productive activities which will stimulate multiplier effects in terms of employment and incomes. Considering that the sub-projects in the emergency works component of the program are expected to benefit almost entirely poor groups, this component can be considered a poverty targeted investment.

## II. THE PROJECT

### A. Objective

- 2.1 The objective of the PURE is to stimulate the revival of economic activity in Haiti by financing the purchase of key imports and by repairing and rehabilitating essential infrastructure.

### B. The GOH commitment to reform

- 2.2 At the August 1994 donors meeting in Paris the Government in exile provided a statement of their reconstruction and reform agenda. Major public sector initiatives included limiting the scope of state activity in the productive sectors and providing an enabling milieu for private initiative and productive investments. With respect to international trade, quantitative restrictions on imports would be removed and tariff policy overhauled to correct trade regime distortions. There was also a commitment to improving the quality of public administration and moving to a smaller public service with a more limited number of objectives.
- 2.3 After returning to Haiti in mid-October 1994, the constitutional government issued a statement entitled "Les 120 Premiers Jours de Gouvernement" which outlined the government's agenda and timetable for implementing reforms in twelve areas of governance, public policy and public sector management. The new Prime Minister also submitted to Parliament the "Enonce de Politique General du Gouvernement." The government's thinking on reform was consolidated and provided to the Bank in a letter (Policy Letter) to the President of the IDB entitled "A Framework for Sustainable Economic Recovery" (dated November 18, 1994) which articulated the policies which the Government intends to pursue to improve the functioning of the state, to achieve sustainable growth in a stable macroeconomic context, and to reduce poverty and social inequalities. Key elements of the Policy Letter include firm commitments to:
- a. Undertake a series of policy reforms that will provide a stable and productive environment for private investment. These include a firm intention to: (i) reduce monetary growth, (ii) abolish ceilings on interest rates, (iii) reduce the public sector deficit, and (iv) reach agreement on a new IMF Stand-by Arrangement by early 1995.
  - b. Improve the provision of basic services to the population by fundamentally changing the way the state operates. To do this the government intends to raise the tax to GDP ratio from the level of 4% of GDP in 1994 to at least the 8% ratio that was attained in 1991. This will be achieved through a series of measures including a reduction of tax delinquency, broadening

the tax base and eliminating bribery and corruption in tax and customs administration.

- c. Reorient the pattern of public expenditures in order to improve the delivery of health, nutrition and education services. To do this, operating and maintenance expenditures will be increased, the public sector investment program reviewed, unnecessary and wasteful expenditures eliminated and accountability returned to procurement procedures.
- d. Transform the civil service to make it an efficient instrument for the delivery of services to society. To do this, civil service management will be improved, the size of the civil service reduced and the level of professional competence increased. On a pilot basis, some positions and functions will be decentralized to the local authorities.
- e. Implement an appropriate regulatory framework and anti-trust legislation which will permit the State to dispose of productive assets.
- f. Eliminate the remaining quantitative restrictions on imports and move toward the elimination of all import tariffs except those on a small number of sensitive agricultural goods.

C. Project Description

1. Sector component

- 2.4 As noted in its policy letter, the GOH has expressed its firm intention to carry out far-reaching policy and institutional reforms in the public sector. While the reforms may be general and lack an implementation schedule, they do represent a substantial effort on the part of a fragile Government to begin profound changes in the functions and structure of government. This effort warrants donor support. For its part, the Bank intends to maintain and deepen the policy dialogue with the new government and breath life into the fledgling reform effort. Of special concern to the Bank will be reforms in the energy, agriculture and infrastructure sectors, which comprise the investment component of this program. The following are of special interest:

- a. The electric sub-sector of the energy sector is characterized by poor performance, inefficient management and undue government interference in the day-to day operations of the electric company. It will be necessary to open the electric sub-sector to private participation and a study for this purpose, (financed by USAID with technical support from the World Bank's IFC) will begin soon.
- b. In the agricultural sector, major problems and institutional weaknesses have been identified within the Ministry of Agriculture. The ministry needs to move away from its role as

producer in the sector and adopt a planning and regulatory function, to reduce over-staffing and to relocate employees to regional offices.

- c. In the infrastructure sector, the Ministry of Transportation and Public Works operates in a centralized fashion. To increase its effectiveness it needs to be restructured, to strengthen departmental offices and to redefine its responsibilities consistent with the process of government decentralization.
- 2.5 In the coming months the Bank and other donors will be urging, and working with, the GOH to hammer out action plans and implementation timetables. Substantial progress in carrying out the reform agenda will be a prerequisite for a 1995 Bank program in Haiti.

## 2. Emergency works component

- 2.6 In the agriculture sector, sub-projects fall into three categories: physical infrastructure (US\$9 million); production inputs (US\$1 million); and reforestation (US\$1 million). The infrastructure activities include rehabilitation of irrigation and drainage canals, repair of feeder roads and construction of water cisterns. The production inputs component will make available improved planting materials, fertilizers, hand-tools and pesticides to local producer organizations at full cost, thereby permitting a revolving fund and avoid creating future distortions in the market for agricultural inputs. The reforestation component will concentrate on grafting and distributing fruit trees, rust-resistant coffee plants and forestry seedlings. These reforestation activities will reinforce the infrastructure measures by combatting erosion while restoring some of the productive base depleted at an accelerated rate during the embargo period. The detailed list of sub-projects identified appears in Annex IV.
- 2.7 The Ministry of Agriculture (MOA), working with local communities and resident NGOs, have pre-identified small-scale infrastructure rehabilitation and input supply projects throughout the country. The criteria applied to identify sub-projects reflect the emphasis on timely operations to be implemented through NGOs which will generate direct benefits for the rural population. Among the main criteria for selection of the projects were: (i) suitability for immediate execution, through contracts with private sector institutions, NGOs and farmer associations; (ii) ability to create immediate benefits for the rural population, notably in terms of employment and increased agricultural production; and (iii) protection of the environment.
- 2.8 In collaboration with the MOA, resident NGOs were selected which met the following requirements: (i) demonstrated capacity in their respective specialties, (ii) minimum of three years demonstrated capability in the relevant activities; (iii) the cost of the total contract to be implemented by the NGOs must not be less than US\$200,000, with the exception of reforestation or input supply

activities which must not be less than US\$100,000; and (iv) the total contract must not exceed the current portfolio of the NGO by more than fifty percent. Detailed studies required for physical works will be completed for at least thirty percent of the total before Board approval.

- 2.9 While the majority of the operations within the US\$9 million physical infrastructure component are small-scale works and will be executed through NGOs (US\$7 million), the remainder (US\$2 million) has been reserved for immediate rehabilitation of irrigation infrastructure, in conjunction with the IDB-funded Artibonite and Riviere Blanche projects currently being reformulated, and will be executed through private companies to be contracted by the Emergency Implementation Unit. Half (US\$500,000) of the production input component will be implemented directly by the Haitian NGO currently operating the only successful input program of this kind, while the other half (US\$ 500,000) will be implemented by NGOs which will receive technical assistance from that leading organization. Similarly, half of the reforestation component (US\$ 500,000) will be executed by the only NGO currently capable of providing grafting services on a large scale, while providing technical support to other NGOs working on grafting at a smaller scale. The remainder of the reforestation activities consists of funding four NGOs in different parts of the country. Each fulfills the criteria previously cited and has demonstrated its commitment to reforestation and cost-effectiveness in the production and distribution of seedlings.
- 2.10 The cost of the emergency works sub-projects in the transport, infrastructure and sanitation sectors is estimated at US\$15 million for 66 sub-projects which have been identified in ten geographical areas. Infrastructure sub-projects are divided in two categories:
- a. those designed to compensate for deferred maintenance of infrastructure such as erosion and damage to roads, maintenance of bridges, wharves and breakwaters, dredging of waterways and repairs of municipal and social infrastructure such as streets, markets, schools and hospitals, and
  - b. emergency sanitation and environmental works to rehabilitate non-functional infrastructure in poor areas, such as cleaning clogged drainage ditches, clearing and relocating solid waste disposal sites and the clearing of surface water drainage systems for public facilities.
- 2.11 The list of the sub-projects identified during the Analysis Mission, including estimated cost and execution periods, is included in Annex V. Engineering and design studies for these sub-projects are underway utilizing the staff of the Ministry of Public Works and Bank financed consultants (TC Fondos). It is estimated that the design and feasibility studies will be completed by April 1995.

- 2.12 The US\$3 million emergency component for the energy sector consists of financing rehabilitation works that have been identified by the power company (Ed'H) as most urgent in the areas mainly of transmission and distribution, as well as generation. A description of these works and a sample of needs to be financed by the Bank appear in Annex III. Without these works the reliability of service will be very precarious, even after the major rehabilitation works that are being carried out with help of Caisse Francaise de Developpement (CFD).

### 3. Emergency Implementation Unit

- 2.13 A special Emergency Implementation Unit (EIU) will be established to execute the sub-projects funded under the emergency works component of the PURE. The EIU will be financed under a US\$4 million parallel non-reimbursable Technical Cooperation agreement. The Plan of Operations for the TC (see Annex I), constitutes an integral part of the PURE operation and is submitted for Board approval along with the PURE.
- 2.14 The EIU will be established by Presidential Decree and will be linked to the Office of the Prime Minister, see organization chart in Annex I. It is created as an autonomous entity and not subject to the rules and procedures of the bureaucracy of the state. The EIU will be responsible for managing, overseeing and monitoring the implementation of the list of pre-identified PURE emergency works sub-projects. The operating costs of the EIU will be funded under the TC, see Annex I Cost Table. It is a temporary institutional mechanism and Bank support to the EIU will end with the termination of the sub-projects.

### D. Cost and financing of the program

- 2.15 The PURE operation will include a sector component to finance imports, emergency works in the agriculture, energy and infrastructure sectors and the establishment of an implementation unit to assist in the execution of emergency works. The proposed Bank's financing of US\$68.5 million of FSO resources for the PURE is distributed as follows:

PROJECT COST AND FINANCING TABLE US\$1,000				
CATEGORIES	IDB	LOCAL	TOTAL	%
1. SECTOR COMPONENT	39400	0	39400	56.1
2. FINANCIAL COST		0		
Interest	200	0	200	.3
Credit Fee	0	0	0	.0
F.I.V.	400		400	.6
SUB-TOTAL, SECTOR COMPONENT	40000	0	40000	57.0
Percent distribution	100.0	0	100.0	
1. EMERGENCY WORKS COMPONENT				
Agriculture	10625	375	11000	15.8
Infrastructure	14090	925	15015	21.5
Energy	3000	150	3150	4.5
2. FINANCIAL COST				
Interest	500	0	500	.7
Credit Fee	0	50	50	.1
F.I.V.	285	0	285	.4
SUB-TOTAL, EMERGENCY WORKS COMPONENT	28500	1500	30000	43.0
Percent distribution	95.0	5.0	100.0	
GRAND TOTAL a/	68500	1500	70000	100.

a/ A US\$4 million parallel non-reimbursable technical cooperation for an Emergency Implementation Unit to manage and oversee emergency works sub-projects is also planned, see detailed cost table in Annex I.

1. Counterpart funding

2.16 Under Bank policy, counterpart funds will be required only for the investment component of the PURE. Under the exceptional circumstances facing Haiti, it is proposed that the Bank increase funding to 95 percent of the cost of the investment component. Since the GOH will be facing extremely difficult financial constraints during the execution period of the PURE, it is contacting other donors to obtain local currency resources to assist it to cover the US\$1.5 million counterpart requirement.

2. Terms and conditions of Bank financing

2.17 The following table summarizes the terms and conditions of Bank financing:



TERMS AND CONDITIONS	FSO
Amount	US\$68,500,000
Credit Fee	0.5% per annum of undisbursed portion
Amortization period	40 years
Grace period	10 years
Interest	1% per annum for the first 10 years and 2% thereafter
Physical initiation of works (investment component)	9 months
Disbursement period	6 months for fast-disbursing sector component, 24 months for emergency works and for the Emergency Implementation Unit

### III. PROJECT EXECUTION

#### A. Execution agency and disbursement procedures

- 3.1 Because of the emergency nature of this operation streamlined implementation and disbursement procedures will be adopted, consistent with prudent accountability considerations. Separate procedures will apply to each component as described below.

##### 1. Sector component

- 3.2 The executing agency for the sector reform component of the PURE will be the Ministry of Finance (MOF) with the Central Bank of Haiti serving as the financial agent for the MOF. This component will provide fast disbursing foreign exchange for the CIF costs of imports based on a negative list. After declaration of eligibility (see para 3.9), the entire US\$40 million sector reform component will become available for disbursement without further conditionality. The funds will be disbursed over the 6-month disbursement period in several draw-downs as follows:

- a. The first draw-down will be US\$15 million and consist of two parts: (i) up to US\$10 million for eligible imports which were received during the period from October 15, 1994 to the date of Loan eligibility, and (ii) a US\$5 million advance to finance eligible imports. Import documentation is currently being collected, reviewed for eligibility and will be prepared for Bank approval. It is expected that the first draw-down can take place immediately after declaration of eligibility
- b. The advance will be liquidated upon presentation by the MOF to the Bank of eligible and paid invoices totalling US\$5 million, and the Bank's approval of same. A subsequent advance will then be made and will be liquidated when the MOF submits eligible and paid invoices in the manner just described. This procedure will continue until the US\$40 million sector component is completely drawn down. All draw-downs must be completed and all advances must be liquidated during the 6-month period from the date of Loan eligibility.

- 3.3 These special procedures, incorporating the concept of advances are considered to be justified because of the limited volume of imports available at present for retroactive financing, the urgent need for import financing and the Bank's desire for financial control.

- 3.4 The commercial embargo which existed prior to October 15, 1994 sharply reduced the volume of imports eligible for retroactive financing, and those that are available will be largely absorbed by the first draw-down of US\$10 million from the IDB (see paragraph 3.2.a) and the first US\$20 million disbursement of the World Bank's

US\$40 million balance of payments credit, (see paragraph 1.13). At the same time, the demand for imports and other foreign exchange requirements will be increasing at a time when the export sector (which normally generates foreign exchange) has not yet fully recovered. Thus, the PURE resources need to be advanced in order to meet the increased demand for foreign exchange to support productive activities.

2. Emergency works component

- 3.5 The emergency works component of the PURE entails the execution of a pre-identified list of sub-projects in the three priority sectors of agriculture, infrastructure and energy. The executing agency for the emergency works component will be a newly established EIU linked to the Office of the Prime Minister and supported via a Bank-funded TC, see Annex I.

a. Emergency works sub-projects - eligibility criteria

- 3.6 During the Analysis Mission sub-projects totalling US\$27.7 million in the PURE priority sectors were identified and preliminarily approved by the corresponding line ministries, subject to GOH approval (see the list of projects in Annexes III, IV and V). The pre-identified sub-projects have the following characteristics: (i) are of an urgent nature and can quickly respond to rehabilitation needs in low income areas, (ii) involve labor intensive technology where possible and address environmental considerations, (iii) involve the participation of local firms, small enterprises, cooperatives and local NGOs, and (iv) have an average execution period of 6-8 months. In addition, cost effectiveness rather than economic rate of return considerations were applied. Most of the pre-identified sub-projects are in the preparation and design stage. However, to allow for flexibility during program execution, the list of sub-projects may be modified in order to achieve the objectives of the program.

b. Distinction between PURE and FAES 3/ operations

- 3.7 The sub-projects identified for PURE financing constitute a strategic response to an emergency situation prevailing in the respective sectors. The design and implementation of emergency sub-projects must be coordinated to insure the technical integrity and rapid execution of the program. In contrast to the projects presented to the FAES, the PURE sub-projects are generally more technically sophisticated and larger in scale. Moreover, the FAES is currently in the process of putting in place an administrative and operational structure that is equipped to respond to project proposals that originate from community based organizations. Tariffs, maintenance, and sustainability of projects with community

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3/ FAES (Economic and Social Fund) is a project with parallel World Bank funding designed to finance small local projects.

participation are essential ingredients in the design of FAES projects. The long-term viability of the FAES would be compromised and its focus deflected if its administrative structure were to be adapted to address the short-term objectives of the sub-projects proposed for the PURE.

c. Accounting and auditing

- 3.8 An independent accounting and audit firm will be contracted by the EIU to provide the necessary financial and cash controls including procedures to assure accountability and transparency in the financial management of the EIU. This will include the concept and functions of a concurrent audit. The terms of reference for the firm will be approved by the Bank. The accounting firm will also provide quarterly financial reports which will be provided to the Bank and the EIU Steering Committee.

B. Disbursement schedule, conditions and tranching

1. Sector component

- 3.9 The disbursement period for the sector reform component will be 6 months from the date of Loan effectiveness. After Board approval, the only requirement for declaration of Loan eligibility will be the ratification of the Loan by the Haitian Parliament (a requirement under Haitian law). In its fast-disbursing sector policy loans the Bank normally anticipates more than one tranche release. However, under the current conditions in Haiti a single tranche is justified because the commercial embargo and the subsequent dislocation of the economy and lack of foreign exchange has resulted in an urgent need to quickly provide financing for key imports. The single tranche will be disbursed in several draw-downs for the reasons stated in paragraph 3.4.

2. Emergency works component

- 3.10 For the agricultural, infrastructure and energy sub-projects the physical initiation of works must occur no later than 9 months after Loan effectiveness and the disbursement period will terminate 24 months from the date of Loan effectiveness. Prior to the disbursement of funds for emergency works, the TC for the EIU must have been declared eligible for disbursement.

3. Emergency Implementation Unit

- 3.11 The disbursement period for the EIU will be 24 months. Conditions precedent to disbursement of TC funds relate to the creation of the EIU, and the provision of sufficient staff to render the EIU operational, see Annex I.

C. Exceptions to Bank policies

- 3.12 In order for the executing agencies to achieve the immediate and short run objectives of the Program, they need respond quickly to the emergency and therefore require streamlined operating procedures. The following exceptions to Bank policies, or special procedures, are recommended in order to provide executing agencies with a quick response capability.

1. Sector Component

- a. An exception will be required to permit the advances mechanism described in paragraph 3.2. Normally, the Bank does not make advances on sector loans and requires paid invoices prior to the disbursement, but because of the import embargo insufficient invoices will be available and the need for foreign exchange is urgent. See paragraph 3.4.

2. Emergency Works component

- a. direct contracting for work and supervision, using a cost reference system approved by the Bank, will be employed with NGO's which have been selected on the basis of experience and predominant capability, see Annex IV,
- b. no contractual requirements for maintenance of works financed under the program,
- c. reduced local counterpart requirement. In Group D countries the local counterpart requirement is 20% In those Group D countries where more than 50% of the population is considered poor the ratio can be 10%. In view of emergency conditions and very high rates of poverty in Haiti the ratio should be 5%, and,
- d. it is proposed that spare parts for power generation and transmission equipment and for transport and maintenance equipment and machinery be purchased directly from the manufacturer in order to expedite repairs.

D. Environmental aspects

- 3.13 In the environmental context of Haiti, liquid and solid waste disposal, water production and distribution, gully treatment and soil conservation structures, agroforestry and tree plantings activities, and even road rehabilitation and reconstruction of irrigation ditches, have the potential to relieve stresses on the physical and biological environment.
- 3.14 Many EERP sponsored activities in the urban and rural areas are by design and strategy, likely to have a positive impact upon the

environment. Yet during execution or as part of inadequate design and operation, certain activities could produce negative environmental impacts. Given the scale and nature of the activities, however, it is not difficult to foresee sectors and projects that might have some impact upon the environment. Consequently, the establishment of a simple screening procedure and the definition of environmental criteria for impact prevention and mitigation by sector and activity, would ensure adequate environmental quality of most EERP sponsored projects.

- 3.15 A checklist of potential environmental effects will be completed for each activity. An environmental impact assessment will be made for each EERP project determined to have potential adverse impacts on the environment. Resources and personnel to perform these tasks will be provided by the EIU.
- 3.16 During preliminary screening, efforts will be made to establish eligibility criteria, environmental friendly design and construction specifications, and as much as possible, introduce environmental components or activities in projects of all sectors for the purpose of improving environmental quality in urban and rural areas of Haiti.

E. Bank supervision, monitoring and reporting

- 3.17 The Bank will supervise the program through its Field Office in Port au Prince with back-up support from headquarters as required. Within the first 30 days after the date of contract signature of the TC, the Project Team and the director of the EIU will meet to evaluate progress in establishing the EIU, review operating procedures, resolve issues and to discuss the work plan for the subsequent 90 days. Similar meetings will be conducted at 90 day intervals so long as Loan funds remain undisbursed. A similar series of meetings will also be conducted with Ministry of Finance and Central Bank officials to assure that draw-downs are proceeding on schedule.

F. Procurement of goods and services

- 3.18 Procurement procedures will be as follows:
  - a. Agricultural sector: Direct contracting will be done by the EIU with the resident NGOs listed in Annex IV. This procedure is justified based upon the predominant capability of these NGOs, their experience in executing similar operations in the country and their ability to quickly mobilize in order to address the emergency situation in Haiti.
  - b. Infrastructure and energy sectors: All of the infrastructure sub-projects are below the Bank's minimum thresholds in Haiti for international competitive procedures (US\$1 million for works, US\$250,000 for goods and US\$200,000 for consulting services). Therefore, all procurement will be carried out in

accordance with Bank's international/local procurement procedures. 4/ It is also expected that the works and goods required for sub-projects in the energy sector will be below the thresholds and the international/local procurement procedures will also apply.

- c. Emergency Implementation Unit: The selection of the EIU Director and two international consultants will be based on GOH presentation of candidates with demonstrated experience in project management and execution. The terms of reference for each position are presented in Annex I-4.

G. Reimbursement of prior expenditures

- 3.19 Under the emergency works component, recognition and reimbursement with IDB funds of prior expenditures may be authorized up to US\$2 million for pre-selected sub-projects listed in Annexes IV and V which were carried out by qualified NGOs operating in the country and which began after October 15, 1994 (i.e., the return of constitutional government).

H. Program evaluation

- 3.20 Not later than 60 days after the final disbursement of Loan funds the Project Team will undertake an evaluation of the Program. The objective of the evaluation will be to determine the contribution of the PURE to the emergency economic recovery effort. The impact of the sector component will be guided by the objectives summarized in paragraph 2.3 while the impact of the emergency sub-projects will follow the selection criteria in paragraph 3.6 above.

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4/ In this type of limited bidding, price quotations are obtained, generally from three or more national or foreign suppliers, with the goal of obtaining the most competitive price. Formal bidding documents are not required. The price-quote method may be appropriate for the procurement of off-the-shelf goods which are warehoused and readily available to the public, for goods of standard specifications and of low value, or for the contracting of small and uncomplicated works.

#### IV. VIABILITY AND RISKS

##### A. Project viability

- 4.1 The policy reform and the emergency works components of the PURE have very specific short-run objectives, i.e., to support a policy environment to enhance the recovery effort while providing employment and income generating opportunities. The main concern of the Project Team is to design an operation which is cost effective, and one that can be quickly implemented and which responds to the Bank's accountability requirements. Where possible, emergency works have been designed to enhance or support regular Bank projects, but the immediate employment and income generating goals are of primary concern.

##### B. Project risks

###### 1. Political instability in Haiti

- 4.2 Potential for political instability during the first year of constitutional government exists as parliamentary and presidential elections are scheduled. Also, back-tracking on reforms could undermine the rehabilitation efforts. To counterbalance this risk, the donor community has launched the EERP to provide rapid and sustained support for economic stability and social programs. Concurrently, the UN peacekeeping effort is designed to improve the security situation. If the public feels that this approach provides a secure environment and generates jobs, increases incomes and results in high-profile infrastructure improvements then the potential for political instability will be reduced. The PURE has been designed with this objective in mind.

###### 2. Limited implementation capacity of GOH institutions

- 4.3 In the months following political resolution it will be difficult to obtain inputs from GOH institutions. Recognizing this, the Project Team will minimize the demands on government by relying heavily on Country Office staff and on consultants. Indeed, the rationale for the EIU is to provide a mechanism to execute rehabilitation projects without relying on the fragile government structure. The project team and the Field Office staff will assist the government meet contractual requirements after the signature of the loan contract. In this respect, it should be noted that after the PURE operation has been signed it will have to be ratified by the Haitian Parliament before the Loan can be declared eligible. During the Analysis Mission, assurances were received that the government accords highest priority to Parliamentary approval of this operation.



3. Absence of other donor support

- 4.4 The success of the EERP will require a massive effort on the part of the donor community estimated at US\$670 million. While US\$82 million of this amount (arrears clearance) will have been provided prior to the approval of the PURE, any significant delays or reductions in donor flows will affect the success of the recovery effort. To address this concern, the World Bank has chaired regular meetings of the Haiti Contact Group to monitor donor participation, and the CG meeting for Haiti scheduled for late January 1995 has been designed to solidify donor support.

NON REIMBURSABLE TECHNICAL COOPERATION. EMERGENCY IMPLEMENTATION UNIT  
EMERGENCY ECONOMIC RECOVERY PROGRAM (EERP)

(TC-93-04-41)

EXECUTIVE SUMMARY

I. SUMMARY

BORROWER AND GUARANTOR:	The Government of Haiti	
EXECUTING AGENCY:	Emergency Implementation Unit (EIU) for the "Programe d'Urgence et Redressement Economique" (PURE).	
AMOUNT AND SOURCE:	IDB:	US\$4.0 million (FSO)
	Total:	US\$4.0 million (FSO)
FINANCIAL TERMS AND CONDITIONS:	NON REIMBURSABLE	
	Execution period:	18 months
	Disbursement period:	24 months
ENVIRONMENTAL CLASSIFICATION:	The Environmental Management Committee, at its meeting of August 18, 1993, classified this as a Category III operation.	
OBJECTIVES:	The objective of this parallel technical cooperation is to provide the financial and technical support to facilitate the: (i) implementation of PURE (HA-0011) with the creation of an Emergency Implementation Unit (EIU); (ii) compliance with contractual conditions in the HA0011 loan contract; and (iii) other technical support for activities related to the emergency. The EIU will cover the PURE execution period and will be a major instrument for the Bank's participation in the emergency reconstruction of Haiti's economy.	
DESCRIPTION:	This technical cooperation is a temporary institutional instrument to respond to the implementation of PURE. It will finance the creation of the EIU with the necessary staffing, office equipment and vehicles. It will also include funds for the financing, when still required, of engineering designs and technical studies related to emergency works under the emergency period. The EIU will be newly established and based at the Prime Minister's Office. The EIU will be created by a Presidential Decree. A Steering Committee will be	

named and will be chaired by the Prime Minister and include the participation of the Ministers of Finance, Planning and the Governor of the Central Bank. The Secretary of the Committee will be the Director of the EIU. . The staff of the unit will vary in accordance with technical needs and the volume of work.

**BENEFITS:**

The financing of the EIU and the flexibility of operational mechanisms and criteria should facilitate PURE'S implementation within the current context of Haiti. Furthermore, the EIU opens the possibility of channelling funds from other donors through this implementation mechanism.

**RISKS:**

The risks of this technical cooperation are directly related to those associated with the PURE. Orderly implementation of the PURE program presupposes the restoration of law, order and internal security. Other risks include delays in obtaining ratification of the PURE from the Parliament (a requirement under Haitian law).

The main concern is to have an institutional mechanism that is cost effective, that can quickly respond to the emergency nature of the PURE and which ensures the Bank's accountability requirements. Measures to ensure these requirements have been taken into account include : having a system of concurrent audits and quarterly reports in place to provide the necessary financial control, highly qualified national technical staff and the availability of international consultants to support the EIU director.

**EXCEPTIONS TO  
BANK POLICY:**

The following exceptions to Bank policies are recommended in order to provide the Unit with a quick response capability:

- (a) advance of funds of 20% of the EIU component of this parallel non reimbursable technical cooperation;
- (b) contracting for work and supervision firms (i) based on a short list of contractors approved by the Bank and EIU, and (ii) without public announcement for those contracts that exceed the US\$200,000 threshold.

**THE BANK'S  
COUNTRY STRATEGY:**

The Bank's strategy over the next 12-15 months is to participate in a coordinated fashion with other donors for the Economic Recovery of Haiti. The

Bank's participation in the multi-donor financed ERP will consist of the US\$70 million PURE. Concurrently, the Bank will reactivate nine projects (US\$132.0 million), and prepare a new National Rehabilitation Roads Program Loan (US\$45.0 million) and an Energy project (US\$48.4 million).

**SPECIAL  
CONTRACTUAL  
CONDITIONS:**

**For first disbursement:**

Issuance of the Presidential Decree creating the EIU and designating the Steering Committee.

Designation of the EIU director and other essential staff to start operations.

Open an special account for the PURE/EIU-BID at the Central Bank.

Designation of the external independent auditing firm that will carry out the concurrent and quarterly audit and present the methodology to be put in place to conduct follow up controls at the sectoral level.

**Other contractual conditions**

a. The two international consultants should be incorporated into the EIU during the first quarter after eligibility. The selected candidates should be presented to the Bank for approval.

b. Present the semiannual Plans of Action of activities to be carried out by the EIU.

c. Present a final evaluation report.

d. Present quarterly financial audited reports .

**II. OBJECTIVES**

- 2.1 The objective of this parallel technical cooperation is to: (i) provide the financial and technical support to facilitate the implementation of the PURE (HA-0011) emergency works component through the creation of an Emergency Implementation Unit (EIU), (ii) assist the GOH comply with contractual conditions in the HA0011 loan contract, and (iii) assist in the reactivation of approved Bank projects currently paralyzed. The EIU will cover the PURE execution period and will be the first major instrument for

the Bank's participation in the emergency reconstruction of Haiti's economy.

- 2.2 The EIU may be the implementation mechanism for other donors. As of now however, the Unit will be only used by the IDB financed operation. Adjustments in the size of the Unit would have to be made in accordance with evolving needs and volume of resources.

### III. DESCRIPTION OF THE TECHNICAL COOPERATION

#### A. The EIU

- 3.1 This technical cooperation will: a) finance the creation of the EIU with the necessary staffing, office equipment and vehicles; b) provide consultancy services for the preparation of technical studies for the rehabilitation works and their supervision; and, c) provide technical expertise for the solution of technical problems in the reactivation of ongoing approved operations.
- 3.2 The EIU will be newly established and based in the Prime Minister's Office. The EIU will be created with a Presidential Decree. A Steering Committee will be named and will be chaired by the Prime Minister and include the participation of the Ministers of Finance, Planning and the Governor of the Central Bank. Other sector ministers will participate as needed. The Secretary of the Committee would be the Director of the EIU.
- 3.3 The function of the high level Steering Committee is to provide policy guidelines and direct the administration of the program, approve progress reports, review the auditing reports and conduct periodic evaluation of the program and the Director's performance. It will meet at least once a month.
- 3.4 The EIU will be headed by an Executive Director who will be a Manager. The Candidate should be acceptable to the Bank. The Director will be supported by an international consultant with broad experience in public works projects. In addition the Unit will have national and international technical staff, of approximately 12 distributed as follows: agriculture (2), infrastructure (3), and energy (1), procurement, one international/one national (2), finance/accounting (1) and information systems specialist (1). The Director's profile and international staff appears in Annex I-4. Support services for the Unit in the legal and accounting fields will be contracted and administrative staff will be hired as required (start up administrative staff of 2). Flexibility will exist in terms of the size of the Unit responding to the volume of projects and resources to be handled. However, the international consultants should be in place within the first three months of the initiation of activities of the Unit. The candidates should be acceptable to the Bank. Short term contracts would be used to resolve specific technical

considerations, such as environmental, legal and others. The proposed organizational chart and staff details for the Unit is included in Annex I-1 and I-2.

#### IV. FINANCING AND EXECUTION

- 4.1 The proposed Bank's financing is US\$4.0 million of FSO resources on a non reimbursable terms distributed as follows:

COST TABLE (US\$ million)	
CATEGORY	IDB
1. EIU	1,338,000
2. Supervision, Engineering designs and Audit	1,880,000
3. Reactivation of projects	282,000
98. Contingencies	500,000
TOTAL	4,000,000

A. Execution Mechanism.

- 4.2 The Unit will manage the resources provided by the Bank and possibly other donors and will be authorized to negotiate and sign contracts. It will have technical, economic, administrative and financial autonomy. This applies to staff recruitment, acquisition of goods and services and budgetary system.
- 4.3 The Unit will ensure coordination, efficiency and transparency in the implementation of the PURE. The Unit will be responsible for: the preparation and supervision of projects, managing funds, selection of consultants, contractors and supervision firms and NGOs, procurement of goods and services, accounting and contracting of audits, establishment of a data bank and the preparation of reports.
- 4.4 EIU will coordinate with the line ministries regarding the pipeline of projects or line of activities selected for their semestral Plan of Action. Basic selection criteria have been applied and a pre-identified list of projects has been agreed on with the line ministries, municipalities and the anticipated participating NGOs. See the PURE loan document (HA0011) and corresponding Annexes. Coordination with line ministries will be ensured.

- 4.5 Currently, national consultants financed by the Bank (PPF/CT FONDOS) are preparing technical/engineering designs and detail cost estimates for the infrastructure projects identified under the PURE. In the case of the pipeline of projects and activities in the agricultural sector to be contracted with NGOs, substantive work has been completed.
- 4.6 If the need for the inclusion of a new project arises, basic eligibility criteria will be applied as described in the loan document (HA0011). In the case of activities to be carried out by NGOs, as is the case for the agricultural component, agreements will be signed with the EIU. The NGO/EIU agreement should clearly establish the strategy to be followed, geographical areas, types of projects, volume of resources, the monitoring system to be put in place and obligations. Each NGO should satisfy basic eligibility criteria, such as: i) established for at least 3 years as an NGO; ii) have handled at least 50% of the volume of resources of the amount of the agreement; iii) recognized satisfactory track record; and, iv) maintain financial records.
- 4.7 The EIU will provide a technical expert in the energy sector to assist EDH/MTCTP during the emergency in the coordination of efforts regarding foreign assistance in the sector, preparation of technical proposals and monitoring of the energy emergency activities financed by the PURE. Additional necessary technical expertise required in this sector during this period would be hired, on short term contracts.
- 4.8 EIU will follow the procurement procedures, eligibility criteria of projects, financial reporting and auditing as stipulated in the PURE loan contract. An internal Adjudication Committee will be created constituted by: the Director, the international advisor, the international procurement advisor and one sectoral expert from the EIU. In the case of an impasse, the Steering Committee should be informed and take the final decision before the adjudication of a contract. The COF/CHA will carry out random reviews of contract adjudications. The EIU will advertise locally the list of projects to be carried out quarterly in order to receive expressions of interest. Works will be monitored by the supervision firms and certification of progress and completion will be issued.
- 4.9 PURE contractual conditions have been minimized, procurement procedures have been streamlined, counterpart requirements waved in order to permit the financing of recurrent costs and remove unduly burdensome reporting and maintenance requirements.

1. Accounting and auditing

- 4.10 An external auditing firm will be hired to: i) establish the accounting procedures and code of accounts of the PURE and EIU; ii) install the auditing mechanism for a concurrent audit that would be carried out in a parallel fashion to the accounting and financial monitoring of the EIU. The selection of the auditing

firm and the corresponding terms of reference should have the approval of the Bank. Contracting will be carried out from the selection of a short list of firms. The auditing firm will submit quarterly reports. All audit reports will be reviewed by the Steering Committee and the Bank.

2. Execution and Disbursement schedule

- 4.11 The execution period of this technical cooperation will be that of the PURE which has been estimated at 18 months for all activities related to emergency works.

B. Contractual conditions:

- 4.12 The following contractual conditions prior to first disbursement should be satisfied:

Issuance of the Presidential Decree for the creation of the EIU and designation of the Steering Committee.

Designation of the EIU director and other essential staff to start operations.

Open a special account for the PURE/EIU-BID at the Central Bank.

Designation of the international auditing firm that will carry out the quarterly concurrent audit and present the code of accounts to be used by the EIU.

2. Other contractual conditions:

- 4.13 The EIU must present the following:

- a. Present the proposed international experts for Bank approval no later than three months after the eligibility for disbursements of the technical cooperation funds.
- b. Present the semi-annual Plans of Actions.
- c. Present a final evaluation report.
- d. Present audited financial reports on a quarterly basis.

C. Waiver of Bank policies

- 4.14 In order for the Unit to function and carry out its urgent mandate, it must operate with the simplest possible procedures such as those stated in the PURE loan proposal. The following waivers of Bank policies are recommended in order to provide the Unit with a quick response capability:



- a. An advance of funds of 20% of the EIU allocated financial resources of the parallel non reimbursable technical cooperation,
- b. Short list for the contracting of supervision works and special short term studies based on price quotations from three companies for contracts that exceed the threshold amount of US\$200,000, a waiver is proposed to use the same procedure applied for the lower amounts. Most contracts are expected to fall under the threshold where no public announcements are required

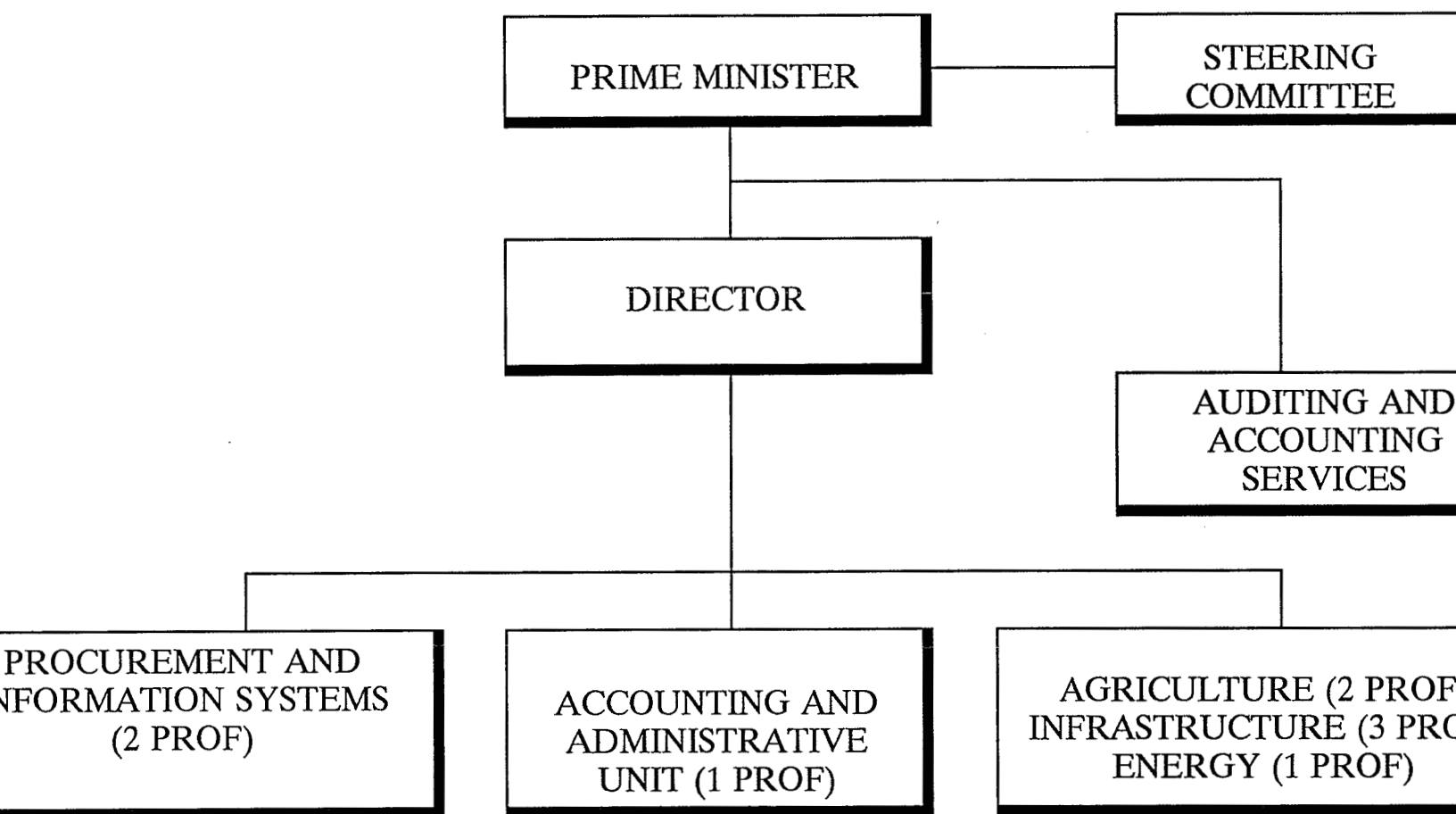
## V. VIABILITY AND RISKS

- 5.1 The risks of this operation are directly related to those associated with the PURE. Orderly implementation of the PURE program presupposes the restoration of law, order and internal security. Other risks include: failure by Parliament to quickly approve the PURE loan (a requirement under Haitian law); the opportune issuance of the Presidential Decree required to create the EIU; and the speedy contracting of qualified staff to start the program. The Bank will assist the Government in the identification of personnel.
- 5.2 The main concern is to have an institutional mechanism that will implement projects in an efficient fashion and that will respond to the emergency and responds to the Bank's accountability requirements. The financing of the EIU and the flexibility of operational mechanisms and the fact that a pipeline of projects has already been identified should facilitate PURE'S implementation within the current context of Haiti. Transparency and progress in execution will be ensured with proper monitoring requirements, such as an Adjudication Committee. Careful selection of highly qualified national and international staff is of the essence.

## VI. EVALUATION

- 6.1 The reports required will be: simplified monthly reports to FHA in accordance with a summarized report format; ii) parallel semestral reports associated with the PURE where detailed information regarding the technical cooperation resources and activities will be included; iii) quarterly audited reports; iv) a final report where the main achievements and results of this operation will be summarized. The Country Office in Haiti (CHA) will carry out a close monitoring of the Program. Random review of the adjudication process will be carried out by CHA.

# Emergency Economic Recovery Program (P.U.R.E) Emergency Implementation Unit (EIU)



EIU STAFF

- (1) General director
- (1) International expert (international)
- (2) Procurement specialists (1 international)
- (1) Accountant
- (1) Systems and databank specialist
- (2) Agronomists
- (3) Civil engineers
- (1) Energy specialist

3 Secretaries  
2 Messengers/drivers

TOTAL STAFF:

Professional: 12  
Administrative: 5

BUDGET FOR 18 MONTHS (US\$)

I.	EIU	
A.	OPERATING COSTS	
1.	Honoraria	
	Director (US\$6,000 x 24 months)	144,000
	International expert (US\$12,000 x 18 months)	216,000
	International procurement expert (US\$12,000 x 18 months)	216,000
	Specialists (7 x US\$3,000 x 18 months)	378,000
	Energy expert (1 x US\$3,000 x 18 months)	54,000
	Computer expert (US\$2,000 x 18 months)	36,000
	<u>Subtotal</u>	<u>1,044,000</u>
	<u>Support services</u>	
	Secretaries (3 x US\$700 x 18 months)	37,800
	Drivers (2 x US\$400 x 18 months)	14,400
	Office service (US\$400 x 18 months)	7,200
	<u>Subtotal</u>	<u>59,400</u>
2.	<u>Equipment</u>	
	Vehicles (3 jeeps x US\$25,000)	75,000
	Computers and equipment (8 x US\$3,000)	24,000
	Photocopier, fax, telephone	10,000
	Office furniture	12,000
	<u>Subtotal</u>	<u>121,000</u>
3.	<u>Other expenses</u>	
	3.1 Transportation expenses (outside Port-au-Prince - per diem and gasoline)	20,000
	3.2 Travel - international expert	3,800
	3.3 Individual consultants	54,000
	3.4 Rent, maintenance, operations	36,000
	<u>Subtotal</u>	<u>113,800</u>
	TOTAL OPERATING COSTS OF EIU	1,338,200

B. STUDIES, SUPERVISION, AND AUDITING EXPENSES

(Infrastructure rehabilitation works total: US\$15 million)

1. Technical studies (5%)	600,000
2. Works supervision (7%)	1,080,000
3. Audit	200,000
TOTAL STUDIES, SUPERVISION, AND AUDITING EXPENSES	1,880,000
C. CONTINGENCIES (15%)	500,000
OVERALL TOTAL	3,718,200

II. PROJECT REACTIVATION

Consultant and technical studies	281,800
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GRAND TOTAL	4,000,000
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TERMS OF REFERENCE OF THE EXECUTIVE DIRECTOR, THE INTERNATIONAL ADVISOR  
AND THE PROCUREMENT EXPERT

I. The Executive Director

A. Qualifications

1. A Manager (an executive with managerial skills) could be Business Administrator, an Economist or an Engineer.
2. Minimum of 15 years of professional experience. Previous management of a public works projects in a leadership capacity.
3. Knowledge of English or Spanish.
4. Knowledge of procurement and contracts procedures.

B. Duration

24 months

C. Responsibilities

The Executive Director of the PURE is responsible for all aspects regarding the management, technical evaluation and supervision of execution of all components and activities related to this technical cooperation. The main duties include:

- a. Ensure the preparation of work plans and timetables, as well as compliance of contractual conditions of this technical cooperation
- b. Selection and contracting of staff with their corresponding terms of reference. Also responsible for the selection of needed consultants, and their presentation for the consideration of the Bank when required.
- c. Review and evaluate the activities undertaken by the Unit team ensuring that all proposed activities and recommendations are in accordance with the requirements of the Program and those established by the Bank.
- d. Provide advice and technical support to EIU regarding contracting of services, selection of firms, evaluation of bids and cost estimates and preparation of contracts. The Director will preside over the Adjudication Committee.
- e. Ensure that the proper monitoring and follow up of contractors work, NGOs and other supervision of activities are carried out as planned.

- f. Should be involved in all the activities of the Program. The Director reports to the Steering Committee, presents monthly briefings to inform the Committee of level of activities, results, problems and progress. The Director will be responsible for meeting the PURE's objectives. The Director will keep the Bank informed of all activities and ensure that contractual obligations are met.
- g. The Director of the EIU, in the event of other donor agency interested in using the EIU, will evaluate the necessary operational adjustments and human resources required and will present its findings to the Steering Committee and the Bank.
- h. The Director will ensure that the auditing firm has the approval of the Steering Committee and the Bank and that the quarterly auditing reports from the external auditor are submitted to the Steering Committee for their approval.

## II. International advisor

### A. Qualifications

- 1. Engineer with a master's degree
- 2. Minimum of 15 years of professional experience. Previous management of a public works projects in a leadership capacity. Ample professional experience working in less developed countries.
- 3. Complete fluency in French. Knowledge of English or Spanish.

### B. Duration

18 months

### C. Responsibilities

The technical expert will have as primary responsibility to assist the Executive Director of the PURE in all aspects regarding the coordination, technical evaluation and supervision of execution of all components and activities related to this technical cooperation. The main duties include:

- a. Prepare the work plans and timetables.
- b. Define terms of reference of needed consultants, as necessary.
- c. Review and evaluate the activities undertaken by the team of consultants working in or for the EIU, ensuring that all proposed activities and recommendations are in accordance with the requirements of the Program and requirements established by the Bank.

- d. Provide advice and technical support to EIU regarding contracting of services, selection of firms, evaluation of bids and cost estimates and preparation of contracts. The expert will be a member of the Adjudication Committee of the EIU.
- e. Provide support for the monitoring and follow up of contractors work, NGOs and supervision of activities carried out by the program in coordination with the EIU staff.
- f. Perform any other activities as determined by the EIU director to meet the goal of implementing the PURE's objectives.
- g. Assist the director of the EIU, in the event of other donor agency interested in using the EIU, to evaluate the necessary operational adjustments and human resources required.

### III Procurement international expert

#### A. Qualifications

- 1. Engineer or Business Administration professional
- 2. Minimum of 15 years of professional experience. Previous experience and responsibility in procurement and adjudication of contracts of a public works Program in a leadership capacity.
- 3. French speaker. Knowledge of English or Spanish.
- 4. Experience working in less developed countries

#### B. Duration

18 months

#### C. Responsibilities

The procurement expert of the PURE is responsible for all aspects regarding the evaluation of firms, contracting of firms and NGOs and the follow up of contractual commitments. These tasks will be carried out in coordination with: the technical staff of the EIU, with the support of the national procurement officer, the financial unit and coordination with the auditing firm. The main duties include:

- a. Maintaining a register of all firms interested in participating in the execution of PURE works. An evaluation of their capacity should be carried out before a firm can be considered.



- b. Advertising in the local news papers the works that will be contracted every quarter.
- c. Contracting of legal services if required for the review of standard contracts to be used by the EIU.
- d. Provide advice and technical support to EIU regarding contracting of services, selection of firms, evaluation of bids and cost estimates and preparation of contracts. Prepare the work plans and timetables.
- e. Present contracts for the Adjudication Committee review before adjudication approval. Prepare necessary documentation for the disbursement request to IDB in coordination with the accounting unit of the EIU.
- f. Ensure that the proper monitoring and follow up of contractors work, NGOs and other supervision of activities are carried out by the technical staff of EIU and the auditing firm, as planned.
- g. Review general NGO procedures to subcontract smaller NGOs/firms who in turn will contract with farmer groups or individual laborers to execute works. Review the Implementation of Production Inputs Projects procedures by NGOs and propose adjustments if the Adjudication Committee considers it appropriate.
- h. The procurement officer of the EIU, in the event of other donor agency interested in using the EIU, will evaluate with the Director the necessary operational adjustments and human resources required. The findings will be presented to the Steering Committee and the Bank.
- i. Prepare terms of reference of needed consultants.
- j. Review and evaluate the activities undertaken by the team of consultants working in or for the EIU, ensuring that all proposed activities and recommendations are in accordance with the procurement requirements of the Program and of the Bank.
- k. Perform any other activities as determined by the EIU director to meet the goal of implementing the PURE's objectives.



REPUBLIQUE D'HAÏTI

MINISTÈRE

DE L'ECONOMIE ET DES FINANCES

*Le Ministre*

No SEC./032

13 NOV. 1994

PORT-AU-PRINCE, LE ..... 19

Mr. Enrique V. Iglesias  
President  
Inter-American Development Bank  
Washington, D.C. 20577

*A FRAMEWORK FOR A SUSTAINABLE ECONOMIC RECOVERY*

Dear Mr. Iglesias

1. The Republic of Haiti has suffered through a long period of economic decline and political instability. This period was marked by high inflation, rising poverty and a critical deterioration in the ability of the state to provide basic services. On the occasion of the return of President Aristide and the restoration of a constitutional government, we have the opportunity to begin anew. Our first and fundamental objective is the restoration of law and order within the country, the amelioration of social conditions, and the resuscitation of the economy in the context of the Emergency Economic Recovery Program (EERP). Once this has been assured, our economic objectives will focus on policies that will improve the functioning of the state, achieve sustainable growth in a stable macroeconomic context, and reduce poverty and social inequalities. I would like to take the occasion of this letter to outline an economic policy framework for the next twelve to eighteen months, designed to ensure the sustainability of the economic recovery process supported by the EERP.

**EMERGENCY ECONOMIC RECOVERY PROGRAM**

2. In 1993, a multi-agency task force, including participation by the International Development Association (IDA), the Inter-American Development Bank (IDB) and other multilateral organizations, laid out the basis of our EERP which we are beginning to implement, taking into account the findings of the recent up-dating mission. This program has identified about US\$394 million of budgetary/balance of payments support, technical assistance and emergency measures to be carried out over the next twelve to eighteen months. It focuses on social programs directed at poverty alleviation, repair of basic

infrastructure, protection of the environment, support for private sector development and restoration of key central government functions. We estimate quick-disbursing funds of at least US\$130 million will be required during the first year, in order to restore the functions and services of the central government. A small part of the program, amounting to about US\$28 million, is aimed at providing technical assistance to help reorganize the public sector, strengthen economic management and assist in carrying out the EERP. Of the remaining US\$236 million for sectoral programs, nearly two-thirds involve expenditures for labor intensive works. In the social sectors, our activities will be aimed at improving the supply of basic supplies, such as drugs and school books, increased staff training, and targeted programs of nutrition and maternal and child health. In infrastructure, our objective is to rehabilitate existing infrastructure which has been neglected in the past, including roads, water supply, ports and electric power. In order to carry out the EERP as expeditiously as possible, an emergency implementation unit (EIU) will be established linked to the office of the Prime Minister. The Prime Minister will provide general oversight of the EERP, supported by a Steering Committee including the Ministers of Finance and Planning, and the Governor of the Central Bank. Also, existing sectoral implementation arrangements will be utilized, and all sectors of the Civil Society will be invited to participate in the implementation process.

3. We hope that this program will attract support of multilateral and bilateral donors. The proposed Emergency Economic Recovery Credits of IDA and IDB will be important contributions which will permit us to finance critical imports for the private and public sector under the umbrella of the EERP. We intend to make a full report on progress on the EERP, and discuss additional financing needs, during the forthcoming Consultative Group meeting in early 1995.

4. In addition to the emergency measures described above, the Government will need external support in the areas of governance and humanitarian assistance, as well as funds to clear Haiti's arrears. To clear arrears with the multilateral lenders, a support group meeting chaired by the U.S. Treasury has been convened, and a financing plan for the clearance of these arrears has been established. The Government of Haiti has allocated US\$13 million of its own funds to this effort, and we expect the clearance of arrears to be effected soon.

## MACROECONOMIC STABILITY

5. In order to ensure a stable and productive environment for the private sector, we are taking steps necessary to stabilize the economy. Working with the IMF, we are identifying measures necessary to contain the overall public sector deficit. We are also taking steps to reduce monetary growth based on credit by the Central Bank, and expect overall inflation to be substantially reduced in 1995. Ceilings on interest rates will be abolished so as to effect market determined interest rates on loans. The Government will at the same time explore ways to revitalize the system of credit unions and broaden access to credit. We hope to finalize our overall macroeconomic program in the next few weeks and reach agreement with the IMF on a new Stand-by Arrangement by early 1995. This agreement will outline

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our objectives for monetary growth, the public sector deficit, and external accounts, within the objective of reducing inflation and laying the basis for economic recovery.

## THE ROLE OF THE STATE

6. The past decade has seen a marked deterioration in the ability of the state to provide basic services. While public sector employment increased considerably, government revenues declined, resulting in a deterioration of services, particularly in the social sectors. At the same time, the Government expanded its reach into the productive sectors through public enterprises, which preempted private investors. We are committed to refocus the role of the state on its legitimate functions of providing security, justice, basic economic infrastructure and essential social services targeted at the poor. To do this, we must make some fundamental changes in the way the state operates.

7. **Revenues.** Tax evasion, avoidance and corruption have become endemic, and we estimate that the tax to GDP ratio has fallen to 4 percent in 1994, one of the lowest in the world. We intend to raise this ratio at least to the level of 8 percent of GDP attained in 1991. The primary focus will be on tax administration and compliance. First, overdue payments to the Treasury will be collected and steps taken to reduce tax delinquency. Second, the high cost of tax collection, relative to revenues generated, will be reduced through budget reallocations, administrative reforms and staff training. Third, in view of the high concentration of tax payments on a few entities, we will immediately establish a unit specializing on the largest taxpayers. This will improve the ability to cross-check fiscal information with the customs administration as well as within the internal revenue administration. Fourth, we want to broaden our tax base, specifically through including professionals. Finally, steps will be taken to eliminate bribery and corruption in tax and customs administration.

8. **Expenditures.** The level of public expenditures has been so eroded by inflation that the Government is unable to adequately discharge most of the basic functions that are the proper responsibility of the public sector. Furthermore, the current pattern of public expenditures is inappropriate in view of the urgent needs of the social sectors. The Government intends to make major steps to improve delivery of health, nutrition and education services. Particular focus will be given to increasing non-salary operating and maintenance expenditures, including medical supplies and equipment, school textbooks and supplies, and targeted nutrition programs. High priority will be extended to augmenting allocations throughout the public sector for maintenance and operating expenditures, so as to prevent further deterioration in the stock of infrastructure. We will also undertake a major review of the public sector investment program, focusing on high priority rehabilitation investments in infrastructure. Our overall objective is to have a significant increase in public sector investment in fiscal year 1995, consistent with our overall macroeconomic targets which will be outlined in the IMF Stand-by Arrangement. At the same time, the Government will eliminate unnecessary and wasteful expenditures, particularly by eliminating

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spending from discretionary accounts and fraudulent employment practices, and by introducing procurement procedures that ensure accountability.

9. **Civil Service Reform.** We intend to transform the civil service to make it an efficient instrument for the delivery of services to society. To this end, civil service management will be improved, the size of the civil service reduced, and the level of professional competence increased. Personnel management practices will be revamped to make processes transparent, clear criteria and qualifications for employment will be established, and more up-to-date personnel records will be assembled. Voluntary separation and early retirement schemes will serve as a means to eliminating redundant employment. The phasing of the civil service retrenchment will depend critically on the financial means available to the Government to cover up-front costs. In order to attract qualified people to the civil service, part of the medium-term savings realized from the above programs will be used to increase key salaries. On a pilot basis, and to improve the effectiveness of government services, we will start decentralizing some positions and functions to the local authorities.

10. **Democratization of Asset Ownership.** State control of substantial productive assets has resulted in mismanagement and corruption and imposed serious political, economic and financial costs on Haiti's society and economy. The consolidation of a democratic order and the desire to foster economic growth and efficiency compels the Government to dispose of these assets.

11. The intended comprehensive divestiture needs to be accompanied by the implementation of an appropriate regulatory framework and anti-trust legislation. To prevent undue concentration of wealth within the country, the Government will seek out foreign investors, members of the Haitian Diaspora, and small domestic savers. Additionally, arrangement will be made to ultimately transfer part of the ownership to traditionally excluded segments of society, including the victims of the unconstitutional rule. To further support the redistribution objectives, the Government will give priority to investing proceeds from the divestiture so as to benefit the poor, including in infrastructure, low-cost housing, and a permanent trust fund for education and health.

12. **International Trade.** The country's exchange system is free of restrictions and transactions are taking place at the free (Interbank) market rate. The Government is committed to continue this policy and to allow the Central Bank to purchase foreign exchange only for its operations.

13. While steps have been taken in the past to reduce effective protection, our trade regime compares unfavorably to that of many other countries, and thwarts our goal of achieving a competitive and open economy. In addition to having many different rates and exemptions, the import duty structure is too high and encourages contraband and corruption, and benefits domestic monopolists. High tariffs on agricultural products particularly raise the price of food for the poor. To correct this situation and promote economic efficiency, the Government plans to eliminate the remaining quantitative restrictions and move towards

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the elimination of all tariffs except for those on a small number of sensitive goods including rice, corn, beans and sorghum. The tariff reform will be phased so as to facilitate the transition to a free trade regime with a view to a concurrent reduction in the relative tariff dispersion. In conjunction with the tariff reform, the system of import valuation will be modified and moved to the free market exchange rate, and the duty-free franchise system will be reviewed to eliminate abuses. To reduce uncertainty, the respective legislation will be submitted to Parliament by early 1995. We will ensure that these reforms take place in the context of a viable fiscal regime. To this end, we already revised taxes for petroleum products and eliminated the implicit subsidy by making sales to the private sector at the market exchange rate.

14. Any revenue losses from the trade reform will further be offset by implementing higher excise duties on luxury consumer goods, alcohol, tobacco, and automobiles. As we undertake the liberalization process, we will also negotiate with our major trading partners better access to their markets, including maximum favorable treatment with respect to quantitative restrictions and tariffs for the next ten years. In addition, the Government intends to mobilize international assistance to improve the competitiveness of the agricultural sector, particularly focusing on rice production. The legislation incorporating the tariff reductions for agricultural products would be introduced concurrently with measures to support this sector.

15. **Poverty and the Social Sectors.** Regretfully, Haiti remains the poorest country in the western hemisphere. While a strong and sustained recovery of growth will do much to raise incomes and provide employment for the poor, this must be complemented with effective programs in health, nutrition and other social services that will eliminate the worst manifestations of poverty, and provide a safety net for those most affected by the current severe recession in the Haitian economy. As stated above, we will make a major reallocation within our budget to increase the funding for health, education, nutrition and other social programs, although we hope that some of these expenditures will be financed by foreign grants as well. We intend to revitalize the Economic and Social Fund, instituting more flexible procedures and seeking additional external financing. We appreciate the role of grass roots organizations and NGOs in delivering essential services, and will continue to count on their support. To more effectively integrate these organizations in our effort to alleviate poverty, we would like to request that IDA and IDB undertake a Poverty Assessment, to assist in the formulation of social development and poverty alleviation policies and programs.

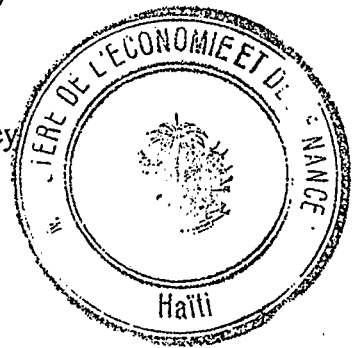
## AID COORDINATION

16. We sincerely appreciate the support of IDA and IDB, as well as other multilateral and bilateral agencies during the recent transition period. We recognize, however, that steps are necessary to improve our aid coordination efforts, in order to ensure that aid funds are used to maximum effect and that aid projects are consistent with implementation capacities

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and available counterpart funds. We look forward to the forthcoming Consultative Group Meeting for Haiti in early 1995 as an opportunity to further explain our program and objectives, and to elicit support from the donor community. In addition, we intend to develop, with the staff of the relevant multilateral agencies, a Policy Framework Paper (PFP) which will lay out in more detail our policy objectives described here and a timetable for their implementation. We hope that the PFP would provide the basis for a future dialogue on adjustment lending from IDA, IDB, the IMF and other donors.

  
Marie-Michèle Rey  
Minister



## SUB-PROJECTS FOR THE ENERGY SECTOR

### I. Sectoral situation

#### A. Generation

- 1.1 At present only 33 MW of thermal capacity are available at peak in Port au Prince (PaP) of a nominal capacity of approximately 77 MW. The Peligre Dam is producing 15 MW of a nominal capacity of 47.1 MW and EdH has not been able to meet the present peak load, estimated at around 75 MW. There is already substantial load shedding in PAP. This will continue till mid-march. <sup>1/</sup> In the provinces, service is also very deficient, with more than half the nominal capacity unavailable.
- 1.2 A rehabilitation program for eight existing 7.6 MW Pielstick thermal units was developed in 1991, with financing from Caisse Francaise de Developpement (CFD) but was suspended during the embargo. CFD has restarted work on rehabilitation of three of these machines. This should be completed by mid-March 1995, when the dry season is at its worst, bringing total power available at peak to 53 MW and permitting a reduction of load-shedding to reasonable levels. In July, Peligre should have water again and capacity will be sufficient to meet load requirements, provided industrial demand does not grow too fast. Indeed, the lack of adequate and reliable supply may discourage entrepreneurs, delay the recovery of the industrial sector and keep demand low, below its 1991 peak of 91 MW in PaP. The situation will also be substantially improved with the entry of a 20 MW gas turbine in November 1995, financed by the World Bank as part of the revival of its fifth power project.

#### B. Transmission and distribution

- 1.3 The transmission and distribution networks also present problems with specific equipment, caused by lack of maintenance and spares, saturation, and lack of replacement equipment. Within the transmission system both transformation and transmission equipment related to the Peligre hydroelectric plant require urgent attention. There are technical problems with specific equipment, such as transformers, protection and control, and capacitors. The

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<sup>1/</sup> Most likely the only way to avoid this situation would be by using mobile units, which can be delivered from the United States or Canada in 1 month (including procurement delays), at a cost of some US\$7 million for 20 MW worth of reconditioned units (hence at a low investment cost per MW). These units produce electricity at a substantially more expensive rate than the bigger diesel machines, which use a less expensive fuel and therefore have lower operating costs. Nevertheless, this rate is well below the cost of energy not supplied. These units could be transferred to the provinces once the big diesel units had been repaired. However, as of this writing (December 1994), mobile units could not easily be installed in PaP before mid-February.



same is true for distribution facilities. Shantytowns that have sprung up in Port-au-Prince and in some provincial cities are being served by improvised distribution networks, frequently overloaded and subject to substantial voltage variations.

- 1.4 There is therefore a need for urgent action in regard to the transmission and distribution system. Although somewhat limited in its scope, a package consisting of transformers, capacitors, protection and control and communication equipment, a limited quantity of conductors for reconductoring critical distribution feeders, metering equipment, and some emergency vehicles could contribute to achieving a reduction of technical losses and improvement of electricity supply quality and reliability in a short time.

C. Sales and data processing.

There are severe problems in sales and billing. The data processing department of EdH is inoperative, with serious consequences for billing, accounting, stocks and payroll. Most of the qualified personnel have left EdH for other firms. At present, only very reduced service is offered by three trainees and an operator, managed by a consultant whose contract will end in December 1994.

There is an urgent need to restore the capacity of the department, in order to carry out the four tasks mentioned, in particular billing.

II. Emergency activities to be financed by the Bank.

- 2.1 Emergency needs in the above areas have been identified by EdH and presented in the EERP report. In the area of rehabilitation of generating capacity, they amount to some \$11.5 million (\$8.0 million for PaP and \$3.5 millions for the provinces), of which the Caisse Francaise de Developpement (CFD) will finance \$4.0 million, mainly for rehabilitation of the Pielstick units mentioned above. In the area of rehabilitation of transmission and distribution, financing needs amount to \$4.1 million; and in those of sales and data processing, to \$2.5 million \$0.5 million, respectively.
- 2.2 Several bilateral donors are planning to contribute to the above financing needs, as in the case of CFD. IDB will participate with \$3.0 million for needs such as the sample presented in the table below, which are among the most urgent ones.

SAMPLE OF EMERGENCY NEEDS IN ELECTRIC SECTOR.

ACTIVITY	COST (US\$)
Rehabilitation of transmission line from Peligre to Port au Prince	\$250,000
Repair and test tools and spare parts for transmission line protection, tele-communications and measurement equipment	\$626,000
Rehabilitation needs of PaP sub-transmission and distribution network - cables and conductors	\$300,000
Rehabilitation needs of PaP sub-transmission and distribution network - Poles	\$210,000
Rehabilitation needs of PaP sub-transmission and distribution network - tools	\$114,000
Rehabilitation needs of PaP sub-transmission and distribution network - transformers	\$480,000
Rehabilitation needs of provincial sub-transmission and distribution networks - cables and conductors, tools, poles and transformers	\$540,000
Emergency needs in data processing	\$480,000
Total	\$3,000,000

## I. SUB-PROJECTS FOR AGRICULTURAL SECTOR

### 1. Overview

- 1.1 The emergency agricultural program will create direct income benefits through the implementation of labor-intensive works to rehabilitate productive rural infrastructure and erosion control activities. Agricultural production will also be increased through access to agricultural and agro-forestry inputs including improved planting materials and technical assistance. The criteria for the prioritization and selection of emergency projects will be the following:
- a. Suitability for immediate execution, through contracts with private sector institutions, Non-Governmental Organizations (NGOs) and farmer associations;
  - b. Ability to create immediate benefits for the rural population, notably in terms of employment and increased agricultural production;
  - c. Protection of the environment;
  - d. Support for modernization and decentralization of the MOA <sup>1/</sup> operations; and
  - e. Consistency of intervention outputs with long-term rural development and agricultural programs and objectives.
- 1.2 Emphasis will be placed on the first criteria which is considered essential to carry out the proposed projects during the emergency period. Therefore, the implementation mechanisms will be the most important aspect of the projects.
- 1.3 The strategy will address the issue of rural environmental degradation which is inextricably linked to the process of decapitalization described above. Since agricultural activities on slopes are a major source of soil erosion, an environmental approach will be an integral part of the strategy to increase agricultural production and family incomes. This approach will promote a gradual shift in favor of perennial crops in areas unsuitable to annual crops.

### 2. Project Components

- 1.4 The emergency agricultural program focuses on three key areas where short-term assistance can have an immediate impact to restore the rural productive capacity: (i) Physical Infrastructure; (ii) Agricultural Inputs; and (iii) Reforestation. Except for some major repair work in two irrigation projects, all the projects to be financed with the program will be labor intensive activities.

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<sup>1/</sup> Note that "MOA", Ministry of Agriculture, has been adopted as the conventional usage throughout this annex and the main text of the loan document instead of "MARNDP" (*Ministère de l'Agriculture, Ressources Naturelles et de Développement Rural*) which is the name of the MOA used in Haiti.

a. Component 1: Physical Infrastructure (\$8.7 million)

- 1.5 The Physical Infrastructure component will finance the rehabilitation of rural infrastructure such as irrigation, drainage, secondary or tertiary roads and soil erosion control. Irrigation repairs include cleaning and repair of canals, as well as the execution of emergency repairs at the Artibonite and Rivière Blanche Bank financed irrigation projects. Road repair will concentrate on tertiary roads and mountain paths. Erosion control will involve ravine repair on environmentally strategic sites. Construction of water cisterns and coffee washing stations in mountainous areas will also be eligible.

b. Component 2: Production Inputs (\$1 million)

- 1.6 The input component will provide agricultural supplies (fertilizer, pesticides and hand-tools) & seeds (locally produced beans, corn and sorghum and imported vegetable seeds). The object is to enable small farmers to resume agricultural production at least to those levels typical before the crisis period of the last several years.

c. Component 3: Reforestation (\$1.3 million)

- 1.7 Reforestation activities will include producing and distributing improved agro-forestry tree varieties as well as grafting mango and other fruit trees. The objectives are to reduce soil erosion and environmental damage in the short-term, and provide income from wood, coffee, mango and other fruit production in the medium and long-term.

3. Selection of Executing Entities

- 1.8 To carry out the different projects of the agricultural component of the PURE, the EIU will sign contracts with qualified NGOs who have previous experience implementing the designated activities. The NGO must have had experience in the same activity at comparable funding levels: budget increases of no more than 50% will be considered. The executing NGO may in some cases subcontract to other local NGOs, in which case they will also provide technical assistance to the subcontracted NGO. To avoid dealing with a relatively large number of executing entities, the minimum value of each contract was set at US\$ 200,000, with the exception of reforestation or input supply activities which must not be less than US\$100,000. The projects for the emergency rehabilitation works at the Artibonite and Rivière Blanche irrigation projects will be negotiated with local contractors to be selected from the best of three proposals.

4. Implementation of the Physical Infrastructure Projects

- 1.9 Two categories of Supervisory NGOs have been identified based on their experience and management capabilities to execute these types of projects in Haiti:

- a. A Supervisory NGO (PADF) will be contracted by the EIU to subcontract to smaller NGOs/firms who in turn will contract with farmer groups or individual laborers to execute the works.
  - b. Supervisory & Executing NGOs (CARE, CECI, ASSODLO & World Vision) will be contracted by the EIU to directly implement projects contracting with farmer groups or individual laborers to execute the works.
- 1.10 Project Identification. The projects may be submitted to the Supervising or Executing NGOs by the local community, farmer groups or on the recommendation of MOA by filling out an application form describing the type of project, objectives, benefits to the population, cost and time table for its execution and environmental check-list. A site visit is made by the NGO's project engineer to evaluate the project and review the proposal based on cost elements for labor, supervision and materials. Proposals consistent with the Criteria for Eligibility may be selected by the NGO for submission for approval by the EIU. Projects which are not rejected by the EIU within a 15 days time period may be executed by the Supervising NGO without further approval.
5. The Implementation of Production Inputs Projects
- 1.11 Two categories of NGOs have been identified based on their experience and management capabilities to execute these types of projects in Haiti:
  - a. A Supervisory NGO (ASSODLO) will be contracted by the EIU to (i) train, provide inputs to and supervise participating farmer groups operating ag-supply outlets, and (ii) train and oversee the operations of other Executing NGOs.
  - b. Executing NGOs, two or three, with existing ag-supply networks (and surveys of their production areas) will be contracted by the EIU to directly train, provide inputs and supervise to participating farmer groups operating ag-supply outlets.
- 1.12 The Supervisory NGO will assist the other Executing NGOs to adopt the established input supply methodology. Training sessions will provide farmer members of outlets in the areas of management, stocking, sales and book-keeping. Also on the use of the products to be sold. The CIIA ("Commission Intersectoriel d'Intrants Agricoles"), assisted technically by FAO, will supervise the whole process.
- 1.13 A farmer management team is set up at each outlet. A contract is signed with the management personnel defining terms and conditions for stock maintenance, sales and pricing and book-keeping requirements. Any deviation from the terms of the contract will disbar the outlet from future participation in the program.

1.14 Controls of stock, accounting and pricing practices are made periodically at each outlet and additional spot checks are made to ensure adherence to the program regulations. Monthly cash and stock reports are made by the outlets. A final report is made for each center and for the global program at the end of two planting seasons.

1.15 Pricing will be determined by ASSODLO using a mark-up rate of approximately 25% above costs (15% for participating NGOs and 10% for the running of the outlets).

1.16 The procurement and distribution of inputs will be operated in three phases:

a. Phase 1 -- Initial Distribution: during the start-up phase of the project the NGOs will assess inputs requirements for each outlet based on the individual farmer's needs for the planting season, and combine a centralized orders. The Supervisory NGO who will solicit bids from local and international firms. The best bid will be selected and submitted to the EIU for approval. A purchase order will be issued by the Supervisory NGO to the firm selected and payment will be made by IDB on delivery of the goods to the Supervisory NGO. The Supervisory NGO will oversee delivery to its own outlets and to the other NGOs. The farmer members of the ag-supply outlets will collect the cash value of the goods they have ordered and will pay their NGO upon receipt of the goods. The NGO will manage the revolving fund for use during Phase 2. The NGOs will charge a 10% markup to cover operating costs, and the ag-supply will charge its members a 15% markup to cover their costs.

b. Phase 2 -- On-going Distribution: for the subsequent seasons the NGOs will make orders directly through local and international firms and continue to supply the outlets through a twenty-four month period.

c. Phase 3 -- Farmer Outlet Autonomy: during the course of the project the NGO will assist the farmer outlets to form a federation of outlets. After the twenty-four months supervision the NGO will transfer the revolving fund to the federation of farmer outlet which will thereafter function autonomously.

#### 6. The Implementation of the Reforestation Projects

##### a. Forestry Trees

1.17 The production, distribution and planting of forestry trees will be closely associated with the soil erosion control activities in the Physical Infrastructure program. The NGOs implementing the Physical Infrastructure program will be contracted by the EIU to also produce forestry trees, or will be requested to subcontract to experienced NGOs in the areas of their operations to provide trees for planting in the soil erosion control areas.

- 1.18 The NGOs involved in the Physical Infrastructure program with forestry tree production experience will be selected. If the Physical Infrastructure NGO is unwilling or unable to produce forestry trees they will sub-contract to an NGO with adequate experience. Forestry trees will be produced in NGO nurseries on a cost per tree contract basis. Trees will be distributed to participating farmers in the targeted project areas for planting. The farmers will plant the trees without any charge to the project.

b. Fruit Trees

- 1.19 The Fruit Trees Production will be implemented as follows: the two categories of NGOs have been identified based on their experience and management capabilities to execute these types of projects in Haiti:

- a. A Supervisory NGO, *Organisation pour la Réhabilitation de l'Environnement*, (ORE) will be contracted by the EIU to a) produce grafted fruit trees in nurseries and to graft trees in the field, and b) train and oversee the operations of other NGOs.
- b. NGOs (2-3) with existing grafting experience will be contracted by the EIU to directly produce grafted fruit trees in nurseries and to graft trees in the field.

- 1.20 Grafted fruit tree production in nurseries involves the following major steps: planting seedlings in plastic bags (month 1), grafting seedlings (month 8 - 12); and delivery after 2 months of hardening up (months 10 - 14). Coffee trees involve 8 - 12 month production in plastic bags. Grafting in the field involves the following major steps: NGO technicians identify limbs to prune (with paint); local labor team prune limbs; NGO technicians return to graft the regrowth; NGO technicians remove tape and prune suckers (after 15-30 days); NGO technicians return for final pruning and to report graft (after 2 months).

- 1.21 The Supervisory NGO will monitor production schedules, and control the quality and quantity of trees grafted in the nurseries and in the field. Tree distribution: distribution activities will be coordinated with the EIU and monitored by the Supervisory NGO. Fruit trees will be received by farmer groups and distributed to individual farmers for planting.

7. Project Supervision

- 1.22 The EIU staff engineer and agronomist will be supported by a variety of mechanisms in their supervision of the various agricultural components. The EIU will select and contract with an consulting engineer firm following a competitive bid procedure

including at least three companies to assist the EIU staff to monitor the **Physical Infrastructure** sub-projects around the country. The Artibonite and Rivière Blanche works will be overseen by firms hired using funds under the two respective projects. The EIU will directly supervise the two smaller components, **Production Inputs** and **Reforestation**, but may draw upon individual consultants on an as needed basis for specific technical tasks such as evaluating fruit tree grafting.

#### 8. Program Costs

- 1.23 The estimated budget for the various preceding components is detailed in the "Illustrative Breakdown of PURE Project Components & Executive Institutions" (See attached table). Most of the projects and sites have already been identified. Final detailed cost estimates and the required designs, when applicable, will be available by Board presentation accounting for a minimum of 30% of the total program cost. The remaining studies should be available by the first semester of the execution period.



### Draft Illustrative Breakdown of PURE Project Components & Executive Institutions

NB. The proposed projects are based on the previous activities and management capabilities of the executive institutions.  
The individual projects are illustrative examples of how and where they would like to work. Budgets are estimates only.  
December 19, 1994

	Executing Institution	Potential Projects	Location	Quantity	Project Budget	Program Budget		
STRUCTURE	ASSODLO	Water Cisterns in Mountains	Grand Bois, OUEST	80 x 12 cu m.	\$120,000			
			Blochauss, SUD-EST	80 x 12 cu m.	\$120,000			
			Oriani, SUD-OUEST	80 x 12 cu m.	\$120,000			
			Cx St Joseph, NORD OUEST	160 x 12 cu m.	\$215,000			
		Road Repair	Oriani	15 km.	\$100,000			
			Cap Rouge	15 km.	\$100,000			
		Rehab. Irrigation Systems	Rodaille, SUD-EST		\$125,000			
			Jean David, SUD-EST		\$100,000			
		<u>Subtotal ASSODLO - Physical Infrastructure</u>					<u>\$1,000,000</u>	
		CARE	Soil Erosion Control	Jean Rabel, NORD-OUEST		\$80,000		
	Port-de-Paix, NORD-OUEST				\$100,000			
	Bombardopolis, NORD-OUEST				\$130,000			
	Bassin Bleu, NORD-OUEST				\$210,000			
	Road Repair		Jean Rabel, NORD-OUEST	40 km.	\$155,000			
			Port-de-Paix, NORD-OUEST	25 km.	\$100,000			
			Bombardopolis, NORD-OUEST	21 km.	\$80,000			
			Bassin Bleu, NORD-OUEST	15 km.	\$55,000			
			Baie-de-Henne, NORD-OUEST	24 km.	\$90,000			
	<u>Subtotal CARE - Physical Infrastructure</u>					<u>\$1,000,000</u>		
CECI	Road Repair	Rue Mars - Cholette, GRANDE ANSE	10 km.					
		Nan Poste - P. Moneyron, GRANDE ANSE	17 km.					
		O'Rouck - Saut Dubaril, GRANDE ANSE	14 km.					
		Dupuy - Charterelles, GRANDE ANSE	14 km.					
			55 km.	\$275,000				
		Desruisseaux- Carrenage, GRANDE ANSE	3.5 km.	\$45,000				
		Chalon - Dufour, GRANDE ANSE	6 km.					
		Chalon - Calebassier, GRANDE ANSE	4 km.					
		Chalon - Diable, GRANDE ANSE	3 km.					
		Chalon - Bal Coton, GRANDE ANSE	2 km.					
			15 km.	\$100,000				
	Rehab. Irrigation Systems	Dupuy - Charterelles, GRANDE ANSE		\$150,000				
		Chalon - Dufour, GRANDE ANSE		\$35,000				
		O'Rouck, GRANDE ANSE		\$40,000				
		Source Diable, GRANDE ANSE		\$10,000				
		Savane Henry, GRANDE ANSE		\$25,000				
		Source Dimizaine, GRANDE ANSE		\$20,000				
	Subcontract for other NGOs		(NGOs to be identified. Zones: Liancourt, ARTIBONITE etc.)		\$600,000			
	<u>Subtotal CECI - Physical Infrastructure</u>					<u>\$1,300,000</u>		

NB. The proposed projects are based on the previous activities and management capabilities of the executive institutions. The individual projects are illustrative examples of how and where they would like to work. Budgets are estimates only.

NB. The proposed projects are based on the previous activities and management capabilities of the executive institutions. The individual projects are illustrative examples of how and where they would like to work. Budgets are estimates only.

	Executing Institution	Potential Projects	Location	Quantity	Project Budget	Program Budget		
STRUCTURE	WORLD VISION	Ravine Stabilization	Zabricot, LA GONAVE	11 km.	\$95,000			
			Point a Raquette, LA GONAVE	9 km.	\$80,000			
			Ti Palmiste, LA GONAVE	5 km.	\$40,000			
			Port Trou Jacques, LA GONAVE	5 km.	\$40,000			
			Nan Sema, LA GONAVE	5 km.	\$40,000			
		Water Cisterns in Mountains	Dent Grien	12 units 12 cu m.	\$18,000			
			Port Trou Louis	12 units 12 cu m.	\$18,000			
			Point a Raquette	12 units 12 cu m.	\$18,000			
			Port Trou Jacques	12 units 12 cu m.	\$18,000			
			Morne Palma	12 units 12 cu m.	\$18,000			
			Nan Sema	10 units 12 cu m.	\$15,000			
		Subtotal World Vision – Physical Infrastructure					\$400,000	
		PADF	Soil Erosion Control	Ravine Jean Ba, Rouyonne, OUEST		\$210,000		
				Nerette – Mithon, Rouyonne, OUEST		\$250,000		
				Bazillier, Rouyonne, OUEST		\$250,000		
Sites to be identified				\$400,000				
Irrigation Systems	Catchment Area, Rouyonne, OUEST			\$200,000				
	Deslandes, Rouyonne, OUEST			\$250,000				
	Rancroy – Lombre, Rouyonne, OUEST			\$250,000				
	Morel, Rouyonne, OUEST			\$250,000				
	Ti Paradis, Rouyonne, OUEST			\$125,000				
	Sites to be identified			\$400,000				
Cisterns	Puilboreau/Marmelade, NORD / Aux Palmes, OUEST			\$215,000				
Coffee Washing Centers	FONHADES/FICES			\$200,000				
Subtotal PADF – Physical Infrastructure					\$3,000,000			
RESTRUCTURED IDB PROJECTS:								
Private Firm	RIVIERE BLANCHE	Ouvrage d'infrastructures		\$800,000				
Private Firm	ODVA ARTIBONITE	Canal Maitre Rive Gauche: Ouvrage de stabilization en gabion de berges		\$1,200,000				
Subtotal Restructured IDB – Physical Infrastructure					\$2,000,000			
INFRASTRUCTURE PROGRAM						\$8,700,000		
UTS	ASSODLO	Inputs : Vegetable Seeds, Pesticides, Fertilizer, Tools			\$500,000			
		CECOOPASE, SUD–EST / Save the Children, PLATEAU CENTRAL			\$500,000			
		ORE, SUD / PROJE GBO, GRAND ANSE						
		Petit Frere de St Therese, OUEST / ASSODLO, ARTIBONITE & NORD						
ION INPUTS						\$1,000,000		
s:	ORE	Supervision & Execution (SUD & OUEST) of Grafting VEGETAL, OUEST / Save the Children MAISSADE PADF, NORD / ASSODLO SUD & OUEST / ODBRA SUD			\$500,000			
	NGOs	NGOs to be identified: Petit Frere de St Therese, World Vision, MCC & ODBRA FIDES / FONHADES			\$800,000			
enters:								
TATION						\$1,300,000		
ICULTURAL PROJECT						\$11,000,000		

I. INFRASTRUCTURE, SANITATION AND TRANSPORT COMPONENTS

A. Water Supply, Sanitation and Waste

- 1.1 Water supply is deficient and encounters heavy losses (less than 40% of the water needs of capital city are being met), sanitation conditions have reached a deplorable state as a result of suspended drainage/collector works that were being financed externally prior to the coup, and gathering and disposal of solid waste is very precarious, particularly in Port-au-Prince and Cap Haitien. Compounding the problem are the weak sector institutions and the lack of self-financing. Physical facilities in secondary cities have also been deteriorated by the situation but is less critical.
- 1.2 The emergency works for water supply sanitation and waste will rehabilitate existing water plants, improve the quality of water, increase access to water to the low income groups, and reduce losses. With regard to sanitation and solid waste, the emergency actions (cleaning out and disposal) will provide for permanent systems to sustain improvements in the future. Specifically, the emergency works would consist of rehabilitate physical facilities in the supply of water, develop the waste dumps and in secondary towns and rural areas, continue suspended water programs, carry out emergency sewerage works and waste disposal.

B. Municipal Infrastructure

- 1.3 Since the political crises, the financial constraint of municipalities has accentuated. This condition is being reflected in further deterioration of the already inadequate urban infrastructure particularly in the most densely populated municipalities. In Port-au-Prince there is a heavy accumulation of solid waste, insufficient drainage and contaminated flooding, lack of basic urban hygiene, and numerous road pot-holes and, despite the shortage of spare parts, lubricants and at times fuel, excessive traffic density exist in some junctions of the urban network. Secondary towns have also witnessed decaying infrastructure, but the situation is less critical.
- 1.4 The aim of the emergency infrastructure works for municipalities is to bring about an immediate and visible improvement. It would consist of repair and maintenance of major urban arteries carrying heavy traffic, rehabilitation of road intersections, ad hoc improvements on markets (two in Port-au-Prince and one each in Petionville, Jacmel, Les Cayes and Cap Haitien), prevention of land erosion, improvement of cementeries and relocation of street hawkers to appropriate areas.

C. Transport

1. Roads

- 1.5 The inter-city roads emergency works would concentrate on the rehabilitation of the existing road network and on restoring normal maintenance levels. It would support a) the rehabilitation of badly damaged areas in primary roads and several unpaved roads (about 1,000 km combined) on which transit is now possible only with four-wheel-drive vehicles; b) elimination of regressive embankment erosion and landslides; and c) reconstruction and protection of several bridges.
- 1.6 Domestic expertise in the field of engineering would be drawn upon, as several local companies operate in this field and were previously associated with large infrastructure projects. Professional support would also be obtained from the public sector, particularly MTPTC since many of its engineers and technicians are underutilized. The suspension of external financial assistance and budgetary constraints have curtailed civil works by domestic private contractors, causing decapitalization in several of the firms. To implement the inter-city and ports components, therefore, domestic contractors could be supplemented by foreign firms.

2. Ports

- 1.7 The program for ports is designed to correct deficiencies in APN's facilities. It would finance procurement of maritime signaling, cleaning, traffic and container handling parts/equipment, dock repairs at the Port au Prince Port and several works at the ports of Miragoane, Jacmel, Cap Haitien, Petit Goave, Port de Paix, Jeremie and Saint Marc.

**EMERGENCY SUBPROJECTS: INFRASTRUCTURE, SANITATION AND TRANSPORT COMPONENTS**  
(Cost in US\$)

ANNEX V  
Page 3 of 3

	QUARTER 1	QUARTER 2	QUARTER 3	TOTAL AREA
<b>A1. – METROPOLITAN REGION OF PORT-AU-PRINCE</b>				<b>6,365,000</b> 42.4%
1. Dumpsite south of Port-au-Prince			250,000	
2. Se-Radot market in Carrefour	150,000			
3. Market at Bizoton	150,000			
4. J. Janvier school in Carrefour	150,000			
5. Secondary drainage in Carrefour		250,000		
6. Road clearing in Carrefour		600,000		
7. Drainage – Cité l'Ouverture			365,000	
8. Vallières market	200,000			
9. Toussaint Louverture school	200,000			
10. University of Haiti buildings		250,000		
11. Port at Port-au-Prince			300,000	
12. Coasting trade port at Cite Soleil		250,000		
13. Road clearing in Delmas			300,000	
14. Protection for Bourdon and Canapa-Vert		300,000		
15. Dumpsite in Trutier	700,000			
16. Bridge over Grise River		200,000		
17. Market in Croix-des-Bouquets		200,000		
18. Potable water in Croix-des-Bouquets	150,000			
19. Culvert on road in Malpasse		250,000		
20. Market in Petion-Ville	250,000			
21. Market in Kenscoff		200,000		
22. Potable water system (Kenscoff)	200,000			
23. Communaute Haitienne hospital road	250,000			
24. Slope protection Tete de l'Eau			250,000	
<b>A2. – ARCAHAIE</b>				<b>250,000</b> 1.7%
25. Potable water system	250,000			
<b>A3. – LEOGANE</b>				<b>650,000</b> 4.3%
26. Rouyonne flood control			200,000	
27. Potable Water Reservoir	200,000			
28. Rue Lacroix and Grand rue		250,000		
<b>A4. – JACMEL</b>				<b>650,000</b> 4.3%
29. Jacmel port	150,000			
30. Jacmel road (km 22)		250,000		
31. Bridge over la Gosseline	250,000			
<b>A5. – RN2 (national highway) and MAIN TOWNS</b>				<b>1,800,000</b> 12.0%
32. La Digue and Petit-Goave rivers			250,000	
33. Petit-Goave and Miragoane ports			250,000	
34. Pradine, l'Acul and Torbeck rivers			200,000	
35. Les Cayes market		200,000		
36. Road maintenance around Les Cayes hospital	250,000			
37. Ravine des Cayes flood control			200,000	
38. Butete		200,000		
39. Grésier bridge and bridge over Brache canal	250,000			
<b>A6. – JEREMIE ROAD AND JEREMIE</b>				<b>750,000</b> 5.0%
40. Guinaudee, Roseaux, and Grande Anse bridges		250,000		
41. Access roads and Huet roads (Jeremie)			250,000	
42. Jeremie port			250,000	
<b>A7. – RN3 (national highway) AND MAIN TOWNS</b>				<b>1,350,000</b> 9.0%
43. Mirebalais school		200,000		
44. Fer-a-Cheval bridge			250,000	
45. Lascahobas bank protection			250,000	
46. Hinche hospital	200,000			
47. Hinche bank protection	250,000			
48. Ford over Buenaite		200,000		
<b>A8. – CAP-HAITIEN – OUANAMINTHE AND MAIN TOWNS</b>				<b>1,000,000</b> 6.7%
49. Fort-Liberte access road			200,000	
50. Fort-Liberte reservoir	100,000			
51. Coastal road at Cap-Haitien	250,000			
52. Controlled public dumpsite			200,000	
53. Belle Hotesse ravine work		100,000		
54. Potable water supply system	150,000			
<b>A9. – ST-MARC AND GONAIVES</b>				<b>1,300,000</b> 8.7%
55. Slope at Bedoret and Pullbureau	150,000			
56. Road system in Gonaives		200,000		
57. Market at Gonaives		100,000		
58. Market at Saint-Marc	200,000			
59. Saint-Marc riverworks			200,000	
60. Port at Saint-Marc			250,000	
61. Passe-Reine		200,000		
<b>A10. – PORT-DE-PAIX AND MAIN TOWNS</b>				<b>900,000</b> 6.0%
62. Port-de-Paix thruway		200,000		
63. Potable water in Port-de-Paix	200,000			
64. Port in Port-de-Paix			100,000	
65. Champagne bridge		150,000		
66. Scipion ravine and Mancelle River		250,000		
<b>TOTAL</b>	<b>5,250,000</b>	<b>5,250,000</b>	<b>4,515,000</b>	<b>15,015,000</b>
Percentage w/r to TOTAL	35.0%	35.0%	30.1%	

EERP COST ESTIMATES (US\$ millions) \1		EERP FINANCING COMMITMENTS (US\$ millions) \2	
Finance/ Management	79	Multilateral	261.6
of Payments/Budget Support	130	European Union	102.8
	273.9	IDB \3	74
Structure	32.9	IDA	59
y	4.8	UNDP	9
Sector Development	11.3	PAHO	3.9
ial	18.5	UNICEF	2.8
	19	Other	10.1
	11.5		
ort	19.2		
	8	Bilateral	254.4
y	47.5	USA	166.4
tion	29.6	France	38.7
	57.3	Canada	37.7
ment	9.3	Germany	6
entation	5	Switzerland	5.6
		TBDer	0
arian Assistance	105.1		
EERP COSTS	588	Total Identified	516
		Unidentified	69.9
em: Clearance of Arrears	82	Clearance of Arrears: Memo Item	82
FINANCING REQUIREMENTS	<u>670</u>	TOTAL COMMITMENTS	<u>667.9</u>

Source: EERP – Report of the Joint Assessment Mission (November 1994)

Source: Figures gathered by the WORLD BANK

Best available figure (subject to changes)

PROPOSED RESOLUTION

HAITI. LOAN /SF-HA TO THE REPUBLIQUE D'HAITI  
(Emergency Economic Recovery Program)  
(Fast-Disbursing Component)

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 the Bank, to enter into such contract or contracts as may be necessary with the République d' Haïti, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Fast-Disbursing Component of an Emergency Economic Recovery Program. Such financing will be for the amount of up to US\$40,000,000, or its equivalent in other currencies, except that of Haiti, which are part of the resources of the Fund for Special Operations, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.

PROPOSED RESOLUTION

HAITI. LOAN /SF-HA TO THE REPUBLIQUE D'HAITI  
(Emergency Economic Recovery Program)  
(Investment Component)

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 the Bank, to enter into such contract or contracts as may be necessary with the République d' Haïti, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Investment Component of an Emergency Economic Recovery Program. Such financing will be for the amount of up to US\$28,500,000, or its equivalent in other currencies, except that of Haiti, which are part of the resources of the Fund for Special Operations, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.



PROPOSED RESOLUTION

HAITI. NONREIMBURSABLE TECHNICAL COOPERATION TO THE REPUBLIQUE  
D'HAITI FOR THE EMERGENCY IMPLEMENTATION UNIT OF  
THE EMERGENCY ECONOMIC RECOVERY PROGRAM

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreements as may be necessary and to adopt such other measures as may be pertinent for the execution of the plan of operations referred to in Document AT-\_\_\_\_\_ with respect to a technical cooperation with the République d'Haïti to support the Emergency Implementation Unit of the Emergency Economic Recovery Program.

2. That up to the sum of US\$4,000,000, or its equivalent, is authorized for the purposes of this resolution, chargeable to the net income of the Fund for Special Operations.

3. That the above mentioned sum is to be provided on a nonreimbursable basis.