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PROJECT PAPER

ON A

PROPOSED RESTRUCTURING AND A PROPOSED ADDITIONAL FINANCING
GRANT

IN THE AMOUNT OF SDR8.0 MILLION
(US\$12.0 MILLION EQUIVALENT)

TO THE

REPUBLIC OF HAITI

FOR A

EDUCATION FOR ALL ADAPTABLE PROGRAM GRANT PHASE 1
GRANT H286-0-HA

May 10, 2010

Human Development Department
Caribbean Country Management Unit
Latin America and the Caribbean Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2010)

Currency Unit = Haitian Gourdes (HTG)
40 HTG = US\$1
1 SDR = US\$1.5111

FISCAL YEAR
October 1 – September 30

ABBREVIATIONS AND ACRONYMS

APG	Adaptable Program Grant
AF	Additional Financing
BDS	Ministry of Education School Supervision Office (Commune level)
BIZ	Ministry of Education School Supervision Office (City level)
CDB	Caribbean Development Bank
CIDA	Canadian International Development Agency
DAA	Department of Administrative Affairs
DAEPP	Department for Private Education and Partnership of the National Ministry of Education and Vocational Training
DDE	Regional Education Department
DEF	Direction de l'Enseignement Fondamental
DGA	Deputy General Direction
DPCE	Planning Department
EFA	Education for All
EGRA	Early Grade Reading Assessment
GOH	Government of Haiti
ICB	International Competitive Bidding
IDA	International Development Association
MENFP	Ministry of Education and Professional Training
NCB	National Competitive Bidding
NEPO	National Education Partnership Office
PAD	Project Appraisal Document
PDO	Project Development Objective
PMT	Project Management Team
SMC	School Management Committee

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REPUBLIC OF HAITI
EDUCATION FOR ALL ADAPTABLE PROGRAM GRANT PHASE 1
GRANT H286-0-HA

CONTENTS

I.	Introduction.....	1
II.	Background and Rationale for Additional Financing and Restructuring.....	1
III.	Proposed Changes.....	3
IV.	Appraisal Summary	9
V.	Consistency with Country Assistance Strategy	12
VI.	Benefits and Risks.....	13
VII.	Financial Terms and Conditions for the Additional Financing	13
	Annex 1: Results Framework.....	14
	Annex 2: Risk Assessment Framework	18
	Annex 3: Procurement Arrangements.....	20
	Annex 4: Financial Management.....	23

HAITI: EDUCATION FOR ALL ADAPTABLE PROGRAM GRANT PHASE 1
RESTRUCTURING AND ADDITIONAL FINANCING

Project Paper Data Sheet

Date: May 10, 2010		Team Leader: Dominique Puthod	
Country: Haiti		Sector Director: Evangeline Javier	
Project Name: Haiti Education for All APG1Project		Sector Manager: Chingboon Lee	
Original Project ID: P099918		Country Director: Yvonne M. Tsikata	
AF Project ID: P121193		Environmental Category: Not required	
		ORAF rating: N/A	
Borrower: Republic of Haiti			
Responsible agency: Ministere de L'Education Nationale et de la Formation Professionnelle			
Avenue Jean-Paul 2, Pacot , Haiti			
Revised estimated disbursements (Bank FY/US\$m) (Original project + AF)			
FY	2011	2012	2013
Annual	12.35	4.00	
Cumulative	12.35	16.35	
Current closing date: January 31, 2011			
Revised closing date [if applicable]: May 31, 2012			
Does the project require any exceptions from Bank policies? Ref. Section appraisal of Project Activities			X Yes o No
Have these been approved by Bank management?			X Yes o No
Is approval for any policy exception sought from the Board?			o Yes X No
Revised project development objectives/outcomes <i>[If applicable]</i>			
No change in the Project's Development Objective as stated in the PAD for the original Project			
Does the project trigger any new safeguard policies? If so, click here to indicate which one(s) <i>[selection box like the one in the new ISR] No.</i>			
For Additional Financing			
[] Loan [] Credit [X] Grant			
For Loans/Credits/Grants:			
Total Bank financing (US\$m.): 12.0 million Equivalent			
Proposed terms: Standard IDA Grant Terms			
Financing Plan (US\$m.) (AF)			
Source		Total	
Borrower/Recipient		0	
IBRD			
IDA		12.00	
-New			
-Recommitted			
Others			
Total		12.00	
Financing Plan (US\$m.) (Original project + AF)			
Source		Total	
Borrower/Recipient			
IBRD			
IDA		12.00	
-New		4.35	
-Recommitted			
Others			
Total		16.35	

I. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide an Additional Financing IDA Grant in the amount of SDR8 million (US\$12 million equivalent) to Haiti for Education for All Adaptable Program Grant Phase 1 (P121193). The paper also describes the accompanying restructuring of this Project in response to the earthquake that affected Haiti on January 12, 2010.

2. The proposed additional grant would help finance the costs associated with the implementation of modified project activities. Specifically, it would

- (a) Increase the number of beneficiaries under the school feeding program from 75,000 person/years to 210,000 person/years;
- (b) Increase the number of students receiving tuition waivers from 250,000 person/years to 390,000 person/years; and
- (c) Provide additional institutional support to the Ministry of Education and its regional units.

3. The accompanying restructuring includes the following key changes, including in the Financing Agreement for the provision of the original financing (which will be amended accordingly):

- (a) Project outcome and output targets are adjusted to reflect changes in priorities, financing and project environment;
- (b) Project funds are reallocated to fund priority activities;
- (c) Physical inspections replace financial reporting as the means of verification of school subsidy implementation.

4. In addition, to allow sufficient time for the implementation of modified activities Project closing date and the closing date of the original Grant (H286-0-HA) is extended by 16 months, from January 31, 2011 to May 31, 2012. Finally, the Grant Agreement is amended to make the formulation of the Project's development objective consistent with the original PAD and this Project Paper.

5. The Caribbean Development Bank (CDB) is providing parallel financing to the same types of activities as financed under this Project. Neither the proposed Additional Financing nor Project restructuring would affect the existing parallel financing.

II. Background and Rationale for Additional Financing and Restructuring

Background

6. Haiti Education for All Adaptable Program Grant Phase 1 aims to improve access to and equity of primary education, operationalize partnerships between public and non-public sectors, and build capacity to assess learning outcomes. The Project was approved on April 26, 2007 and is financed by an IDA Grant of US\$25 million equivalent. It became effective on September 28, 2007. The size of parallel financing from the Caribbean Development Bank is US\$10 million.

7. Project implementation was rated Moderately Satisfactory before the earthquake of January 12, 2010, with many aspect of implementation progressing well. In particular, outcome targets on subsidies and health and nutrition activities had already been surpassed. As of January 2010, 1,247 participating Education for All schools were receiving per student subsidies allocated by multi-stakeholder committees (compared to end-of-project target of 500), with about 140,000 poor children benefiting from these subsidies (250,000 person/years equivalent). This means that the original end-of-project target of 135,000 children was achieved ahead of schedule. Over 90 percent of beneficiary schools submitted use of funds reports to the Department for Private Education and Partnership of the National Ministry of Education and Vocational Training (DAEPP) and/or National Education Partnership Office (NEPO) (end-of-project target 80 percent). Approximately 50,000 schoolchildren (115,000 person/year equivalent) participated in the integrated nutrition/health program (compared to end-of-project target of 25,000, or 75,000 person/year equivalent).

8. While overall implementation progress in the 12 months prior to the earthquake was moderately satisfactory or better, disbursements were lagging behind expectations, with only 43% of grant funds disbursed after almost three years of implementation. This was largely due to the delays in disbursements of tuition subsidy because of the difficulties in implementing the original transfer verification mechanism, as described in detail in para. 22-24 of this paper. Project changes that accompany the proposed Additional Financing are expected to resolve this issue and facilitate future disbursements.

9. The earthquake that hit Haiti on January 12, 2010 caused widespread loss of life and destruction of infrastructure. Thousands of people have been displaced, have lost shelter and have been left without access to basic services. About 85% of schools in West Department (which includes Port au Prince) have been destroyed. Before the earthquake, these schools provided about half of Haiti's education services. Of the schools where Project activities were ongoing (tuition waiver and school feeding programs), about a hundred were destroyed.

10. Following the earthquake, the Government of Haiti (GOH) prepared an interim strategy (published on March 2, 2010) for maintaining and restoring education services in the country. The strategy focuses on short term (six months) and medium term (two years) horizons. The cornerstones of this interim strategy are the tuition waiver and school feeding programs as essential tools for maintaining and restoring school enrollment. While the ultimate goal is to ensure universal access to free basic education in Haiti, in the near future the Government seeks to help as many children as possible to return to school. Both the public and private sectors can play an important role in the immediate response and in setting foundations for a stronger education sector in Haiti.

11. Considering the impact of the earthquake, significant resources will target Haiti's education sector, starting with a World Bank supervised Multi-Donor Trust Fund, which is expected to provide significant resources for the re-design of Haiti Education Sector. These resources will draw from the expertise and implementation of government and other donors. The large inflow of donor's resources for education in Haiti is expected to last a significant amount of time, in order to sustain a new strategy at all education levels, tackling both supply and demand.

Rationale for Additional Financing and Restructuring

12. The proposed additional financing does not substantially affect the Project's Development Objective (PDO). However the PDO as stated in the Financing Agreement for the original financing will be reformulated in order to focus on the Project rather than the Program. The PDO in the Financing Agreement for the original financing is described as follows: The objectives of the Project are to assist the Recipient in implementing its National Education for All Strategy through: (a) improving access to primary education for poor children age 6 through 12; while (b) improving equity, quality and governance of the education sector. It is proposed to reformulate the Project Development Objectives of the Project, both in the Financing Agreement for the original financing and for this additional financing to read as follows: the PDO is : (a) to improve access and equity of primary education; (b) to operationalize partnerships between public and non public sectors; and (c) to build capacity to assess learning outcomes¹. The PDO target indicators and intermediate indicators are adjusted to reflect implementation experience to date, changes in priorities and operating environment after the earthquake, as well as the reallocation of resources described below. In addition, the results framework is streamlined by eliminating repetition of indicators, so that PDO indicators are not also listed also as intermediate indicators as originally in the PAD. See Annex 1 for more detail.

III. Proposed Changes

PDO and Results Framework

13. The proposed Additional Financing does not affect the Project's Development Objective (PDO), which remains valid. The PDO is to improve access and equity of primary education, operationalize partnerships between public and non-public sectors, and build capacity to assess learning outcomes². The PDO target indicators and intermediate indicators are adjusted to reflect implementation experience to date, changes in priorities and operating environment after the earthquake, as well as the reallocation of resources described below. In addition, the results framework is streamlined by eliminating repetition of indicators, so that PDO indicators are not also listed also as intermediate indicators as originally in the PAD. See Annex 1 for more detail.

¹ This is the Project development objective, and not the objective of the entire APL Program. This formulation of the PDO will be used in the Grant Agreement for the additional IDA grant.

² This is the Project development objective, and not the objective of the entire APL Program. This formulation of the PDO will be used in the Grant Agreement for the additional IDA grant. Grant Agreement for the original project is also amended to match the PAD. Original Grant Agreement had the following formulation of the PDO: "The objectives of the Project are to assist the Recipient in implementing its National Education for All Strategy through: (a) improving access to primary education for poor children age 6 through 12; while (b) improving equity, quality and governance of the education sector."

Table 1: Changes in Project Outcome Indicators

Outcome indicator	Original target	Progress to date	Target with AF/ restructuring	Change +/-
Children receiving tuition subsidies, person/years ^a	250,000	250,000	390,000	140,000
Children participating in integrated nutrition/ health program, person/years ^c	75,000	115,000	210,000	135,000
Number of schools where Grade 2 literacy competency test is applied (to establish baseline) ^d	200	86	86	(114)
Intermediate indicator	Original target	Progress to date	Target with AF/ restructuring	Change +/-
Grade 1 Capacity Utilization in participating schools	100%	Drop: capacity utilization is not an issue post-earthquake		
Number of teachers receiving pre-service teacher education	3,600	Drop: teacher training would be delivered through another project (Meeting Teachers Needs, P106621)		
Number of accredited non-public schools receiving per student subsidies	500	1,247	1,100	600 ^b
Share of beneficiary schools submitting use of funds reports to DAEPP and/or NEPO.	80%	80%	80%	0

a: Original target was 135,000 beneficiaries, which translates to about 250,000 person-years over three years of implementation assuming the original cohort of 35,000 children and subsequent cohorts of 50,000

b: Although pre-earthquake 1,247 schools participated in the program, an estimated 100 of them were destroyed

c: Original target was 25,000 beneficiaries, which translates to about 75,000 person-years over three years of implementation. The new target would be achieved with parallel financing from the Education for All – Fast Track Initiative Catalytic Fund

d: Robust baseline was established with fewer schools (see para 21)

Reallocation

14. As part of Project restructuring that accompanies proposed Additional Financing, IDA Grant proceeds are reallocated to reflect key priorities post-earthquake. Table 2 summarizes Project costs by component following both reallocation and proposed Additional Financing.

Table 2: Changes in Allocation of Grant Proceeds, US\$ million

Component	Original allocation	After reallocation	Change +/-(-)	AF
1. Improved Access to Primary Education	18.52	18.60	0.08	6.34
2. Improved Quality of Primary Education (Comp. 2A and 2C)	1.33	0.44	(0.89)	0.30
3. School feeding (Component 2B)	1.71	2.14	0.43	4.30
4. Improved Governance of MENFP	0.88	1.26	0.38	0.53
5. Project Coordination and Evaluation	1.53	1.63	0.10	0.53
6. PPF Repayment	1.00	1.00	0.00	1.00
TOTAL	25.00	25.00	0.00	12.00

Activities requiring additional resources

15. **Component 1: Primary Education Per Student Subsidies (Student Enrollment Grants)** included under this component would require additional funding due to the fact that the Government wishes to expand this program to one more school year. The Project subsidizes schools in 8 departments out of 10 in the country (departments South and South-East do not receive subsidies). About half the subsidized schools are concentrated in Nippes and Artibonites departments.

16. **Component 2: Student Nutrition and Health program (School Feeding Grants)** included under this component has already surpassed end-of-project results indicators. As of November 2009, all originally allocated IDA and CDB funds for this program have been exhausted. The intention of this school feeding program is to encourage school enrollment and attendance. With proposed Additional Financing, the program would be expanded to cover 70,000 children for the 2009-2010 and 2010-2011 school years. This program would also receive parallel financing through the Education for All – Fast Track Initiative Catalytic Fund in the amount of US\$4 million (SDR2.5 million).

17. **Component 3: Improved Governance of MENFP.** Expenditure projections under this component amount to US\$2 million, higher than originally envisaged. The wide loss of capacity following the collapse of the building of the Ministry of Education calls for important technical and material assistance to the Ministry. Various aspects of Ministry capacity were affected. Although the registry of accredited schools and staff were retrieved, the Ministry has lost significant data regarding degrees, standards and processes. All computer systems and networks were destroyed, as well as the Ministry capacity to communicate efficiently with the rest of stakeholders (Decentralized Offices, other government agencies, the press, student community and syndicates). The central Ministry office also lost one Director, as well as about 20 staff. Many other staff left the Ministry or are currently abroad. The lack of material means, combined with the reduction in human capacity, greatly affects the Ministry's capacity.

18. The Project would help recruit a team of personal advisors to the Minister of Education, as well as technical specialists for technical directions. Funds would also support the DPCE, Ministry's Planning Department, in collection of statistics. Extra equipment, vehicles, and administrative supplies would be provided to several units within the Ministry (DAA, DAEP, and DEF). At the local level, the Project would help reinforce the Decentralized Education Authorities, including support to the General Inspectorate (institution managing inspectors) in order to enable more decentralized management in the regulation of the private sector and in quality control. The Project would fund the purchase of vehicles, motorcycles, and administrative equipment to the DDEs, as well as technical assistance on fiduciary management.

19. The earthquake has created an opportunity to revisit the Action Plan for the National Education for All Strategy and explore new options for public-private relationships, as well as new education policies in Haiti. Through the Education For All program, the World Bank would assist the Government to set out a long-term vision for the reconstruction of Haiti's education sector, building on the Interim Strategy issued on March 2, 2010.

20. **Component 4: Project Coordination.** Experience has shown that the budgeted amount for this component had been underestimated, and more funds are needed to carry out the necessary activities in terms of staffing and equipment. In addition, the Project Management Team (PMT) also coordinates a related IDA project (Meeting Teachers Needs for EFA - P106621) and would coordinate the newly approved EFA-FTI Catalytic Funds. Finally, the PMT would also provide more technical assistance to the Ministry of Education considering the level of human and physical destruction brought about by the earthquake. In addition to supporting the current team, funds would strengthen the fiduciary team by hiring: one financial management specialist, one assistant financial management specialist, two financial management support staff, and one procurement assistant.

Activities that require fewer resources

21. **Component 2: Multi-Grade Learning Programs and Improved Student Literacy Skills.** Implementation experience demonstrated that the original objectives of this component were too ambitious given the agency's capacity, and MENFP has agreed to scale it down for the present. Subcomponent 2C activities were planned, in part, to establish a baseline for early grade reading levels (using EGRA, the Early Grade Reading Assessment) in EFA-subsidized and non-subsidized schools. Literacy assessment was to be conducted in at least 200 schools, to establish a baseline against which to measure literacy competencies at the end of Grade 2 in Phases Two and Three. Due to higher than anticipated costs of this exercise, as well as capacity constraints, literacy tests were conducted in 86 schools in Nippes and Artibonites. Nevertheless, the sample size (almost 3,000 students) was large enough to produce robust baseline for the two categories of schools. Final results of the tests will be available in mid-2010.

Changing the means of verification of school subsidy implementation from financial reporting to physical inspections

22. Originally it was envisaged that subsidy transfers to schools would be made on the basis of their financial reports for the previous year. Experience has shown that this mechanism causes significant delays in the disbursement of tuition subsidies. These delays particularly affect

schools in the departments of Nippes and Artibonite. As of September 30, 2009, only 228 schools (out of 601 in Nippes and Artibonite) were able to provide acceptable reports on the second disbursement for the year 2007-08, enabling them to receive their subsidies for the year 2008-09. Reports for 2008-2009 are required before receiving funds for the current school year (2009-10). In the six departments included in the project from the 2008-09 school year, of 646 schools, only 466 had received their second disbursements for 2008-09 between August and September. After the earthquake, the Ministry's capacity to process reports has been further diminished, so delays are likely to increase unless the reporting requirement is changed.

23. Delays in receiving subsidy funding cause serious hardship to schools. In all cases, late payments have forced schools to operate without sufficient income for over a year. In particular, they are forced to resort in some cases to debt, in others, wage arrears, or collection of tuition fees. Some schools dropped out of the program (no financial reporting since 2007), partly because of these uncertainties. Further delays and uncertainties have been caused by the complicated transfer process, which involves several decentralized departmental authorities, including Ministry of Education School Supervision Offices at the city (BIZ) and commune (BDS) level and the Regional Education Department (DDE) as well as authorities at the central Ministry level, including Department for Private Education and Partnership of the National Ministry of Education and Vocational Training (DAEPP), Deputy General Direction (DGA) and Department of Administrative Affairs (DAA). If school reports are unacceptable, it takes a long time for the DAA to return them to the schools and request additional clarifications. The collapse of the building of the Ministry of Education after the earthquake has rendered the treatment of these reports impossible in Port au Prince, while the local authorities are swamped with other tasks.

24. Equally important, financial reports provided do not verify that children attend classes or that the required pedagogical material is present. Reports only track expenses and allow the authorities to reconcile this information with bank statements. It is difficult to link expenses to effective use of subsidies. The reporting system also favors schools with greater access to urban centers, closer to the DDEs, banks, shops and photocopiers.

25. Based on these factors, the MENFP and the Bank agreed that a thorough reform of the terms of payment to schools was required, to compensate for payment delays and disburse advance payments for the new school year. The following measures would apply from the 2009-2010 school year, which may end later than usual (August 2010) because of the earthquake.

26. School inspectors would visit subsidized schools at least twice per school year:

- Between March 2010 and July 2010, to verify that contracts between the schools and the Ministry of Education are signed and a list of students registered for this year is obtained. This information would be compiled by the DDEs and sent to the DAA for the release of 100% of the subsidy for the school year.
- Between March and June 2010, to verify student attendance and the presence of a number of textbooks in classes (detailed below). This simple information would be aggregated by DDEs and sent to the DAA. Although transfers would be made in advance based on a projection of current enrollment figures, any difference in actual figures would be subtracted from future payments to schools.

27. DAEPP would define the sanctions to be taken if any substantial difference exists in the number of students enrolled and present (the day of inspection and as determined by roll call lists).

28. An independent audit agency would be hired before May 15, 2010 to conduct spot checks and verify the inspectors' reports. This agency would check lists of subsidized children and actual presence of books in all 1,247 EFA subsidized classes by May 15, 2010, to inform the audit of the 2009-2010 school year. The audit would be conducted by end June 2010. In school year 2010-2011 and future years, an audit agency (checking physical presence of children and textbooks) would be hired no later than November 31 and would conduct inspections throughout the school year (see Table 3 below).

29. Schools would continue to keep financial reports. They would remain in schools and must be presented on demand to inspectors and/or auditors and/or school councils.

Table 3. Verification/ inspection calendar for 2009-2010

Actions	Responsibility	Months of the years 2010								
		1	2	3	4	5	6	7	8	9
Collection of signed contracts from school and students lists	DAEPP – DGA	done								
Communication campaign reflecting changes in subsidy verification	Project Coordination Team			x	x	x	x	x	x	x
Payment to schools based on number of registered subsidized students	DAA			x	x	x				
Verification of student attendance and teaching materials availability by inspectors	DAEPP – DGA			x	x	x	x			
Recruitment of audit agency visiting all EFA schools to verify student lists and textbook	Project Coordination Team			x						
Spot checks of inspection reports by audit agency	Project Coordination Team				x	x	x			
Payment of 100% of funds for anticipated cohorts for school year 2010-2011.	DAA							x	x	x

Closing date

30. In order to allow sufficient time to complete modified and scaled-up project activities, the closing date of the project and of the original Grant (H286-0-HA) is extended by 16 months, from January 31, 2011 to May 31, 2012. This extension complies with OP 13.30 on closing dates, in particular:

- (a) Project objectives continue to be achievable;
- (b) Performance of the Borrower and other implementing agencies concerned is satisfactory. Considering the overall lack of capacity, additional measures are taken to support the Borrower;
- (c) Client has been closely associated with the preparation of this Additional Financing, which includes agreement on specific actions and schedules to implement the project;
- (d) Neither the Project nor the Republic of Haiti is subject to an ongoing suspension of disbursements; and
- (e) Although there is an outstanding audit report, an Authorization of Exception was granted, as explained below.

Policy exceptions

31. The following exceptions to Bank policy have been approved by Bank Management in the context of this Project:

32. First, the financing of food expenditures from the proceeds of the proposed Additional Financing has been authorized by the Regional Vice President in accordance with Annex A (Special Authorizations Arrangements for Selected Types of Expenditures) to BP 6.00 *Bank Financing*, based on the conclusion that the provision of food is (a) essential and integral part of the Project which is designed to reduce or prevent mental retardation and poor school performance; (b) the most feasible and cost effective alternative toward accomplishing these objectives; (c) effectively targeted; and (d) monitored to minimize distribution of food to populations outside the target group.

33. Second, the audit reports on eleven Haiti projects (including this one) became due on January 31, 2010 and are currently overdue. As provided in Annex A to BP 10.02, Financial Management, an exception has been granted by World Bank management (VP OPCS and VP CTR) on April 27, 2010 to proceed with approval of this project due to the difficulties caused by the January 12, 2010 earthquake in submitting these audits within the stipulated deadlines.

IV. Appraisal Summary

34. **Project Components** With proposed Additional Financing and accompanying changes, the project would continue to finance the same four components as originally planned

Component 1: Improved Access to Primary Education

- ***Sub-Component 1-A: Primary Education Per Student Subsidies (Student Enrollment Grants)***. School subsidies would be continued for one more school year, covering the original student cohort as they enter the next grade. Changes in the reporting mechanism (see above) are expected to improve disbursements of transfers to schools.

- **Sub-Component 1-B: Pre-Service Teacher Professional Development.** No more activities would be financed under this sub-component. Further teacher training activities would be carried out under Haiti: Meeting Teacher Needs for EFA project (P106621).
- **Sub-Component 1-C: Strengthening of School Management.** Activities are almost completed but some smaller follow-up activities would be undertaken to reinforce local accountability at the parent's level and at the district level. The activities could include grants to schools or *Mairies* (city halls) to further develop accountability mechanisms.

Component 2: Improved Quality of Primary Education

- **Sub-Component 2-A: Multi-Grade Learning Programs.** Multi-grade learning pilots would be scaled down and efforts would focus on the development of a multi-grade policy, with relevant monitoring mechanisms.
- **Sub-Component 2-B: Student Nutrition and Health.** The school feeding program would be expanded to cover 70,000 beneficiaries for both 2009-2010 and 2010-2011 school years.
- **Sub-Component 2-C: Improved Student Literacy Skills.** Activities are centered on reading skills, including purchasing books and follow-up on reading techniques.

Component 3: Improved Governance of MENFP

- **Sub-Component 3-A: Central support, including MENFP Fiduciary departments.** Activities would be broadened to provide additional support to the central structure of the Ministry of Education, beyond fiduciary and human resources management. This would include technical assistance, cars, and other supplies. Technical assistance would also be provided to the Ministry to design a new strategy on public-private relationships and the reformulation of education sector policies.
- **Sub-Component 3-B: Decentralized offices of the Ministry.** This sub-component would be modified to provide support to decentralized offices of the Ministry of Education through technical support for assessments and technical assistance. Support would also be provided to the Inspectorate, including training and strengthening of management capacity.

Component 4: Project Coordination and Evaluation

- **Sub-Component 4-A: Project Coordination.** Funds allocated for the Project Management Team's operating costs would increase due to the closing date extension and need for additional support, in terms of staffing and material, including rental cost of administrative building in Port au Prince, which has gone up two to three times after the earthquake.
- **Sub-Component 4-B: Impact Evaluation.** Evaluation would continue to be necessary all through the project to assess overall project impact in terms of access and quality, as well as capacity building.

Institutional and implementation arrangements

35. The restructured and scaled up project would use the existing Project Management Team supporting the Education For All Project. This team would be reinforced in order to address loss of capacity in the Ministry of Education, considering the death of one Director and the emigration of many qualified staff. The Project Management Team lost its accountant during the earthquake as the building was destroyed. Extra recruitment would be necessary regarding financial management and procurement. The team would coordinate project implementation within and across existing MENFP institutional structures. To support this effort, the Project finances technical assistance, office equipment and furniture, operational costs, and other necessary costs to ensure efficient program coordination.

Financial Management and disbursement arrangements

36. Financial Management arrangements would remain unchanged in all respects except for the disbursement of school grants, as described above. The DAA would be entrusted with the overall financial management responsibilities for the Project. DAA staff includes a Director, a chief accountant and five accountants. A technical assistant would be hired by the project coordination unit in order to assist the DAA. Biannual Interim Financial Reports (IFRs) would also be prepared and submitted to both the World Bank and Caribbean Development Bank, facilitating the assessment of both financial and physical execution of the project's activities. The project's financial statements would also be subject to an annual audit, the report of which would be submitted to the Bank not more than four months after the end of the financial year. It is expected that adequate staffing (described in paragraph 18) and the improvement of flow of funds (described below on the school payment modalities) will increase performance of financial management and disbursement. As of May 10, 2010, the Project had overdue pending audit report for the period ending September 30, 2009, which was due on January 31, 2010. The project's audit due date was extended to July 31, 2010, in accordance with the exception granted by World Bank management on April 27, 2010.

Procurement arrangement

37. Procurement for the additional activities would be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 and revised in October 2006 and May 2010; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 and revised in October 2006 and May 2010, and the provisions stipulated in the Legal Agreement. For each contract to be financed by the Grant, procurement or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank in the Procurement Plan. The Procurement Plan would be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

38. **Assessment of the Agency's capacity to implement procurement.** Procurement activities would continue to be carried out under the overall responsibility of the DAA. The Association's decision to keep the same procurement arrangements is based on the Project Coordination Unit's satisfactory performance to date in implementing the ongoing project Adaptable Program Grant Phase 1 and the School Feeding program. However, in order to speed

up the pace of procurement activities and to prepare for a scaled up implementation under the Additional Financing, the DAA would hire an assistant to the project procurement officer (selection ongoing) and would need more training on procurement procedures and project management. While the procurement team of the Project Coordination Unit is well equipped to execute procurement according to Bank Guidelines, the overall public procurement system in Haiti remains relatively weak. Despite recent reforms in the legal and institutional framework for procurement, there is still a lack of skilled personnel with knowledge of international norms, limited planning and follow-up capacity and insufficient use of standard documents and procedures. Consequently, the overall project risk for procurement remains high.

39. **Procurement Plan, Thresholds for Procurement Methods and Bank Review:** The procurement plan for implementation of the Additional Financing was agreed between the Recipient and the Project Team on March 15, 2010 and is included in Annex 3. The plan would be integrated into the EFA 1 procurement plan and updated annually following the same procedures that are already in place. The recommended thresholds for the use of the procurement methods are identified in the Procurement Plan in Annex 3.

40. As this Project is implemented under OP/BP8.00, accelerated bid times might be envisaged under ICB and NCB procedures. Bidding periods will not be shorter than 21 days for ICB and 10 days for NCB.

Safeguards policy

41. No safeguards policies were triggered by the original Project, and none are expected to be triggered by this Additional Financing operation.

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	[]	[X]
Natural Habitats (OP/BP 4.04)	[]	[X]
Pest Management (OP 4.09)	[]	[X]
Physical Cultural Resources (OP 4.11)	[]	[X]
Involuntary Resettlement (OP/BP 4.12)	[]	[X]
Indigenous Peoples (OD 4.20 , being revised as OP 4.10)	[]	[X]
Forests (OP/BP 4.36)	[]	[X]
Safety of Dams (OP/BP 4.37)	[]	[X]
Projects in Disputed Areas (OP/BP/GP 7.60)*	[]	[X]
Projects on International Waterways (OP/BP/GP 7.50)	[]	[X]

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

V. Consistency with Country Assistance Strategy

42. The Project is consistent with the FY09-12 Haiti Country Assistance Strategy (Report No. 48284-HT), which has three pillars: (i) promoting growth and local development; (ii) investing in human capital; and (iii) reducing vulnerability to disasters. The CAS was discussed by the Board

on June 2, 2009. The Project, including the proposed Additional Financing, would particularly support Pillar 2 of the Strategy. The strategy will be revisited in the CAS progress report.

VI. Benefits and Risks

43. The proposed Additional Financing and accompanying changes would allow the Project to reach more beneficiaries through the school feeding and tuition waiver programs and provide additional institutional strengthening. Changing the means of verification of the subsidy program implementation ensures that more schools receive payments on time and more children benefit from the program. In addition, moving to physical inspections focuses the attention of education sector administrators on issues of education quality.

44. The proposed Additional Financing and accompanying changes do not affect the Project's overall risk profile, as identified during preparation. The new inspection system may help mitigate the risks associated with sector policies and institutions. Involving local school inspectors in administering the subsidy program would strengthen client ownership behind this program. Moreover, Component 1-C (school management committees) would be used to foster local accountability mechanisms with parents.

45. Reduced funding of Component 2-A (Multi-Grade Learning Programs) and Component 2-C (Improved Student Literacy Skills) does not jeopardize the quality of the Project. While this reduction reflects current low capacity of the Ministry in the area of ensuring education quality, shifting attention to physical inspections and actual presence of textbooks in subsidized classrooms would provide a practical tool of quality enhancement.

46. Neither the proposed Additional Financing nor other Project changes are expected to trigger new safeguard policies or raise environmental screening category of the Project, which remains C.

VII. Financial Terms and Conditions for the Additional Financing

47. The Additional Financing would be provided as a SDR8 million IDA Grant (US\$12 million equivalent).

48. There are no non-standard conditions of effectiveness; standard effectiveness conditions stated in the general conditions apply.

49. The Grant Agreement contains the following dated covenants:

- (i) the Operational Manual (including indicators, mechanisms for the verification of school subsidy under Part 1.A of the Project, and list of pupils and regions covered by Part 1.A of the Project) must be amended by October 31, 2010; and
- (ii) the terms of reference of the independent financial auditor must be revised to cover the additional financing no later than four months after effectiveness.

Annex 1: Results Framework³

Project Development Objective	Outcome Indicators (Original+AF)	Use of Phase One Outcome Information
<p>Improve access and equity of primary education, operationalize partnerships between public and non public sectors, and build capacity to assess learning outcomes.</p>	<p>1. At least 390,000 children (person/years) benefit from primary education enrollment subsidies. (access and equity)</p> <p>2. At least 210,000 children (person/years) participate in integrated nutrition/health program.</p> <p>3. Application of Grade 2 literacy competency test in at least 86 schools, to establish baseline. (capacity to assess learning outcomes)</p>	<p>1. To revise, as needed, both the design and scale of the per student subsidy program in Phase Two.</p> <p>2. To assess national school feeding program and draw conclusions for possible continued financing under Phase Two.</p> <p>3. To demonstrate MENFP capacity to apply a grade 2 literacy assessment and establish baseline figures for literacy competency, against which improvements in learning outcomes would be measured during Phases Two and Three.</p>
	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
	<p>At least 1,100 accredited non-public schools receive per student subsidies allocated by multi-stakeholder committees.</p> <p>At least 80 percent of beneficiary schools submit use of funds reports to DAEPP and/or NEPO.</p>	<p>To assess functioning of DAEPP and NEPO structures for per student subsidy allocation, including assessment of MENFP school accreditation criteria and capacity, and design reforms/activities as needed in Phase Two.</p> <p>To assess capacity of school management committees, accountability of non public sector in use of public funds, and determine additional capacity-building activities to be financed under Phase Two.</p>

50. Explanatory note: The original results framework as described in the PAD included indicators for the number of beneficiaries of both the tuition subsidy and nutrition/health program. In particular it was assumed that a total of 135,000 schoolchildren would benefit from tuition waiver program, and 25,000 would participate in the nutrition program, although it was always envisaged that some of these beneficiaries would participate in the program for more than one year.

³ Changes in the results framework as a result of restructuring and Additional Financing are described in Table 1 in the main text of this Project Paper.

51. In order to better reflect the true impact of the Project, these indicators have been converted from the original “number of beneficiaries” to “person/year” format. In the case of the nutrition/ health program, this conversion is straightforward: 25,000 beneficiaries over 3 years translate into 75,000 person/years. In the case of the tuition waiver program the conversion is more complicated because the original Project design called for a gradual addition of new cohorts to the program, starting in the 2007/08 school year with 35,000 first graders, and adding another 50,000 first grade students in the two following years. During the originally intended 3 years of implementation, the first cohort would have received tuition waivers for 3 years, the second – for two, and the third cohort for one year. In the final year of Project implementation (2009/10 school year) the total number of beneficiaries (all three cohorts together) would have reached 135,000 students.

52. As the table below demonstrates, this is equivalent to 255,000 person/years cumulatively, and adding one more year for the same cohort would translate into 390,000 person/years cumulatively.

Planned participation in the Tuition Waiver Program
(Number of beneficiaries)

School year/grade	2007-08	2008-09	2009-10	2010-11
Grade 1	35,000	50,000	50,000	
Grade 2		35,000	50,000	50,000
Grade 3			35,000	50,000
Grade 4				35,000
Total	35,000	85,000	135,000	135,000
Person/ years cumulative				
	35,000	120,000	255,000	390,000

Arrangements for results monitoring

53. Arrangements for results monitoring under Additional Financing would remain largely the same as under the original project. Monitoring would be conducted by the M&E specialist hired under Phase One. This person would have primary responsibility for tracking progress related to program outcomes and results and for monitoring progress in implementation of Annual Operations Plans and Annual Procurement Plans. Semesterly financial management reports (FMRs) prepared by the DAA and M&E specialist would provide information regarding both financial and physical execution.

54. As described in the main text of this Project Paper, monitoring of school subsidies will be changes from financial reporting to physical inspections:

School inspectors would visit subsidized schools at least twice per school year:

- Between March 2010 and July 2010, to verify that contracts between the schools and the Ministry of Education are signed and a list of students registered for this year is obtained.

This information would be compiled by the DDEs and sent to the DAA for the release of 100% of the subsidy for the school year.

- Between March and June 2010, to verify student attendance and the presence of a number of textbooks in classes (detailed below). This simple information would be aggregated by DDEs and sent to the DAA. Although transfers would be made in advance based on a projection of current enrollment figures, any difference in actual figures would be subtracted from future payments to schools.

55. DAEPP would define the sanctions to be taken if any substantial difference exists in the number of students enrolled and present (the day of inspection and as determined by roll call lists).

56. An independent audit agency would be hired before May 15, 2010 to conduct spot checks and verify the inspectors' reports. This agency would check lists of subsidized children and actual presence of books in all 1,247 EFA subsidized classes by May 15, 2010, to inform the audit of the 2009-2010 school year. The audit would be conducted by end June 2010. In school year 2010-2011 and future years, an audit agency (checking physical presence of children and textbooks) would be hired no later than November 31 and would conduct inspections throughout the school year (see Table 3 below).

57. Schools would continue to keep financial reports. They would remain in schools and must be presented on demand to inspectors and/or auditors and/or school councils.

Verification/ inspection calendar for 2009-2010

Actions	Responsibility	Months of the years 2010								
		1	2	3	4	5	6	7	8	9
Collection of signed contracts from school and students lists	DAEPP – DGA	done								
Communication campaign reflecting changes in subsidy verification	Project Coordination Team			x	x	x	x	x	x	x
Payment to schools based on number of registered subsidized students	DAA			x	x	x				
Verification of student attendance and teaching materials availability by inspectors	DAEPP – DGA			x	x	x	x			
Recruitment of audit agency visiting all EFA schools to verify student lists and textbook	Project Coordination Team			x						
Spot checks of inspection reports by audit agency	Project Coordination Team				x	x	x			
Payment of 100% of funds for anticipated cohorts for school year 2010-2011.	DAA							x	x	x

Arrangements for results monitoring

Data Collection and Reporting						
Outcome Indicators	Baseline ⁴	YR1	YR2	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Children receiving tuition subsidies, person/years	250,000	250,000	390,000	Twice per year, reports submitted to MENFP by school management committees, validated by MENFP inspectors, and verified by independent audit firm.	SMC technical and financial reports; School inspector verification form; Audit firm reports.	M&E coordinator of External Financing Coordination Unit, SAEPP/DAEPP, independent audit firm
Children participating in integrated nutrition/health program, person/years	115,000	115,000	210,000	NGO's quarterly reports to NSFP Annual reports by NSFP	Daily forms filled out by school management committees collected by NGOs and NSFP every quarter	NGOs in charge of project implementation. The technical unit within NSFP compiles data from NGOs with those of the NSFP programs into a national database
Application of end-of-Grade 2 literacy competency test (number of schools), to establish APG baseline.	86	86	86	Semesterly monitoring reports prepared by DCQ and submitted to M&E Coordinator of project technical unit.	Literacy competency test forms submitted by participating schools to DCQ	DCQ, DEF, M&E coordinator of project technical unit
Intermediate Indicators	Baseline	YR1	YR2	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Number of non public schools participating in per student subsidy program, located in poor, under-served areas	1,100	1,100	1,100	Twice per year, reports prepared by project technical unit M&E coordinator.	Signed subsidy allocation decisions from Subsidy Steering Committee; Banque Nationale de Crédit (BNC) financial transfer statements.	Director of DAA, M&E coordinator of project technical unit, BNC
Percentage of School Management Committees which submit use of funds reports to DEAPP and/or NEPO	80	80	80	Twice per year, reports submitted to MENFP by SMCs, validated by MENFP inspectors, and verified by independent audit firm.	SMC technical and financial reports (template provided); School inspector verification form; Audit firm reports.	M&E coordinator of project technical unit, SAEPP/DAEPP, independent audit firm

⁴ Baseline for AF is estimated actual implementation at the time of AF approval.

Annex 2: Risk Assessment Framework

<i>Risk Factors (Checklist)</i>	<i>Description of Risk</i>	<i>Mitigation Measures</i>	<i>Rating of Residual Risk</i>
Macroeconomic framework	Earthquake has further disrupted domestic income generation, as well as overall macro-economic management.	International community is providing extraordinary aid to Haiti in the aftermath of the earthquake, which includes efforts by the IMF, the Bank, other multilateral and bilateral institutions. This allows government to pay its civil servants and ensure continuity of basic services.	H
Sector policies and institutions	Post-earthquake context (loss of key officials, multiple international pressures, etc.) means multiple priorities across all sectors, and potentially less government effort devoted to education	Significant project-financed TA, training, and provision of temporary office spaces and basic office equipment to improve capacity of the Ministries.	H
Country ownership (incl. political stability)	Coalition government is weak and elections planned in the first semester of 2010 have been postponed. Risk of growing political instability	Overall donor engagement with Government of Haiti and political dialogue. World Bank would ensure government leadership in reconstruction.	H
Systemic corruption	Possibility of elite control in the implementation of post-earthquake reconstruction project.	Involvement of the donor community and domestic stakeholders promotes pro-poor policies and programs.	H
Project sustainability	Substantially decreased implementation and supervision capacity of MENFP may prevent full handover of activities to the government after project closing, despite an anticipated increase in donor spending in education post-earthquake	Medium-term expenditure framework for education and support for public financial management, and fiscal stability should, together, ensure sufficient public funding for education; increased TA and training should help improve MENFP capacity.	S
Financial management	Lack of financial management expertise in Haiti, exacerbated by the earthquake, may result in an inability to find and retain qualified financial management project staff and support staff.	Use of international financial management technical assistants as necessary to support and improve local management capacity. Independent audits of subsidies through inspectors and an audit firm.	S
Procurement	Decreased capacity and lack of	Stronger technical assistance to	H

<i>Risk Factors (Checklist)</i>	<i>Description of Risk</i>	<i>Mitigation Measures</i>	<i>Rating of Residual Risk</i>
	knowledge of Bank procurement procedures within Department of Administrative Affairs.	MENFP to improve fiduciary capacity. 100% prior review of contracts.	
Social and environmental standards	Participating schools in the program have weak infrastructure and may pose a safety risk to students.	Addressing the most dangerous EFA schools in terms of construction and vulnerability though an overall assessment done by the Ministry of Public Works.	S
External economic developments	Substantially increased number of donors and flows of private and donor funds post-earthquake, resulting in some duplication of efforts	Close communication and coordination with all donors involved in related activities. As a lead donor in Education, the Bank participates to the local education sector donor cluster	M
Disbursement	Slow implementation of project considering diminished capacity resulting in slow disbursements.	Provision of substantial technical assistance through existing project coordination structure and delinking payments to schools with school financial reports to reduce administrative burden.	M
<i>Overall residual risk</i>			S

Annex 3: Procurement Arrangements

The thresholds remain the same as under the original Project.

Thresholds for Procurement Methods and Prior Review

Expenditure Category	Contract Value (Threshold) US \$ thousands	Procurement Method	Contracts Subject to Prior Review
1. Works	>1,000	ICB	All
	350-1,000	NCB	All
	<350	Shopping	All
	Regardless of value	Direct Contracting	All
2. Goods	>250	ICB	All
	50-250	NCB	All
	<50	Shopping	All
	Regardless of value	Direct Contracting	All
3. Consulting Services			
-3.A Firms	Regardless of value	QCBS, QBS, FBS, LCS	All
	<100	CQS	All
	Regardless of value	Single Source	All
- 3.B Individuals	Regardless of value	Comparison of 3 CVs in accordance with Chapter V of the Guidelines	All

ICB = International Competitive Bidding

QCBS = Quality- and Cost-Based Selection

FBS = Fixed Budget Selection

CQS = Selection Based on Consultants' Qualifications

NCB = National Competitive Bidding

QBS = Quality-Based Selection

LCS = Least-Cost Selection

Procurement Plan

CONSULTANTS					
Component (Category)	Description of contract	Procurement method	Estimated cost (USD)	Request for Proposal issued / Bidding document	Contract signature
1	verification agency for the subvention program 2010-2011	QCBS	300,000	Aug-10	Dec-10
3	audit (internal control for DDE)	QCBS	150,000	Nov-10	Mar-11
3	data base for DDE	QCBS	150,000	Jun-10	Sep-10
3	diagnosis and conception network LAN intra- and internet for DDE	CQS	80,000	Jun-10	Sept-10
3	elaboration manuals and procedures for DDE users (financial fund, procurement and human resources)	QCBS	150,000	May-10	Aug-10

CONSULTANTS

Component (Category)	Description of contract	Procurement method	Estimated cost (USD)	Request for Proposal issued / Bidding document	Contract signature
3	creation of a permanent structure for collecting and managing data	QBS	200,000	Sept-10	Dec-10
3	long term technical assistant for ten DDE for regional management of education	QBS	360,000	Jun-10	Sep-10
4	TIC technician for UTP	3CV	30,000	May-10	Jul-10
4	accountant officer (1)	3CV	30,000	May-10	Jun-10
3	technical assistant in re-engineering of educational system	QCBS	150,000	May-10	Nov-10
	TOTAL		1,600,000		

GOODS					
Component (Category)	Description	Procurement method	Estimated cost	Request for Proposal issued/Bidding document	Contract signature
2	NGOs implementing school feeding for 2010-2011	ICB	7,500,000	May-10	Jul-10
3	hardware and software for database (DDE)	NCB	200,000	Oct-10	Jan-11
3	Motorcycles for BDS	NCB	250,000	Apr-10	Jul-10
3	4x4 car for the education Minister	shopping	41,000	Mar-10	Mar-10
4	12 4x4 vehicles (UTP, MENFP & DDE)	ICB	420,000	May-10	Oct-10
3	office supplies (DDE)	NCB	150,000	Apr-10	Jul-10
3	office furniture (DDE)	NCB	200,000	Apr-10	Jul-10
3	computers, printers, scannersfor DDE	NCB	150,000	Apr-10	Jul-10
3	10 generators for DDE	NCB	150,000	Jun-10	Sept-10
4	new office furniture for the UTP office	shopping	45,000	Mar-10	Mar-10
4	new informatics materials for the UTP office	shopping	15,000	Mar-10	Mar-10
3	LAN for Intra and Internet for DDE/DPCE	NCB	100,000	Jun-10	Sept-10
4	wi-fi internet for the UTP office included equipment and annual payment	shopping	15,000	Mar-10	Mar-10
3	office furniture for MENFP departments (8)	NCB	60,000	Mar-10	Nov-10
3	informatics materials included (hardware and software) for MENFP departments (8)	NCB	100,000	Nov-10	Feb-11
3	office supplies for MENFP departments (8)	NCB	60,000	Apr-10	Jul-10
	TOTAL GOODS		9,456,000		

SMALL WORKS					
3	interior setting arrangement and remodeling for the UTP office (design)	shopping	50,000	Mar-10	Jun-10
3	DDE building remodeling	NCB	600,000	Jun-10	Sept-10
	TOTAL SMALL WORKS		650,000		
	TOTAL GOODS AND SMALL WORKS		10,106,000		

Annex 4: Financial Management

	Risk Assessment	Risk Mitigations measures	Residual Risk
Inherent Risk			
Country Level. Quality of PFM institutions, standard of financial accounting, reporting and auditing, quality of FM profession	H	The integrated fiduciary assessment (PEMFAR) conducted in 2007 revealed a weak PFM environment and resulted in the elaboration of an action plan by the Government. The Bank and the IDB continue to support the implementation of this action plan through technical assistance grants (EGTAG I&II) and a DPL (EGRO I & II).	S
Entity level. Independence of entity's management, appropriateness of the organizational structure, impact of civil service rules, experience in implementation	H	The AF would be implemented by the MENFP, which is a government agency with long project implementation experience.	M
Project level. Relative size of the Bank loan, type of lending instrument, complexity of the APG (e.g. sectors involved, number of implementing and sub-implementing entities, multi-donor etc.)	S	The AF's risk profile is substantial due to the nature of the project activities and the project beneficiaries. The fiduciary arrangements and the different actions to be implemented as identified in the annual Audit would help mitigate the risks. The Bank would also maintain close financial management supervision.	M
Overall Rating Inherent Risk	S		S
Control Risk			
Budget	L	The costs and financing estimates for the AF are well developed and IFRs would adequately facilitate the monitoring of these.	L
Accounting	S	The MENFP has satisfactory accounting policies and procedures. Its accounting system remains sound. Its accounting function would be strengthened by replacing the Director of Finance who died during the earthquake. Appropriate training would be provided to the new staff as necessary.	M
Internal Controls	S	The MENFP's accounting procedures are clearly documented. Audit TORs would include the monitoring of these internal controls and the Bank would help to ensure proper follow up of issues identified periodically	M
Funds Flow	H	The flow of funds mechanism is well defined and responsibilities for managing bank accounts are clear. The use of direct payments to suppliers and beneficiaries would be increased given the damage to the country's banking network after the earthquake. Close monitoring of the flow of funds would be undertaken, particularly with respect to transfers to schools.	S

	Risk Assessment	Risk Mitigations measures	Residual Risk
Financial Reporting	S	The format and content of all the IFRs would be updated to integrate the AF. Timely submission of the IFRs by the MDOD and the Consolidated IFR would be monitored.	S
Auditing	M	The audit TORs would be updated to include the AF. Audits are carried out in a timely manner and follow up is satisfactory.	M
Overall Control Risk	S		M
Residual Risk Rating			S
<i>Risk Rating – H (High Risk), S (Substantial Risk), M (Moderate Risk), L (Low Risk)</i>			