

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

HAITI

**EMERGENCY ROAD REHABILITATION PROGRAM
IN RESPONSE TO HURRICANE SANDY**

(HA-L1086)

EMERGENCY GRANT PROPOSAL

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ELECTRONIC LINKS
REQUIRED
1. Monitoring and Evaluation Plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37309519
2. Procurement Plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37297400
OPTIONAL
1. Economic Evaluation http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37287147
2. Formal Request of GoH http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37298970
3. Proclamation of State of National Public Emergency http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37297280
4. Preliminary Road Damage Evaluation http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37307391
5. Map of Damages caused by the Hurricane Sandy http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37297623
6. Assessment from the International Support Group http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37297277
7. List of works prioritized by the MTPTEC http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37307392

ABBREVIATIONS

AHEC	Association Haitienne des Entreprises de Construction (AHEC)
CAED	Cadre de Coordination de l'Aide Externe au Developpement
CNE	Centre Nationale d'Equipement
CNGRD	Comité National de Gestion des Risques et des Désastres
CS	Country Strategy
DDs	Directions Départementales
DPC	Direction de la Protection Civile
DRR	Disaster Risk Reduction
FM	Financial Management
GACI	Groupe d'Appui de la Communauté Internationale
GoH	Government of Haiti
HTG	Haitian Gourdes
IDB	Inter-American Development Bank
IRF	Immediate Response Facility
MEF	Minister of Economy and Finance
MICT	Ministère de l'Intérieur et des Collectivités Territoriales
MINUSTAH	United Nations Stabilization Mission in Haiti
MTPTEC	Ministère des Travaux Publics, des Transports, de l'Energie, et des Communications
NMC	The National Meteorological Centre
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
PCR	Project Completion Report
PNAP	National Program of Flood Early Warning System
PNGRD	National Risk Disaster Management Plan
POD	Proposal for Operation Development
SAM	Severe Acute Malnutrition
SAM	Direction de Malnutrition
SNGRD	Système National de Gestion des Risques et des Désastres
SOE	State of Emergency
SPGRD	Secrétariat Permanent de Gestion des Risques et des Désastres
TSS	Tropical Storm Sandy
UCE	Unité Centrale d'Exécution
UN	United Nations
UNICEF	United Nations Children's Fund
UNOPS	United Nations Office for Project Services
WFP	World Food Program
WHO	World Health Organization

I. EXECUTIVE SUMMARY

Beneficiary:	Government of Haiti (GoH)									
Executing agency:	Ministère des Travaux Publics, des Transports, de l’Energie, et des Communications (MTPTEC), through the Unité Centrale d’Exécution (UCE).									
Amount and source:	<table border="0" style="width: 100%;"> <tr> <td style="width: 40%;">IDB (GRF):</td> <td style="width: 20%;">US\$</td> <td style="width: 40%; text-align: right;">17,500,000.00</td> </tr> <tr> <td>Local:</td> <td>US\$</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td>Total:</td> <td>US\$</td> <td style="text-align: right;">17,500,000.00</td> </tr> </table>	IDB (GRF):	US\$	17,500,000.00	Local:	US\$	0.00	Total:	US\$	17,500,000.00
IDB (GRF):	US\$	17,500,000.00								
Local:	US\$	0.00								
Total:	US\$	17,500,000.00								
Financial terms and conditions:	<p>Amortization period: N/A</p> <p>Grace period: N/A</p> <p>Disbursement period: 12 months after the effective date of the grant contract</p> <p>Commitment period: 12 months from the date of the disaster</p>									
Interest rate:	N/A									
Inspection and supervision:	N/A									
Credit fee:	N/A									
Currency:	United States Dollars from the IDB Grant Facility									
Objectives:	The Program’s objective is to repair, stabilize and protect road infrastructure affected by flood damage caused by Hurricane Sandy, in order to reestablish road connectivity and the access of the population to basic services and to resume the normal flow of economic exchanges and humanitarian aid. The program will provide resources to finance road repair and stabilization works, cleaning tasks, the purchase of goods and services and institutional support related to the implementation of the emergency works.									
Special Contractual conditions:	Conditions for execution of Component 2: The UCE will hire or appoint a program manager and a procurement specialist to manage the project on a full time basis (¶7.11).									
Exceptions to Bank policy:	The project team deems reasonable to request extension of the commitment period to twelve (12) months from the date of the disaster, which is an exception to the IRF Policies (GN-2038-14 and GN-2038-16) establishing that the period to commit resources must be within nine (9) months after the date of the disaster. Given the level of difficulty in the assessment of the damages caused by Hurricane Sandy, especially for those areas that are still blocked, and given that institutional reinforcement will be required for the Unité Centrale d’Exécution (UCE) to operate effectively; in this context, the requested exception to the IRF Policies similar to the ones approved in VE-L1035 and PN-L1071, would permit the GoH to respond to the areas most affected by the disaster.									

Environmental and social review: Program activities will comply with applicable national environmental legislation. Given the nature of the program, no environmental impact assessment will be conducted.

Benefits: The program will reestablish road connectivity and the access of population to basic services and resume the normal flow of economic exchanges and humanitarian aid (¶7.3).

Coordination with other agencies: Several international organizations, bilateral agencies and nongovernmental organizations have responded to the emergency by redirecting or increasing resources in Haiti to support humanitarian assistance including: United Nations Office for Project Services (UNOPS), United Nations Children’s Fund (UNICEF), United Nations Stabilization Mission in Haiti (MINUSTAH), United Nations Office for the Coordination of Humanitarian Affairs (OCHA), World Food Program (WFP), World Health Organization (WHO), Cadre de Coordination de l’Aide Externe au Developpement (CAED) and the French Cooperation. The World Bank offered to expedite execution of their existing programs (up to US\$33 million) and to mobilize resources from contingency funds (US\$6 million) to support recovery efforts in the transport and other sectors. The Bank is coordinating its actions with other agencies through the existing forums of donors such as the sectorial tables and also through the MTPTEC/UCE (¶8.1).

Procurement: The procurement of this program will be conducted in accordance with the Procurement Policies for Works and Goods financed by the Bank (GN-2349-9), and the Policies for the Selection and Contracting of Consultants financed by the Bank (GN-2350-9). Also will apply as appropriate and complementary, the “Procurement Arrangements for Haiti” (GN-2654) while in effect. [Annex III](#) of this document defines the fiduciary arrangements and requirements for this program. Based on the medium risk determined in the last capacity evaluation, the Bank’s supervision will be ex ante (¶7.20 through ¶7.22).

Up to 20 percent of the total project funds (US\$3.5 million) may cover the following eligible expenses certified by the UCE with the Bank non objection: (i) works undertaken through force account or contracted by GoH from the date of the disaster up to the effective date of the grant contract (retroactive financing); and/or (ii) works undertaken through force account after the effective date of the grant contract (¶7.28 through ¶7.30).

II. SCOPE AND COVERAGE OF THE DISASTER

- 2.1 Tropical Depression 18 (TD18) formed over the southwestern Caribbean Sea on October 22nd, about 320 miles (515 kilometers) south-southwest of Kingston, Jamaica taking only six hours to strengthen into Tropical Storm Sandy (TSS), which later became Hurricane Sandy. By October 23rd, hurricane and tropical storm warnings and watches were issued in Jamaica, Cuba, Haiti, the Bahamas and southern Florida.
- 2.2 Although Haiti was not directly in Hurricane Sandy's path, the storm triggered three consecutive days of heavy rains, causing severe flooding that resulted in loss of life, and damaged and destroyed homes, crops and public infrastructure. In three days, the Sud Department, for example, received almost 300 mm of rain. This situation prompted the Government of Haiti (GoH) to maintain a nationwide red alert over the course of the rains. Of the country's 140 communes, 70 were affected by the storm. Water levels are receding, but several areas remain inaccessible due to damaged bridges and highways.
- 2.3 The most affected Departments include Ouest (Tabarre, Fond Verettes, Léogane, Anse-à-Galets, Gantier); Sud (Port-Salut, Les Cayes, Tiburon, Port à Piment, St Louis du Sud, Cavaillon and Les Anglais), Grande-Anse (Dame Marie, Anse d'Hainaut, Roseau, Iles Cayemithes, Pestel), Nippes (Baradères, Miragoane), Sud-est (Mapou); and Artibonite (Grande Saline, La Chapelle, Verettes). All the rivers in the southern peninsula were swollen and most burst their banks to flood low lying areas. Significant flooding was also reported in metropolitan Port-au-Prince. The United Nations Office for the Coordination of Humanitarian Affairs (OCHA) reported that 21,107 people were evacuated to 158 emergency shelters and some 33,760 families were affected. There were 54 confirmed deaths, 21 injured and 20 missing persons.
- 2.4 A United Nations (UN) assessment¹ concludes that the agricultural sector is one of the most affected by the 2012 hurricane season. The combined impact of the latest two storms (Isaac and Sandy) leaves around 1.5 million people in a situation of severe food insecurity, and up to 450,000 people at risk of severe acute malnutrition (SAM). A second concern is shelter, according to Direction de Protection Civile (DPC) data, 27,701 homes were either damaged or destroyed. Out of the estimated 31,370 people who lost their houses, the majority are now living with host families or in improvised accommodation, while 2,949 are still living in 18 hurricane shelters.
- 2.5 In terms of infrastructure, a number of critical public buildings were severely damaged by the storm. An estimated 150 schools were destroyed or damaged; in addition, 30 potable water supply systems were damaged, affecting 830,000 people. Health facilities were also affected; 22 cholera treatment centers were

¹ Emergency Review of the 2012 Consolidate Appeal. Needs arising from the impact of Hurricane Sandy, UN, Nov, 2012

destroyed by Sandy and increases in the number of cholera cases is being reported in the Sud and Sud-Est Departments and rising fears of further outbreaks. Mitigation and clean up works will be required in camps, hurricane shelters and affected areas to re-establish decent living conditions.

- 2.6 Though Haiti's main ports, airports, fuel storage facilities and electricity plants were spared major damage, there are serious damages in key parts of the road network. Humanitarian organizations have sufficient transport and storage capacity, but road access to certain affected areas of the southern peninsula (Grand'Anse and Sud Departments), near the Dominican Republic border (Fond Verrets in Ouest Department) and in Baie d'Orange and Mapou in the Sud-Est Department remains limited as those regions are still largely isolated due to the massive destruction of road and other infrastructures.
- 2.7 Considering the vital importance of the road infrastructure to maintain the flow of humanitarian aid as well as the population's access to basic services, and based on the Bank's presence and knowledge of the transport sector in Haiti (¶4.1 and 4.2), the GoH requested the Bank to provide additional resources to help repair, stabilize and protect road infrastructure affected by the hurricane, which is the scope of this program.

III. ELIGIBILITY CRITERIA AND COUNTRY COMPLIANCE TO ACCESS THE IMMEDIATE RESPONSE FACILITY (IRF)

A. Eligibility criteria

- 3.1 The Immediate Response Facility (IRF) (GN-2038-14 and GN-2038-16) is designed to provide support to countries to cover expenses required to restore basic services to the population in the immediate aftermath of a natural disaster. The facility provides financing to address immediately the urgent investments following a natural disaster. Four conditions have to be fulfilled for a country to be eligible to access this facility: (i) a formal request has to be received from the Government of the affected country; (ii) a State of Emergency (SOE) or natural disaster has to be officially declared in the country or affected regions or some other equivalent declaration has to be made in accordance with local legislation; (iii) the emergency is within the scope set out in the Disaster Risk Management Policy (GN-2354-5); and (iv) the country already has, or is willing to strengthen its domestic capacity for prevention, mitigation (risk reduction) and preparedness to tackle emergencies, and has an appropriate organizational setup, given the risk facing the country.

B. Formal request of the Government

- 3.2 The Bank received a formal request from the GoH on November, 22nd, through the Minister of Economy and Finance (MEF), applying for an IRF Grant to support the rapid recovery of essential infrastructure, with particular emphasis on the road network ([optional link 2](#)).

C. Declaration of state of emergency

- 3.3 The GoH declared the National SOE on October 30th, 2012 through an order of the President, published on the *Moniteur*² No. 188 on November 5th, 2012 ([optional link 3](#)).

D. Emergency within the framework of operative policy

- 3.4 Hurricane Sandy severely interrupted normal economic activities, population's access to basic services, and the flow of humanitarian aid. Given the extensive damage to roads, bridges, agriculture, housing, and the environment as a result of flooding and erosion as outlined in Section II: "Scope and Coverage of the Disaster", and given the attendant emergency actions by GoH as outlined in Section VI: "Government's Response", these characteristics and actions on the part of the Government are consistent within the scope of the Disaster Risk Management Policy (GN-2354-5).

E. Country's willingness to strengthen its domestic capacity for prevention, mitigation and preparedness to tackle emergencies and its legal and institutional framework³.

- 3.5 Haiti's vulnerability to natural disasters such as floods and landslides is due mainly to two factors: (i) its geography, given that 80 percent of the country is mountainous, with 54 main watersheds and sub basins; and (ii) rural farming practices, given that 60 percent of the rural population lives in extreme poverty and has little or no access to cost-effective farming practices that promote soil conservation, discourage deforestation, and reduce pressure on plant cover.
- 3.6 Each disaster causes more damage to the country's infrastructure and natural resources and thus to its economy, increasing the vulnerability, which in turn heightens the impact of subsequent crises⁴. Haiti has the highest cyclone risk index of all the developing island countries. The entire country, particularly the Sud, Sud-Est, Grand'Anse and Nord Departments, is exposed to flooding risks, which increase during the rainy season (April to October) and the cyclone season as recently confirmed by the damages occurred with the tropical storms Isaac (August 2012) and Sandy (October 2012).
- 3.7 After Hurricane Georges in 1998, the GoH elaborated a National Risk and Disaster Management Plan (Plan National de Gestion des Risques et des Désastres (PNGRD)) with a National Disaster Risk Management System (Système National de Gestion des Risques et des Désastres (SNGRD)). The SNGRD is headed by the National Risk and Disaster Management Committee (CNGRD), which is led by the Prime Minister and composed of the signatory Ministers of the PNGRD and the President of the Haitian Red Cross. On the operational level, the Ministry of

² Official Gazette

³ IDRL in Haiti - A study on the legal framework for the facilitation and regulation of international disaster response, January 2012

⁴ Report of the United Nations in Haiti 2011

the Interior and Regional and Local Development (Ministère de l'Intérieur et des Collectivités Territoriales (MICT) through the DPC, together with the permanent Secretariat of Risk Management and Disaster Management (Secrétariat Permanent de Gestion des Risques et des Désastres (SPGRD)) are responsible for implementing the system. An important component of the SNGRD is the PNGRD, which defines the roles and responsibilities of government entities in disaster response. It identifies three axes of intervention: (i) risk management at the central level; (ii) disaster management at the central level; and (iii) disaster and risk management at the local level, which are supported by the Bank.

- 3.8 According to the SNGRD and the PNGRD the DPC is primarily responsible for coordinating the disaster response activities of the different ministries, committees and organizations (including disaster preparedness, early warning, response and recovery). Department, commune and local risk and disaster management committees are responsible for early warning systems. Since the 2010 earthquake, the capacities of the DPC, both at national and departmental levels, have been considerably reinforced in order to lead more effectively prevention and response efforts across the country.
- 3.9 The Ministry of Foreign Affairs is primarily responsible for communicating disaster-related information to international actors, once a SOE has been declared, and determines the type of aid to be requested. Donor coordination is the responsibility of the Ministry of Planning and External Cooperation through the Cadre de Coordination de l'Aide Externe au Développement (CAED), which replaces the Interim Haiti Recovery Commission, created by the State of Emergency Law of April 2010 to ensure effective earthquake response coordination.
- 3.10 The GoH also implemented the National Program of Flood Early Warning System (PNAP) with the support of the Bank through two operations to be closed at the end of 2012, HA-L1005 (US\$5 million Investment Grant 2389/GR-HA) and HA-T1096 (US\$1 million Technical Cooperation ATN/MD-11565-HA). During four important events in 2011 and 2012 (Hurricanes Emily, Irène, Isaac and Sandy), the system has been used successfully. The alert sirens have been set off in most exposed towns and prevented potential loss in human lives.
- 3.11 After Hurricane Sandy, the Ministry of Agriculture has decided to accelerate the use of resources from the Natural Disaster Mitigation Program (2187/GR-HA), financed by the Bank for US\$30 million, to protect river banks above and around Maniche (US\$4 million works), as well as the most vulnerable ravines of Cavaillon and Ravines du Sud watersheds. Also, considering the vital importance of the road infrastructure to maintain the flow of humanitarian aid as well as the population's access to basic services, and based on the Bank's presence and knowledge of the transport sector in Haiti, the GoH requested to the Bank additional resources to help repair, stabilize and protect road infrastructure affected by the hurricane, which is the scope of this program.

IV. PERFORMANCE OF PREVIOUSLY APPROVED BANK OPERATIONS

- 4.1 In the past seven (7) years, the Bank approved more than US\$350 million for the transport sector in Haiti and completed the rehabilitation of about 150 kilometers of primary roads and more than 250 kilometers of secondary and tertiary roads. Recent successfully completed operations include: HA0075 (991/SF-HA, 2379/GR-HA, 2348/GR-HA) “Rural and Secondary Roads” (US\$57 million) that financed the rehabilitation of 51 kilometers of the Route Nationale 2 (RN2), 73 kilometers of secondary roads and 150 kilometers of tertiary roads; and HA0087 (1638/SF-HA, 2387/GR-HA, 2348/GR-HA) “Transport Infrastructure Rehabilitation Program” (US\$97 million) that financed the rehabilitation of 73 kilometers of RN1 and 23 kilometers of RN2 in addition to 25 kilometers of secondary roads. As indicated in the outlined evaluation performance in the Project Completion Report (PCR), the main elements that contributed to a successful implementation of said operations are: (i) the joint collaborative effort that exist between the Bank and the UCE; (ii) the regular reporting of progress activities for monitoring to the Bank; (iii) the technical assistance provided by the Bank; and (iv) the overall flexibility of the Bank in response to emergency situations during execution. Operations in execution include, among others: HA-L1019 (1922/GR-HA) “Rehabilitation of Road Infrastructure for Integration of the Territory” (US\$100 million) that finances 67 kilometers of rehabilitation of the RN7; and HA0093 (1493/SF-HA, 2384/GR-HA) “Program for Rehabilitation of Basic Economic Infrastructure” (US\$70 million) that is financing bridges, small stretches of roads and many other infrastructures.
- 4.2 After the Earthquake in 2010, in its continued effort to focus on primary and secondary roads through rehabilitation and maintenance with the objective to improve the country’s connectivity, the Bank also approved the operation HA-L1054 (2663/GR-HA) “Program to Support Transport Sector in Haiti” for US\$50 million in November 2011 to finance the rehabilitation and maintenance of 30 kilometers of the RN8 and also urban pavement in some cities using intensive labor. The most recent operation approved for Haiti is the HA-L1058 (2794/GR-HA) “Program to Support Transport Sector in Haiti II”, in the amount of US\$53 million; the approved operation will finance 25 kilometers of rehabilitation in the RN1, including maintenance and institutional strengthening of the MTPTEC.

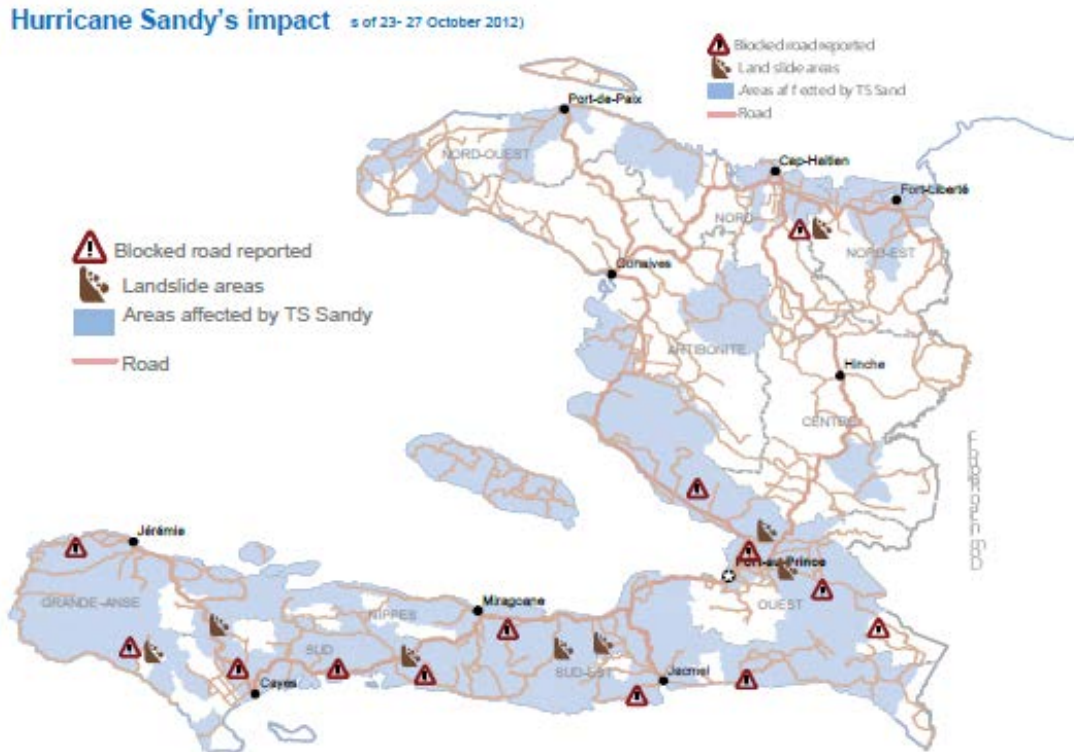
V. INITIAL DAMAGE ASSESSMENT IN THE TRANSPORT SECTOR

- 5.1 According to an assessment done by the Groupe d’Appui de la Communauté Internationale (GACI), there are blocked and clogged road sections in RN1, RN2 and RN4 and damaged and destroyed bridges in Rousseau, Bonnet ([optional link 6](#)). Early damages assessment in the transport sector was also performed by the World Food Program (WFP), with collaboration from United Nations Stabilization Mission in Haiti (MINUSTAH) and OCHA, among other

organizations. Even though the assessment does not provide estimates for recovery costs, it points the main roads and connections that were blocked or severely damaged by Hurricane Sandy (figure 1 and [optional link 5](#)).

- 5.2 Based on a preliminary damage assessment conducted by the MTPTEC through the Directions Départementales (DDs), it is estimated that damages to road infrastructure caused by Hurricane Sandy would amount to US\$70 million. The nature of the damages experienced is typical of these kinds of phenomena: flooded and/or blocked roads; damaged bridges; and erosion of road embankments. Hence, this program, in an amount of US\$17.5 million (where US\$15.4 million will be applied to physical interventions), will help finance approximately 22 percent of initial damages identified in the road sector.
- 5.3 The Bank hired a consulting firm to perform a refinement of the assessments conducting field missions during the period of November 23th to 29th and evaluating a sample of damages in several departments affected by Hurricane Sandy. The sample, though not statistically representative, represent about US\$15 million of recovery works and provide good estimates for 45 critical points in the road network, covering three departments (Sud, Sud-Este and Nippes), two primary roads (RN2 and RN8) and two secondary roads (RD25 and RD102) ([optional link 4](#)).
- 5.4 Based on the assessment done by the DDs (¶5.2) and by the consulting firm (¶5.3), the MTPTEC/UCE selected the priority works to be potentially covered by the program ([optional link 7](#)). Considering, however, that some of the areas of the road network still have restricted access that prevent a more detailed inventory and also considering that at this point there is no complete knowledge about the full extent of damages and of the regions that have restricted access to humanitarian aid, the GoH may request, subject to approval by the Bank, to add or replace works to this list, which must comply with the eligibility guidelines described in ¶7.24 and ¶7.25. The final list of works must be provided by the GoH no later than three (3) months after the effective date of grant contract, which may be extended upon approval by the Bank.

FIGURE 1: HURRICANE SANDY'S IMPACT (see optional link 5)



VI. GOVERNMENT'S RESPONSE

- 6.1 Preparedness: already on Tuesday, October 23rd, the Haitian authorities declared orange alert throughout the country after the announcement of the generation of Tropical Storm Sandy (TSS) that could cause heavy rains and strong winds. The tropical depression associated with the tropical wave was strengthened Monday afternoon before becoming a tropical storm, named Sandy. The National Meteorological Centre (NMC), together with the SPGRD and the DPC, asked people living in the public areas at risk to remain vigilant and strictly implement safety measures in case of flooding, landslides and storms.
- 6.2 On October 24th, the NMC indicated that "Sandy has a strong pluviometric capacity and could dump between 150 to 300 mm of rain on the plains and 500 mm on the mountains." SPGRD maintained the alert at the level of orange vigilance, especially for the departments of the Ouest, Sud, Sud-Est, Nippes and Grand Anse. Cabotage activities were prohibited on the south coast of Haiti and the Gulf of Gonâve, and vessels had to remain in their port or in sheltered waters until further notice. The same day, the Haitian Government activated its SNGRD and the level of vigilance red was decreed for the departments of the Sud, Sud-Est, the Nippes, Ouest and of the Grand Anse as well as for the rest of the departments, which ended on October 27th. As of October 25th, the DPC had

evacuated more than 5,000 people and had reported more than 1,300 houses destroyed.

- 6.3 After the event, on October 30th, the GoH proclaimed a state of national emergency (¶3.3). Distributions of mattresses, sleeping bags, hygiene kits and food rations have been carried out. The Haitian Government released an emergency budget allocation of HTG 350 million (US\$8.4 million) for immediate life-saving response. However, in-country resources are increasingly strained. For humanitarian partners, severe underfunding of the 2012 Consolidated Appeal has reduced emergency response capacity in the country¹.
- 6.4 Regarding transport infrastructure, immediately following the event, the MTPTEC started to intervene in most of the locations affected by the emergency in order to start restoring basic connectivity by performing cleaning and small repair activities. With its own equipment and personnel the MTPTEC is undertaking simple, first-step measures to temporarily repair road infrastructures, which will permit the reestablishment of some passages to traffic under acceptable circulation and safety conditions. Nonetheless, supplemental assessments and works will need to be done in order to complete the repairs.

VII. BANK'S INTERVENTIONS AND ACTIVITIES

A. The Bank's response

- 7.1 A meeting between representatives of IDB Country Office in Haiti and the GoH was held on October 27th, to discuss the damages caused by Hurricane Sandy in the transportation infrastructure and also to seek the support from the Bank and other donors. The GoH defined the following priorities to respond to the disaster: (i) reestablish very quickly the transportation connectivity at the national level, through localized interventions performed by the Departmental Offices (DD) and by the Centre National des Equipement's (CNE) by establishing temporary access where required, and using temporary bridges; (ii) repair the main network through clean-up of drainages ditches, repair of pavements, consolidation of bridges, closure of river glitches; and (iii) prepare for the next hurricane season with inspections of existing works of art (such as bridges), protection for vulnerable locations using gabion walls, expansion of drainage components and review of engineering designs to adapt them to stronger and more frequent natural events. The Bank, and other donors, have agreed to support those activities.
- 7.2 Following an internal review of the available mechanisms to respond to the request from the GoH, the Bank conducted a mission to Haiti from November 6th to 8th, with specialists from Headquarters and from the Country Office and with members of the Executing Agency, UCE. The purpose of this mission was to make a preliminary assessment of the damages and gather information to initiate the preparation of a grant proposal based on the Bank's criteria to utilize the IRF following natural disasters, in order to support the GoH in its emergency response.

B. The emergency program

1. Objective

7.3 The program's objective is to repair, stabilize and protect road infrastructure affected by flood damage caused by Hurricane Sandy, reestablishing road connectivity and the access of population to basic services and resuming the normal flow of economic exchanges and humanitarian aid. The operation will provide resources to finance road repair and cleaning tasks, purchase of goods and services and institutional support related to the implementation of the emergency works.

2. Activities to be financed

7.4 **Component 1: Administration and engineering (US\$2,100,000).** This component will finance services and other expenses related to the institutional support necessary for program's implementation. These services and expenses may include: (i) consultants to strengthen the UCE's capacity to manage the program; (ii) studies and surveys to refine the inventory of damage and produce reconstruction and rehabilitation plans; (iii) studies and technical support to solve specific engineering problems; (iv) supervision of works; (v) audit and evaluation; and (vi) special studies to propose specific interventions to reduce the affected road network vulnerability to flooding events.

7.5 **Component 2: Road repair and stabilization (US\$15,400,000).** This component will finance road repair and cleaning tasks including, but not limited to: (i) cleaning activities: removal of debris accumulated by flooding waters; cleaning of ditches and culverts; and (ii) localized repairs of the road structure of different nature and extension; localized stabilization and protection of roads and/or road elements; substitution of affected drainage structures; and structural and repairs in bridge or drainage system's elements.

7.6 Due to the fact that at this point it is not possible to exactly assess the full extent of damages to the road network, provisions in this program will be used according to priorities periodically reviewed by the MTPTEC and accepted by the Bank (¶5.4).

3. Program costs

Components	Bank Financing	Total (US\$000)
Component 1: Administration and Engineering	2,100	2,100
• Supervision and Studies	1,780	1,780
• Auditing and Evaluation	200	200
• UCE's Operative Expenses	120	120
Component 2: Road repair and stabilization works	15,400	15,400
Total	17,500	17,500

4. Economic evaluation and indicators

- 7.7 Due to the nature of the project, a simplified economic evaluation using the methodology of cost-efficiency was performed. The economic rationale used in this methodology is based on the fact that the cost to perform the works to repair, stabilize and protect the road network, restoring the basic transportation services in the short term, are much lower than the cost of rebuilding those infrastructures ([optional link 1](#)).
- 7.8 The results matrix ([annex II](#)) outlines the main indicators to evaluate the products and results of the interventions, which include: (i) the number of critical points in the road network that will be repaired, stabilized or cleaned; (ii) the number of bridges that will be repaired or stabilized; (iii) the number of studies performed; (iv) the restoring of Transport Capacity; and (v) Average Travel Time (ATT), of which the last two will be used to indicate that the restoration of the regular flow of vehicles was achieved.

5. Risks

- 7.9 A risk analysis for the project was performed. In summary, considering the nature of the program and specific requirements for commitment and disbursements, the main risks identified were: (i) delays in execution due to pending inventory of works; (ii) delays in procurement process; (iii) delays in certifying the eligibility of works and authorizing disbursements; and (iv) weak monitoring on financial reporting. As mitigation measures the project includes resources to: (i) strengthen the UCE's capacity with a program manager and a procurement specialist for the program on a full time basis (¶7.11); (ii) hire supervision firms; and (iii) hire an independent verification agent to review the eligibility and supporting documentation for works executed by force account and retroactive financing (¶7.28 through ¶7.30).

6. Program execution

- 7.10 The MTPTEC, through the UCE, will be the executing agency for this program, and will be supported by its administrative, public works, and transportation departments, as well as its technical units for project execution. The UCE is currently executing Bank grants 1922/GR-HA, 2348/GR-HA, 2387/GR-HA and 2663/GR-HA; OFID loan 699/OP-HA; and co-financing operation ATN/CJ-10885-HA. It is also responsible for managing other projects financed by the World Bank.
- 7.11 Because of the existing projects currently being executed by the MTPTEC through the UCE, the technical and operational capacity of the UCE to implement an emergency project will need to be reinforced. This reinforcement will facilitate a more rapid implementation of the proposed emergency program (works, studies and supervision). The UCE's capacity will be strengthened by two consultants dedicated to the emergency program on a full time bases: (i) a program manager;

and (ii) a procurement specialist. The hiring or appointment of such personnel is a condition precedent to the execution of component 2 (works).

7. Accounting and auditing

- 7.12 The UCE's management structure consists of a general coordinator, a financial specialist, a financial consultant, an accountant, an administrator, a procurement specialist, and a team of engineers responsible for the technical monitoring of projects. The financial management structure is adequate for the demands of the proposed emergency project.
- 7.13 A Financial Management (FM) assessment based on the Bank's experience supervising projects executed by the MTPTEC/UCE, and on an institutional capacity assessment of the UCE conducted in late 2011, concluded that its fiduciary (organizational, financial administration and procurement systems, and internal and external control) systems have a medium level of development and risk. A specialized firm is being contracted with proceeds from Grant 2663/GR-HA to assist the UCE in implementing a comprehensive strengthening plan to improve project management, including updating the operations and financial management manual which dates from 2006.
- 7.14 Accounting, recordkeeping, and financial reporting are carried out through the computerized accounting system ACCPACC 4.1. The MTPTEC/UCE maintains accounting records on projects using the modified cash flow method, which records expenses when paid and revenues when received in the bank account. The filing system for transactions is effectively classified by revenues and expenditures in chronological order, and supporting documentation is identifiable. The report on the audited financial statements for operations 1922/GR-HA and ATN/CJ-10885-HA as of December 31st 2011 was unqualified and did not reveal major weaknesses in the internal control system.
- 7.15 Financial management of the project will be done in accordance with the policy set forth in OP-273-2. Financial programming, planning, and monitoring of budget execution for the project will be carried out on the basis of standard models included in the Bank's project disbursement guide. The ACCPAC financial management system will be used for this program, complemented by a set of spreadsheets for producing reports and financial statements for the project.
- 7.16 The Bank will determine the inspection procedures it deems necessary to verify the successful development of the program, among which will include:
- a. For purposes of reviewing the eligibility and support documentation of works executed by force account (§7.29) and costs incurred prior to the effective date of the grant contract (retroactive financing) (§7.30), an independent verification agent will review disbursement requests to be submitted to the Bank, including, among other things that it deems necessary, an assessment of eligibility of expenditure, compliance with procurement procedures established for the

program, the existence of support payments and reasonable verification of the physical execution of the items;

- b. Independent financial auditing will be performed in accordance with the guidelines for financial reporting and external auditing of projects financed by the Bank. Two independent audits will be undertaken, the first to be submitted within sixty (60) days of the end of the first sixth month of program implementation, the second and final audit to be submitted within ninety (90) days of the final disbursement. External audits will be funded under the program.

8. Supervision and monitoring

- 7.17 Project supervision will be done by the team leader, including the transport specialists, and fiduciary team members with the continuous support of an operation's analyst in the Country Office in Haiti. Four supervision missions, including a kick-off workshop, will be budgeted to provide direct "in the field" support to the program.
- 7.18 Component 1 also includes funds for project monitoring, auditing and final evaluation and preparation of a completion report. The UCE must deliver to the Bank a final evaluation of the project prepared by an independent firm or consultant within 90 days after the final disbursement date. The report will detail the execution of activities and analyze the impact and effectiveness of the program in terms of outputs, outcomes, externalities, sustainability and lessons learned.
- 7.19 The UCE shall produce quarterly reports containing at least: (i) the listing of all contracts in execution (detailing the name of the contractor, the contract amount, the location of the contract, the start date and end date and evolution of financial execution); (ii) global financial execution of the program; (iii) compliance with the approved execution plan; (iv) indicators achievement; and (v) other implementation considerations deemed necessary.

9. Procurement and eligible expenditures

- 7.20 The procurement of this program will be conducted in accordance with the Policies for the Procurement of Works and Goods financed by the Bank (GN-2349-9), and the Procurement Policies for the Selection and Contracting of Consultants financed by the Bank (GN-2350-9). Also will apply as appropriate and complementary, the "Procurement Arrangements for Haiti" (GN-2654) while in effect. [Annex III](#) of this document defines the fiduciary arrangements and requirements as well as the Procurement Plan for this program. Based on the medium risk determined in the last capacity evaluation, the Bank's procurement supervision will be ex ante.
- 7.21 Based on the emergency nature of this program, for all contracts of works, as needed to achieve its objectives, the procurement method as force account, direct

contracting and any other in section III of the Procurement Policies will apply. It is expected multiple contracts for: (i) cleaning and repair works; and (ii) repair and stabilization of bridges that will be direct contracted based on a categorization of enterprises as a result of a prequalification process that will be conducted by the UCE by early January 2013. Also, all the contracts with Consultant Firms will be selected through the method of Selection Based on Consultants Qualifications.

- 7.22 Also, considering that one of the benefits of this operation is to resume the normal flow of economic exchanges and humanitarian aid which may include among others the provision of labor for people from the community; aligned with clause 3.10 of the GN2349-9, there may be direct arrangements for management contractors who may contract large size of labor force for miscellaneous works involving road repairs and stabilization works.
- 7.23 A preliminary analysis, performed by the project team, based on the experience with previous programs financed by the Bank, and based on information received from the MTPTEC/UCE and from the Association Haitienne des Entreprises de Construction (AHEC), representing 42 local construction companies, indicates that there is enough national and international firms operating in the country with adequate experience and equipment to perform the works financed by this program in the timeframe required.
- 7.24 Specifically, funding from the resources of the IRF must be used to procure goods and services needed for the purposes of immediate stabilization and repair of physical structures damaged by the disaster, including:
- a. Removal of rubble;
 - b. Clean-up and repair of damage caused to the environment;
 - c. Control and stabilization of buildings, land plots or physical structures, such as: bridges, embankments, roads, dams, etc; including the demolition of condemned structures;
 - d. Studies and surveys to make an inventory of damage and draw up reconstruction and rehabilitation plans, together with technical designs and environmental studies for investments in permanent reconstruction and rehabilitation.
- 7.25 In addition, to the previous rules, the following expense eligibility guidelines will apply for works: (i) activities are always in connection with road infrastructure (including culverts and bridges) that was affected by Hurricane Sandy; (ii) activities do not substantially go beyond reestablishing the original physical characteristics of the infrastructure. Facility resources may not be used for investments in permanent rehabilitation and reconstruction.

10. Commitment, disbursements and advances

- 7.26 According to IRF policies, the grant contract must be signed within two (2) months following Bank's approval or would be subject to cancellation. The disbursement period will run for twelve (12) months after the effective date of the

grant contract. The project team deems reasonable to request extension of the commitment period to twelve (12) months from the date of the disaster, which is an exception to the IRF Policies (GN-2038-16 and GN-2038-14) establishing that the period to commit resources must be within nine (9) months after the date of the disaster. Given the level of difficulty in the assessment of the damages caused by Hurricane Sandy, especially for those areas that are still blocked, and given that institutional reinforcement will be required for the Unité Centrale d'Exécution (UCE) to operate effectively; in this context, the requested exception to the IRF Policies similar to the ones approved in VE-L1035 and PN-L1071, would permit the GoH to respond to the areas most affected by the disaster.

- 7.27 The MTPTEC/UCE will prepare an initial annual project plan, to be updated every three (3) months and used as the basis for determining the advances of funds to be provided by the Bank. It will be based on planned activities, the procurement plan, costs and terms of payment agreed upon with project suppliers and beneficiaries. Each advance of funds will cover individual payment needs of under US\$100,000. Individual payments of US\$100,000 or more will be made by the Bank directly to suppliers on behalf of the MTPTEC/UCE.

11. Force account and retroactive financing

- 7.28 Up to 20 percent (US\$3.5 million) of the total project cost may cover the following, to the extent they are eligible expenses certified by the UCE with the Bank non objection: (i) works undertaken through force account or contracted by GoH from the date of the disaster (October 24th, 2012) up to the effective date of the grant contract, constituting as such retroactive financing; and/or (ii) works undertaken through force account from the effective date of the grant contract.
- 7.29 Works undertaken through force account must be performed by governmental departments or agencies with proven capability to undertake road repair operations, logistics capabilities and rapid response equipment and personnel necessary. All subcontracting from the government under force account must be aligned with the Bank's procurement Policies agreed for this operation. In order for the force account activities to be reimbursable by the financing, the Program Manager of the UCE, in coordination with the MTPTEC, will need to certify that the works have been completed, that all materials and supplies have been incorporated in the works and that supporting documentation was provided. Costs eligible for financing under force account will be limited to incremental costs incurred to execute the emergency program, including:
- Per diem and extra working hours paid to personnel;
 - Cost of locally hired labor;
 - Fuels, lubricants, servicing and repairs to equipment;
 - Rental fees for non-owned equipment; and
 - Construction materials actually used.
 - Any other expense approved by the Bank in accordance with the applicable Bank policies.

- 7.30 **Retroactive financing** will be permitted as indicated in (¶7.28) above and to the extent the following conditions are fulfilled to the satisfaction of the Bank: (i) expenses were incurred from the date of the disaster (October 24th, 2012); (ii) expenses are eligible and certified by the UCE with supporting documentation as having been incurred in post hurricane repair activities; (iii) the procurement of these contracts must be aligned with the Procurement Policies (GN-2349-9, GN-2350-9 and GN-2654) and special arrangements that apply for this operation; and (iv) supporting documents are provided by the GoH no later than three (3) months after the effective date of grant contract, which may be extended upon approval by the Bank.

12. Environmental and social considerations

- 7.31 Program activities will comply with applicable national environmental legislation. Given the nature of the program, no environmental impact assessment will be conducted.

VIII. COORDINATION WITH OTHER AGENCIES

- 8.1 Several international organizations, bilateral agencies and nongovernmental organizations have responded to the emergency by redirecting or increasing resources in Haiti to support humanitarian assistance including: United Nations Office for Project Services (UNOPS), United Nations Children's Fund (UNICEF), United Nations Stabilization Mission in Haiti (MINUSTAH), United Nations Office for the Coordination of Humanitarian Affairs (OCHA), World Food Program (WFP), World Health Organization (WHO), Cadre de Coordination de l'Aide Externe au Developpement (CAED) and the French Cooperation. The World Bank offered to expedite execution of their existing programs (up to US\$33 million) and to mobilize resources from contingency funds (US\$6 million) to support recovery efforts in the transport and other sectors. The Bank is coordinating its actions with other agencies through the existing forums of donors such as the sectorial tables and also through the MTPTEC/UCE.

Development Effectiveness Matrix			
Summary			
I. Strategic Alignment			
1. IDB Strategic Development Objectives	Aligned		
Lending Program	(i) Lending for small and vulnerable countries, and (ii) Lending for poverty reduction and equity enhancement.		
Regional Development Goals	Paved road coverage (Km/Km ²).		
Bank Output Contribution (as defined in Results Framework of IDB-9)	Km of inter-urban roads build or maintained/upgraded.		
2. Country Strategy Development Objectives	Aligned		
Country Strategy Results Matrix	GN-2646	(i) Improve the quality of national road infrastructure, and (ii) Improve the institutional capacity of the transport sector.	
Country Program Results Matrix	GN-2661-4	The intervention is not included in the 2012 Country Program Document.	
Relevance of this project to country development challenges (If not aligned to country strategy or country program)			
II. Development Outcomes - Evaluability	Highly Evaluable	Weight	Maximum Score
	7.5		10
3. Evidence-based Assessment & Solution	7.1	25%	10
4. Ex ante Economic Analysis	6.4	25%	10
5. Monitoring and Evaluation	6.5	25%	10
6. Risks & Mitigation Monitoring Matrix	10.0	25%	10
Overall risks rate = magnitude of risks*likelihood	Medium		
Environmental & social risk classification	Not Required		
III. IDB's Role - Additionality			
The project relies on the use of country systems (VPC/PDP criteria)			
The project uses another country system different from the ones above for implementing the program			
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:			
Gender Equality			
Labor	Yes	The contracting of consultants, studies and technical support will help to improve not only the execution of this specific program but the capacity of MTPTC to manage and execute transport projects.	
Environment			
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project			
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan.			

The program's objective is to repair, stabilize and protect road infrastructure affected by flood damage caused by hurricane Sandy, reestablishing road connectivity and the access of population to basic services and resuming the normal flow of economic exchanges and humanitarian aid. The operation will provide resources to finance road repair and cleaning tasks, purchase of goods and services, and institutional support related to the implementation of the emergency works.

The diagnosis clearly identifies the main problem and the factors that determine it. The logic of the proposed intervention is clear, with SMART indicators. An ex ante cost-effectiveness analysis of the program is presented. The program has a monitoring and evaluation plan with a before-after methodology, which will be carried out to ensure the compliance with the results matrix.

Finally, the program includes a complete results matrix that identifies potential risks, which in general terms classifies the operation as medium risk. There are also defined mitigation measures and monitoring indicators. Given the characteristics of the program, socio-environmental classification is not required.

RESULTS MATRIX

Project Objective	To rehabilitate, stabilize and protect road infrastructure affected by flood damage caused by Hurricane Sandy, reestablishing road connectivity and the access of population to basic services.
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Outcome Indicators

Transport capacity ¹ reestablished. (Equivalent Vehicles Veq./ Hour) Primary roads (Lane width 3.5 m+ shoulders 1.5 m) Secondary Roads (Lane width 3.2 m + shoulders 1 m)	2772 Veq/h 2520 Veq/h	2772 Veq/h 2520 Veq/h	<ul style="list-style-type: none"> • The main objective of these indicators is to indicate that the flow of vehicles can be restored • The verification method will be the report from UCE indicating that infrastructure has been restored and consequently the vehicle flow
Average Travel Time RN2 : Grand Goave – Fond Negres	40 min	40 min	<ul style="list-style-type: none"> • The main objective of these indicators is to indicate that the flow of vehicle was restored and also that travel time prior to the event was restored. Base level is the estimated ATT prior to the natural disaster
Average Travel Time RD25 : Tiburon - Les Anglais	32 min	32 min	<ul style="list-style-type: none"> • The Average Travel Time is based on previous analysis and estimates performed in different roads in Haiti
Average Travel Time RD102: Ganthier - Fonds Verrette	30 min	30 min	<ul style="list-style-type: none"> • The verification method will be the report from UCE indicating that the flow was restored with measures of the average travel time in those segments

¹ The capacity of a two-lane road is defined as the maximum number of vehicles that can travel on a point or uniform section of the road in both directions for a certain period of time (one hour). Capacity is expressed in vehicles per hour. The Highway Capacity Manual (HCM 2000) states that ideal capacity of a two-lane road is 2800veh equivalent / h in both directions however when lane width is less than 3.65 meters wide and shoulders have less than 1.80 meters wide the Highway Capacity Manual proposes using correction parameters to express the influence of non-ideal conditions:

$$c=C_j f_w$$

where

c = corrected capacity (veh/h)

C_j = lane capacity under ideal conditions

f_w = lane width and lateral clearance factor (0.99 for 3.5 m and 0.90 for 3.2 m)

Component 1: Administration and Engineering			
Output Indicators	Base 2012	Target 2013	
Number of Studies and technical support to complete inventory of damages and for solving specific engineering or problems	0	3	The verification method will be reports from UCE
Number of Studies to reduce the affected road network vulnerability to flooding events produced	0	1	The verification method will be reports from UCE
Component 2: Works			
Output Indicators	Base 2012	Target 2013	
Kms of roads repaired and restored to pre-hurricane levels in RN2, RD102 and RD25	0	3 km	Include only sections that were intervened by the project. The verification method will be reports from UCE and from the auditing
Number of critical points where ditches, culverts and currents in which debris accumulated by flooding waters were removed	0	15	The verification method will be reports from UCE and from the auditing
Number of critical points repaired in RN2, RD8 and RN25	0	25	The verification method will be reports from UCE and from auditing
Number of bridges repaired/stabilized	0	10	The verification method will be reports from UCE and from the auditing

FIDUCIARY ARRANGEMENTS AND PROCUREMENT PLAN

COUNTRY:	The Republic of Haiti.
PROJECT NO.:	HA-L1086
NAME:	Road rehabilitation program in response to Hurricane Sandy
EXECUTING AGENCY (EA):	Ministry of Public Works, Transport, Energy and Communications (MTPTEC)
DATE:	December, 2012
FIDUCIARY TEAM:	Nelly C. Wheelock (FMP/CHA); Douglas Graham (CDH/CHA)

I. EXECUTIVE SUMMARY

1. The Program's general objective is to rehabilitate, stabilize and protect road infrastructure affected by flood damage caused by Hurricane Sandy. The specific objectives are to: (i) reestablish very quickly the transportation connectivity at the national level; (ii) repair and rehabilitate the main network; and (iii) prepare for the next hurricane season. This project will be executed by the Ministry of Public Works, Transport, Energy and Communications (MTPTEC) through the Unite Centrale d'Execution (UCE-MTPTEC).
2. Recent studies¹ indicate incipient development of the Financial Management systems and some in the Procurement national system. The government is presently working on a National Plan for the reform of its Public Administration, and the Bank is following up on this initiative as well as the donor's community. At the same time, the Bank is supporting other initiatives to strengthen the national fiduciary capacity through formal/online procurement courses and providing assistance for the update of the last diagnostic of the procurement national system and the preparation of a strategic plan for its modernization. There are also other government initiatives for the modernization of the Financial Management system. The Bank is also supporting them with technical advice.
3. To summarize within the national context, even though some improvement is identified; there is a long way for the development of the fiduciary systems. While the Bank will continue supporting the government strengthening initiatives for the modernization of its Financial Management and Procurement national systems, this operation will execute under the Bank's Procurement and Financial Management policies using the special fiduciary arrangements in place in the executing agency.

II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. The UCE, the executing agency of the MTPTEC, has been increasing its responsibilities since 2010. At this moment it is executing several IDB financed projects: 2348/GR-HA, 2384/GR-HA, 2387/GR-HA, OFID 699/OP-HA, 1922/GR-HA, ATN/CJ-10885-HA,

¹ Public Expenditure Management and Financial Accountability of Public Administration of Haiti (PEMFAR) from 2007, the Country Procurement Assessment Report from 2011 by the World Bank and the Evaluation PEFA HAITI 2011 - Rapport Final; ECORYS Research & Consulting, February 2012.

2663/GR-HA and HA-L1058 (pending effectiveness). It also executes other projects financed by the World Bank and the European Union. The most recent institutional evaluation of the MTPTEC/UCE presents some fiduciary capacity as well as some weaknesses in terms of organization, financial management and procurement systems including internal and external control. The report concludes in determining that the UCE presents a medium level risk to execute IDB financed projects. A consultant firm is being hired with funds from Project 2663/GR-HA to execute a strengthening plan to reinforce project execution capacity of the UCE. Also, the operational manual, which dates from 2006, will be updated to be approved by the MTPTEC and the Bank.

2. The MTPTEC/UCE has a management structure consisting of a general coordinator, a financial specialist, a financial consultant, an accountant, an administrator, a procurement specialist and a team of engineers responsible for technical monitoring of projects. The Financial Management structure is sufficient to meet the requirements for this new operation, however, the procurement function needs to be strengthened in: (i) the application of the IDB Procurement Policies; (ii) the reception and payment of goods and services; (iii) the organization and development of a good and sound filing system; (iv) the development of a formal policy and procedures regarding the attribution of proper responsibility to employees for the management of public assets entrusted to them and to restrict their use to the sole purpose of the project; (v) acquiring an insurance policy for the procured goods; and (iv) the development of a planning and monitoring system for procurement execution. The UCE is hiring a procurement consultant for the execution of the operation 2663/GR-HA and will hire an additional procurement consultant for the execution of the emergency operation.
3. For accounting, financial records and reporting, the UCE uses the ACCPACC accounting system. The project accounting works through a modified cash method, recording expenses when paid and income when received in the bank account. Regarding the transactions filing system, these are properly classified for income and expenses, chronological, with supporting documentation. However, the UCE needs to strengthen capacities by developing or acquiring a planning, monitoring and control system that could articulate the procurement plans, the contract management and the program of activities, to follow up on the execution of the allocated funds assigned to all different projects. Furthermore, the UCE should strengthen the capacity of timely follow-up to possible changes in quantities and prices of materials and labor of executing works contracts, to diagnose and prevent timely, possible affectations to the originally established budgets.

III. FIDUCIARY RISKS AND MITIGATIONS' PLAN

1. The fiduciary risks for this operation are considered medium high. Based on the institutional capacity evaluation from early 2012 and Banks' supervision of the projects, some requirements were determined for the execution of the most recent operation (HA-L1058). According to the most recent fiduciary inspection visit from November 2012, the Bank identified that some of these requirements are in process of execution but for others, no action has been taken yet. Based on the determined risk and the time taken by the UCE for the execution of the required mitigation actions, the procurement supervision of this operation will continue to be ex ante.

IV. SPECIAL CONDITIONS FOR PROJECT EXECUTION

1. The UCE will hire or appoint a Program Manager and a Procurement Specialist prior to the execution of the Component 2 of the project.
2. Exchange rate to report Project transactions: The UCE will apply the Exchange rate published by the BRH for the date in which the transaction in local currency is executed.
3. Audit special requirements: For purposes of reviewing the eligibility and supporting documentation of works executed by force account and costs incurred prior to grant approval, an independent verification agent will review disbursement requests to be submitted to the Bank, including, among other things that it deems necessary, an assessment of eligibility of expenditure, compliance with procurement procedures established for the program, the existence of supporting payment documentation and reasonable verification of the physical execution of the items. Independent financial auditing will be performed in accordance with the guidelines for financial reporting and external auditing of projects financed by the Bank (see section VI paragraph 14).

V. ARRANGEMENTS FOR PROCUREMENT EXECUTION

1. The Procurement policies that will apply for this operation are the Policies for the Procurement of Goods and Works financed by the Inter-American Development Bank (GN-2349-9) and the Policies for the Selection and Contracting of Consultants financed by the Inter-American Development Bank (GN-2350-9). It will also apply in a complementary way and while in force, the Procurement Provisions for Haiti (GN-2654).
2. **Procurement of Works, Goods and Services different than Consultancy.** For the contracts of Works, Goods and Services different than Consultancies² executed by the Project, when subject to apply the method of International Competitive Bidding (ICB) the Executing Agency will use the Standard Bidding Documents emitted by the Bank. For the contracts subject to National Competitive Bidding (NCB), the Executing Agency will use National Bidding Documents agreed with the Bank for this Project. The revision of the technical specifications for the procurement processes is responsibility of the sector specialist, as Team Leader of the operation.
 - For all contracts of works, as needed to achieve its objectives, the procurement methods such as Force Account, Direct Contracting and any other in Section III of the Procurement Policies will apply. Also, considering that one of the benefits of this operation is to resume the normal flow of economic exchanges and humanitarian aid which may include among others the provision of labor for people from the community; aligned with clause 3.10 of the GN-2349-9, there may be direct arrangements for management contractors who may contract large size of labor force for miscellaneous works involving road repair and stabilization works.

² Policies for the Procurement of Goods and Works financed by the Inter-American Development Bank (GN-2349-9), paragraph 1.1., and footnote #3: “References to “goods” and “works” in these Policies include related services such as transportation, insurance, installation, commissioning, training, and initial maintenance. “Goods” includes commodities, raw material, machinery, equipment, and industrial plant. The provisions of these Policies also apply to services which are bid and contracted on the basis of performance of a measurable physical output, such as drilling, mapping, and similar operations.”

- Force account will apply to up to US\$3,500,000 for Cleaning, Repair and Rehabilitation works, based on proven government institutional capacity. The contracts under Force Account must apply the Bank's procurement policies.
 - Direct contracting will apply to one or multiple contracts up to US\$6,900,000 for cleaning, repair and rehabilitation works, and up to US\$ 5,000,000 for rehabilitation of bridges, based on a categorization of enterprises as a result of a prequalification process that will be done by the UCE before the end of 2012 or beginning of January 2013.
3. **Selection and contracting of Consultants.** For the selection and contracting of Consultants executed by the project, when subject to apply the method of Selection Based on Quality and Cost (SBQC) or any other selection method in Section III of the Policies for the Selection and contracting of Consultants financed by the Inter-American Development Bank (GN-2350-9), the Executing Agency will use the Standard Document of Request for Proposals (RFP) emitted by the Bank. The revision of the Terms of Reference during the preparation of the selection processes is responsibility of the sector specialist, as Team Leader of the operation.
- For all contracts of Consultants, as needed to achieve the objectives or this emergency operation, it will apply other selection methods such as single source selection and any other selection method in Section III of the Selection and contracting Policies that apply for this project.
 - For this operation, all the contracts with Consultant Firms, including the Audit (US\$110,000); the Supervision of Works (may be one contract of US\$1,550,000 with a single firm or two or three firms with contracts of smaller amount as necessary, where adding all will come to an approximate amount of US\$1,550,000); the Study to propose global specific interventions to reduce the Haitian road network vulnerability to flooding events (US\$120,000); and the Study and technical support to complete inventory of damages and for solving specific engineering or environmental problems (US\$110,000), will be selected through the method of Selection Based on Consultants Qualifications.
 - For the selection of individual consultants, the Executing Agency will apply Section V of the Policies for the Selection and contracting of Consultants financed by the Inter-American Development Bank (GN-2350-9).
4. **Operational costs.** This project will finance operational costs under Component 1. The type of expenses eligible are among other: long term consultants assisting Project execution at the UCE, rent of an office associated with the execution of the project, rent of vehicles for project execution or supervision, public utilities, communication, travel expenses related to project execution, translations, bank fees, office supplies, publication expenses, photocopies, mail and similar. The project will not finance as operational cost the salary of institutional staff or the procurement of investment goods or works. The operational costs may be contracted by applying the procedures described at the Bank's procurement policies (GN-2349-9 and GN-2350-9), the procurement provisions for Haiti (GN-2654) and the fiduciary arrangements that apply for this Project.
5. **Retroactive contracting / Retroactive financing.** For this operation, the retroactive contracting and financing will apply to expenses associated to eligible activities acceptable to the Bank according to this emergency operation. These expenses will be eligible if

(a) occurred on or after the date of the disaster (24 October 2012) ; (b) the aggregated amount is equal or less than the equivalent to 20% of the total project cost-; (c) the procurement of these contracts is aligned with the Procurement Policies (GN-2349-9, GN-2350-9 and GN-2654) and special arrangements that apply for this operation; (d) are certified by the UCE with supporting documentation as having been incurred in hurricane rehabilitation activities and (e) supporting documents are provided by the GoH no later than three (3) months after the effective date of grant contract, which may be extended upon approval by the Bank.

6. **Domestic Preferences.** This operation will not consider domestic preferences.
7. **Procurement Thresholds for the Project.** The regular procurement thresholds agreed by the Bank for Haiti have been modified according to the Procurement Provisions for Haiti (GN-2654) while in force. For this operation, below are the tables of regular procurement thresholds and the Procurement Provisions for Haiti’s thresholds approved by the Bank. If the Procurement Provisions become null and void, the regular procurement thresholds will apply.

A. Regular thresholds for Haiti

HAITI – REGULAR THRESHOLDS (IN THOUSANDS US\$)							
Works			Goods			Consultants	
ICB	NCB	PC	ICB	NCB	PC	International Publication	National Short List
=>1,000	100 -1,000	<100	=>100	25 - 100	<25	>200	<100

B. Thresholds that apply within the Procurement Provisions for Haiti

HAITI – THRESHOLDS WITHIN DISPOSITIONS GN-2654 (EN MILES DE US\$)				
Works		Goods		Consultants
ICB ³	NCB ⁴ /PC ⁵	ICB	NCB/PC	National Short List
≥1.000	<1.000	≥100	<100	<100

8. **Procurement supervision.** Based on the institutional capacity of the Executing Agency, the medium high risk identified for the procurement function and the mitigation measures defined, all contracts for this project will be subject to prior review by the Bank in accordance with Appendix 1 of the Procurement Policies of Works and Goods and the Selection of Consultants respectively. However, to the extent that the UCE lowers the risk through the mitigation measures, the Bank will evaluate the possibility of moving to ex post review.
9. **The Procurement Plan.** The Procurement Plan for this emergency program covering 12 months of implementation of the Project has been agreed between the UCE/MTPTEC and the Bank. The Plan which is summarized below, indicates for each contract or group of contracts, the procedure for the procurement of works, consultants and operational costs procurement and selection methods, the cases requiring prequalification, estimated costs for each contract or group of contracts, the requirement to review ex ante or ex post by the Bank and the estimated dates of publication and termination of the contracts for this project. The

³ ICB: International Competitive Bidding

⁴ NCB: National Competitive Bidding

⁵ PC: Price Comparison

Procurement Plan will be updated as necessary or required by the Bank. The detailed Procurement Plan is available at:

Central Executing Unit (UCE for its acronym in French) of the Ministry of Public Works, Transportation, Energy and Communication (MTPTEC for its acronym in French).

Unité Centrale d 'Exécution
23 et 10, Angle 1ere et 2eme Ruelle Wilson
Pacot, Port-au-Prince Haïti
Tels. : 2245-5377 / 3510-0316

The Procurement Plan is also available at <http://www.mtpc.gouv.ht/> and at the Bank's Website: <http://www5.iadb.org/idbppi/asp/ppProcurement.aspx>

ROAD REHABILITATION PROGRAM IN RESPONSE TO HURRICANE SANDY
Project No. HA-L1086 and Non Reimbursable Financial Agreement _____ [when available]
Period for this Procurement Plan: From January to December 2013

Ref.	Component POD	Category and description of contract	Estimated Budget (US\$ miles)	Procurement Method	Supervision (ex-ante or ex-post)	Financing		Pre-qualification (SI/No)	Estimated dates		Status (pending, in process, adjudicated, cancelled)	Comments
						BID %	Local / Other %		Publication/ Invitation	End of contract execution		
WORKS												
W1	C2	Cleaning, Repair and Rehabilitation works by force account	3,500	FA	ex ante	100%		no	Jan2013	Dec2013	pending	
W2	C2	Cleaning, Repair and Rehabilitation works	6,900	DC*	ex ante	100%		yes	Jan2013	Dec2013	pending	Multiples contracts
W3	C2	Rehabilitation of bridges	5,000	DC*	ex ante	100%		yes	Jan2013	Dec2013	pending	Multiples contracts
CONSULTING FIRMS												
CF1	C1	Auditing	110	QCS	ex ante	100%		no	Jan2013	Dec2013	pending	
CF2	C1	Works Supervision	1,550	QCS	ex ante	100%		no	Jan2013	Dec2013	pending	May be divided in several contracts
CF3	C1	Study to propose global specific interventions to reduce the Haitian road network vulnerability to flooding events	120	QCS	ex ante	100%		no	Jan2013	Dec2013	pending	
CF4	C1	Study and technical support to complete inventory of damages and for solving specific engineering or environmental problems.	110	QCS	ex ante	100%		no	Jan2013	Dec2013	pending	
INDIVIDUAL CONSULTANTS												
IC1	C1	Project Evaluation	40	IQC	ex ante	100%		no	Jan2013	Dec2013	pending	
IC2	C1	Project Monitoring	50	IQC	ex ante	100%		no	Jan2013	Dec2013	pending	
OPERATIONAL COSTS												
OC1		Program Manager	70	INQC	ex ante	100%		no	Jan2013	Dec2013	pending	
OC2		Procurement Specialist	50	INQC	ex ante	100%		no	Jan2013	Dec2013	pending	
<p>Component POD: C1-Component I; C2-Component II. Ref.: W: Works; CF: Consulting Firms; IC: Individual Consultants; OC: Operational Costs</p> <p>Goods and Works: ICB: International Competitive Bidding; ILB: International Limited Bidding; NCB: National Competitive Bidding; PC: Price Comparison; DC: Direct Contracting; FA: Force Account; SCA: Specialized Contracting Agents; CA: Contracting Agencies; IA: Inspection Agents; PLFI: Procurement in Loans through Financial Intermediaries; BOO/BOT/BOOT: Build-Own-Operate/ Build-Operate-Transfer/ Build-Own-Operates-Transfer; PBP: Performance Based Procurement; PLGB: Procurement with Loans Guaranteed by the Bank; PCP: Procurement with Community Participation. Consultant Firms: SBQC: Selection Based on Quality and Cost; QBS: Quality Based Selection; FBS: Selection under a Fixed Budget; LCS: Least Cost Selection; CQS: Selection Based on the Consultants' Qualifications; SSS: Single Source Selection. Individual Consultants: INCQ: Selection based on the Individual National Consultant's Qualifications; IICQ: Selection based on the Individual International Consultant's Qualifications.</p> <p>*Direct Contracting based on the enterprises' categorization as a result of the Prequalification process.</p>												

10. **Special provisions.** Besides the Procurement Provisions for Haiti (GN-2654) it may apply other provisions generated from the monitoring and evaluation reports, the audit reports, inspection visits or as a result of the fiduciary supervision of the Project.
11. **Contracts' registry and files.** The contract's registry as well as the files must be kept in a safe and chronological way at the installations of the Executing Agency. The formats and procedures must be in the project's Operational Manual.

VI. ARRANGEMENTS FOR FINANCIAL MANAGEMENT

1. This operation will execute according to Financial Management Policy OP-273-2.
2. **Programming and budgeting.** For the financial programming, planning and monitoring of the Budget execution of the Project, the Executing Agency will use the standard formats at the Disbursement guidelines for projects financed by the IDB.
3. **Accounting, financial reporting and financial information systems.** The Financial Management system ACCPAC will be used for this operation. This system will be complemented with electronic sheets used for the preparation of the Reports and Financial Statements of the Project. The modified cash method will be used for accounting registration and to present the Financial Statements of the Project.
4. **Disbursement and cash flow.** The MTPTEC/UCE will prepare an annual projection of the Cash Flow that must be updated every three (3) months. This projection will be based on the activities planned, the procurement plan, the costs and payment terms agreed with suppliers and project beneficiaries. Each advance of funds will meet the needs of individual payments of less than US\$100,000. Individual payments equal to or greater than US\$100,000 will be made by the Bank on behalf of the MTPTEC/UCE in the form of direct payment to suppliers. The MTPTEC/UCE will open a Bank account exclusively for the Project's funds at the Bank of the Republic of Haiti (BRH).
5. **Force account and retroactive financing.** Up to 20% (US\$3.5 million) of the total project cost may cover the following eligible expenses certified by the UCE with the Bank non objection: (i) works undertaken through force account or contracted by GoH from the date of the disaster (October 24th, 2012) up to the effective date of the grant contract and will constitute as such retroactive financing; and/or (ii) works undertaken through force account after the effective date of the grant contract.
6. Works undertaken through force account must be performed by governmental departments or agencies with proven capability to undertake road repair operations, logistics capabilities and rapid response equipment and personnel necessary. In order for the force account activities to be reimbursable by the financing, the Program Manager of the UCE, in coordination with the MTPTEC, will need to certify that the works have been completed, that all materials and supplies have been incorporated in the works and that supporting documentation was provided. Costs eligible for financing under force account will be limited to incremental costs incurred to execute the emergency program, including:
 - Per diem and extra working hours paid to personnel;
 - Cost of locally hired labor;

- Combustibles, lubricants, servicing and repairs to equipment;
 - Rental fees for non-owned equipment; and
 - Construction materials actually used.
 - Any other expense approved by the Bank in accordance with the applicable Bank policies.
12. Retroactive financing will be permitted as specified above and to the extent the following conditions are fulfilled to the satisfaction of the Bank: (i) expenses were incurred after the date of the disaster (October 24th, 2012); (ii) expenses are eligible and certified by the UCE with supporting documentation as having been incurred in post hurricane repair activities; (iii) the procurement of these contracts is aligned with the Procurement Policies (GN-2349-9, GN-2350-9 and GN-2654) and special arrangements that apply for this operation; and (iv) supporting documents are provided by the GoH no later than three (3) months after the effective date of grant contract, which can be extended upon approval by the Bank.
13. **Internal Control.** The Audit Report of the Financial Statements of current projects reveals no major weakness of the internal control system of the UCE/MTPTEC.
14. **External control and reporting.** Independent financial auditing will be performed in accordance with the guidelines for financial reporting and external auditing of projects financed by the Bank. Two independent audits will be undertaken, the first to be submitted within sixty (60) days of the end of the sixth month of program implementation, the second and final audit to be submitted within ninety (90) days of the final disbursement. External audits will be funded under the program.
15. **Supervision.** The Bank will realize quarterly supervision visits during the 12 months of execution of the Project. These visits will be performed by the Financial Management fiduciary specialist.