



STEERING COMMITTEE MEETING 1/2010

Minutes

1. The first Steering Committee Meeting of the Haiti Reconstruction Fund (HRF) was held on June 17, 2010 from 16:00 – 19:00 at the Karibe Convention Center in Port-au-Prince. The meeting was chaired by Finance Minister Ronald Baudin and attended by members (representatives of the Governments of Haiti, Brazil, and Norway; the Inter-American Development Bank, the United Nations and the World Bank as Partner Entities; and the Trustee), the Secretariat and observers from the donor community. A list of participants is attached as Annex 1. The annotated agenda is attached as Annex 2.

Agenda Item 1: Introduction

2. Opening remarks were made by Minister Ronald Baudin, Chairperson of the Steering Committee and Minister of the Economy and Finance of Haiti. The Minister called for a pause in the meeting to allow for the Norwegian representative to sign his country's Administration Agreement for an initial contribution of NKR 200 million (approximately USD31 million at current exchange rates), thus enabling Norway to participate in the meeting as a voting member. A letter was also sent from the Government of Norway to the Steering Committee concerning preferences for the use of its contribution (see Annex 3). The Co-chairs of the Interim Haiti Recovery Commission (IHRC), Prime Minister Bellerive and former President Clinton, then made welcoming remarks. Finally, the Chairperson confirmed the approval of the agenda as outlined in Annex 2.

Agenda Item 2: IHRC – HRF Relationship

3. The HRF Secretariat summarized the structural and operational relationships between the Commission and the Fund (see document HRFSC/1.01e), including confirmation that the IHRC had reserved space for the HRF in its new office so that the Fund's Secretariat could co-locate with the Commission. **DECISION:** the Steering Committee agreed with proposals by the U.S. representative that: a) the IHRC can request that the HRF prioritize specific sectors or projects and b) the HRF would not be a full member of the IHRC because it was

not a new contributor but rather a mechanism for pooling contributions. **Action:** the Secretariat, in consultation with the Trustee, will revise the IHRC-HRF relationship document (HRFSC/1.01e) in accordance with the decision taken.

4. The following additional issues were raised concerning the HRF during this discussion:
- The HRF would need to ensure that demand for its resources was managed in relation to the available supply of financing (Norway)
 - It was clarified that a donor could not present a proposal directly to the HRF but instead would need to work through an Implementing Agency and a Partner Entity, prior to an endorsement from the IHRC and an allocation decision by the HRF Steering Committee (Brazil)
 - The Trustee clarified that donors could express preferences for the use of their contributions directly to the Steering Committee. The Steering Committee would decide whether and how to act on the preferences (Brazil and Norway)
 - Dissatisfaction was expressed by one of the IHRC Co-Chairs with the requirement for channeling all funds from the HRF through Partner Entities and associated Partner Entity fees for appraisal and supervision of proposals. The Secretariat explained that involvement of the Partner Entities ensures that all activities financed by the HRF would adhere to international standards for financial management, procurement and environmental/social safeguards (IHRC Co-chair Clinton)
 - Several participants asked whether additional Partner Entities could be included in the HRF structure such as the IHRC or the Government of Haiti more generally
 - Partner Entities reserve the right not to accept funding for preferences that they are unable to honor.

Action: the Trustee will circulate a note on the subject of new Partner Entities to the Steering Committee via the Secretariat.

Agenda Item 3: HRF Fee Structure and Operations Manual

5. The Trustee explained the fee structure of the Trustee and the Secretariat presented the proposed fee schedule of the Partner Entities as outlined in document HRFSC/1.03e. Participants made the following points related to fees:
- No fees should be charged for additional financing for a Partner Entity's budget support operation. The IDB and the World Bank confirmed that they would not charge fees in this instance but would need to recover the costs of preparing a new, stand-alone budget support operation financed by the HRF.
 - The IDB confirmed that they would also not charge fees for additional financing of investment operations that were already under preparation.

- The UN Resident Coordinator explained the rationale for the UN's fees. The 1% fee allows the UN to operate as one entity, especially in the case of multi-organization programs; it also covers consolidated monitoring and reporting responsibilities. The 7% fee supports the UN's significant in-country presence (staff, facilities, services) and direct execution of most of the UN projects in Haiti. These fees are as approved for global application by the member states of the UN through a resolution of the General Assembly, to which any review would ultimately have to be referred. .

Action: the The Secretariat, in consultation with the Trustee, will revise the fee structure document (HRFSC/1.03e) to clarify the HRF fee structure. This will incorporate the results discussed in para. 10 concerning Partner Entity fees for appraisal and supervision. The revision will require amending the Administration Agreement and agreement of the existing donors.

6. The Secretariat briefly presented the purpose and structure of the Operations Manual (document HRFSC/1.02e) and covered the discussion items listed in the annotated agenda. There were two general discussion items. The first concerned who is eligible to be an Implementing Agency. The Secretariat clarified that any Implementing Agency can be considered that is permitted by a Partner Entity's rules and procedures. **DECISION:** The Steering Committee agreed that this wording should be included in the Manual without a comprehensive list of possible Implementing Agencies. **Action:** the Secretariat will make this change throughout the Manual. The second general discussion item concerned who is eligible to be a Partner Entity. This was addressed in para 4 above.
7. *Local governments.* The representative of France suggested that local governments be more prominently incorporated in the HRF structure by listing them as possible Implementing Agencies, donors and observers. **DECISION:** The Steering Committee decided that there would be no listing of possible Implementing Agencies (see para 6). The Secretariat confirmed that local governments could be listed as potential HRF donors. The issue of having a representative of Haitian local governments as an observer to the Steering Committee is addressed in para 9 below. **Action:** the Secretariat will amend the list of potential HRF donors to include local governments.
8. *Government representation.* The Steering Committee considered a proposal to increase the number of Government of Haiti representatives. The Trustee's legal counsel informed the SC that this would require amending the Governance annex of the Administration Agreement and receiving the "no objection" of the donors who have signed the Administration Agreement (Australia, Brazil, Estonia, and Norway). The Chairperson explained that one additional Government representative was needed to give voice to the GoH on the Steering Committee because he, as Chairperson, could not undertake his role and serve as an advocate at the same time. **DECISION:** The Steering Committee decided to

expand representation of the Government to two individuals, one of whom would be the Chairperson. The Government would continue to have one vote on the Steering Committee. **Action:** the Trustee will amend the Governance Annex of the Administration Agreement accordingly and circulate for review and approval by the Steering Committee. The Secretariat will amend the Manual accordingly and invite the Government to nominate a second member of the Steering Committee.

9. *Observers.* The Secretariat posed three questions to the Steering Committee: a) would it like to have regular observers at its meetings?; b) should the existing list of potential observers be expanded to include representatives of local government and the Haitian diaspora?; and c) how should those representatives be selected? The Trustee's legal counsel also noted that this would require the same amendment and no objection process as in para 8. **DECISION:** SC members decided to have regular observers at their future meetings, to include a representative each of the Diaspora and local government (in addition to representatives of Haitian civil society, the private sector, international NGOs, and other development partners), and to use the existing representatives for these entities that are serving on the IHRC Board. **Action:** the Trustee will amend the Governance Annex of the Administration Agreement accordingly and circulate for review and approval of the Steering Committee. The Secretariat will amend the Manual accordingly and, on behalf of the Steering Committee, invite the appropriate IHRC Board members to serve as observers. The Steering Committee will be informed as to how these members were selected to serve on the IHRC Board.
10. *Fee schedule.* The fee schedule for preparation and supervision of different-sized proposals by Partner Entities was presented by the Secretariat. Several participants expressed concern that the fee schedule could lead to 25% costs in the case where a \$1.1 million proposal could be eligible for \$250,000 in fees for preparation and supervision. The merits of a sliding scale or a flat percentage were discussed. The IDB and the World Bank confirmed that no fees will be charged for additional financing of a general budget support operation. Both banks would recover costs to prepare a new, stand-alone budget support operation. The IDB will not charge fees for those operations that may be presented to the HRF for co-financing that are already in preparation or for future stand-alone investment operations that may be co-financed by the HRF. **DECISION:** The fee schedule as currently formulated was not endorsed by the Steering Committee. **Action:** the Secretariat will develop an alternative fee schedule, in consultation with the Partner Entities, for circulation to members for comment and eventual incorporation in the Manual.
11. *IHRC approval.* Several participants expressed the desire to give the IHRC final approval of any proposal for which the HRF Steering Committee has agreed to allocate financing in order to avoid the possibility that the HRF might reject a proposal endorsed by the IHRC. The Secretariat proposed that this be achieved by moving the wording in para 4.16 of the

Manual to the end of Step 5 and modifying the flow chart (Figure 4.1). **DECISION:** This proposal was discussed and approved by the Steering Committee. **Action:** the Secretariat, in consultation with the Trustee, will revise the text and Figure 4.1 in the Operations Manual in accordance with the decision taken, including different decision scenarios. The Trustee will revise the Governance Annex of the Administration Agreement and circulate to the Steering Committee and HRF donors for review and approval.

12. *Financial reporting.* The merits of having different frequencies of financial reporting from the Partner Entities to the Steering Committee were discussed (quarterly, semi-annually, annually). **DECISION:** The Steering Committee decided to request quarterly financial reports from Partner Entities, with the understanding that these reports would be not be audit-quality reports and further would focus largely on actual disbursements. **Action:** the Secretariat will unbracket and incorporate the proposed language in the Manual. The Trustee will include the quarterly reporting requirement in the Transfer Agreement that will be entered into between the Trustee and each Partner Entity.

DECISION: the Operations Manual was endorsed, subject to incorporation of the approved changes mentioned above. A revised Manual will be circulated by the Secretariat to the Steering Committee for review and final approval.

Agenda Item No. 4: Urgent Requests for Financing from the IHRC

13. The Chairperson communicated that the IHRC, in its first Board meeting, had cleared a proposed World Bank budget support operation for USD30 million in IDA grants plus co-financing from the HRF. The World Bank Partner Entity representative, while abstaining from any decision-making about the HRF allocation, noted that the operation is currently being reviewed within the organization and that the plan is for the World Bank to disburse to the Government by August. France requested and the World Bank Partner Entity confirmed that no fees would be charged for the HRF resources provided to the operation. The Steering Committee approved an allocation of USD30 million in co-financing for budget support, with USD25 million in general support and USD5 million in recognition of prior actions concerning reconstruction investment plans for the South Department, the environment, agricultural development, and disaster risk reduction. The World Bank Partner Entity representative stated that he could not guarantee the inclusion of the USD5 million to be provided in recognition of prior actions that were not included in the operation currently under preparation by IDA.USD. **Action:** The Trustee will prepare a model Transfer Agreement for circulation to the Steering Committee for review and approval after the Trustee has received and included comments from the Partner Entities. When the model Transfer Agreement has been approved, the Trustee will prepare and execute the Transfer Agreement with the World Bank as a Partner Entity for USD30 million

(final amount to be confirmed by the World Bank) to co-finance the budget support operation. Confirmation will be obtained from the Steering Committee that the approved allocation does not require a final approval by the IHRC.

SC ALLOCATION DECISION NO. 1: the Steering Committee allocates USD30 million to co-finance the Haiti Emergency Development Policy Operation with the World Bank as Partner Entity, the Ministry of Finance and the Economy as the Implementing Agency and the flow of funds through the Government budget.

Agenda Item No. 5: Brief Updates from the Secretariat and Trustee

14. *Secretariat.* The Secretariat reported on the process of recruiting its staff (two Haitian nationals and two international positions) and confirmed that it would be co-located with the IHRC. It also noted that a youth competition would be launched in July with support from UNICEF and UNESCO to: a) design the HRF logo through a primary school competition; b) write the score for the HRF jingle through a high school competition; and c) devise the HRF slogan through a university-level competition.
15. *Trustee.* The Trustee reported that Administration Agreements have now been signed with Brazil (USD 55 million), Norway (NKR 200 million), Australia (AUD 10 million), and Estonia (USD 50,000). The Trustee estimated that current pledges reported to it amounted to approximately USD130 million.

Agenda Item No. 6: Proposed Administrative Budgets

16. The Steering Committee considered the proposed and approved administrative budgets for the Trustee and the Secretariat to cover expenses in FY11 (July 2010 – June 2011) that are presented in document HRFSC/1.04e. **Action:** The Trustee will prepare and circulate a Memorandum of Understanding (MoU) between the Trustee and the Secretariat concerning the administrative budget for the Steering Committee's review and approval.

SC ALLOCATION DECISION NO. 2: the Steering Committee allocates USD1,585,000 for the FY11 administrative budgets as follows: USD585,000 for the Trustee (including the one-time fee of USD 250,000) and USD997,000 for the Secretariat, subject to an end-of-year adjustment based on actual costs incurred.

Agenda Item No. 7: Other Business

17. The U.S. representative announced that the U.S. would provide an initial USD30 million contribution to the HRF. The preferences communicated to the Steering Committee were that the contribution be used for budget support, assistance to the IHRC and support for

small and medium-sized enterprises through partial credit guarantees. The final amount of the U.S. contribution could be larger, subject to Congressional approval and resolution of outstanding HRF governance issues. Norway also announced that it could increase its contribution if the performance of the HRF proves to be satisfactory.

18. *Next meeting.* The next meeting of the HRF Steering Committee would take place at least five working days following the next meeting of the IHRC Board in order to allow SC members to review any financing proposals that might be forwarded by the IHRC. Brazil subsequently proposed that the next meeting take place on the same day or one day after the IHRC Board meeting, with financing proposals to be considered subsequently by virtual review and decision. The earliest possible date mentioned by the IHRC for its next Board meeting was July 22nd.

SUMMARY OF DECISIONS AND FOLLOW-UP ACTIONS

DECISION/REQUEST	ACTION	RESPONSIBLE PARTY
IHRC-HRF document to be modified to include IHRC prioritization and exclude HRF as full member of IHRC	Revise and circulate document HRFSC/1.01e	Secretariat
Request for clarification of criteria and process for including new Partner Entities	Circulate note to Steering Committee	Trustee
Request for clarification of fee structure	Revise and circulate document HRFSC/1.03e	Secretariat (with inputs from the Trustee on its section)
Approval of Operations Manual with amendments concerning Implementing Agencies, local governments as donors, GoH representation, observers, fee schedule, IHRC final approval, and financial reporting	<ul style="list-style-type: none"> a) Revise and circulate Operations Manual b) Amend Governance Annex and circulate to SC 	<ul style="list-style-type: none"> a) Secretariat in consultation with Trustee b) Trustee
Allocation of USD30 million to World Bank to co-finance budget support operation	<ul style="list-style-type: none"> a) Record funding approval b) Prepare and circulate model Transfer Agreement to SC c) Execute Transfer Agreement with WB d) Confirm that allocation does not require final IHRC approval 	<ul style="list-style-type: none"> a) Trustee b) Trustee (draft) and Secretariat (circulate) c) Trustee and WB as Partner Entity d) Steering Committee
Allocation of USD1,585,000 for FY11 administrative budgets for the Trustee and the Secretariat	<ul style="list-style-type: none"> a) Record funding approval b) Prepare and circulate MOU to Steering Committee for review and approval 	<ul style="list-style-type: none"> a) Trustee b) Trustee (draft) and Secretariat (circulate)

ANNEX 1

List of Participants

Voting members

Government of Haïti Mr. Ronald Baudin, Chairperson and Minister of Finance

Brazil Mr. Rubens Gama Dias Filho, Deputy Minister

Norway Mr. Halvor Saetre, Special Envoy

Partner Entities

IDB Mr. Jose Augustin Aguerre, Chief, Haiti Response Group

UN Mr. Nigel Fisher, Resident Coordinator

World Bank Mr. Alexandre Abrantes, Special Envoy

Trustee

Ms. Pamela Crivelli, Lead Financial Officer
Ms. Chie Ingvoldstad, Financial Analyst
Mr. Julius Thaler, Counsel

Observers

Canada Mr. David Moloney, CIDA

Colombia Mr. Everardo Murillo, Special Ambassador
Ms. Carolina Renteria, World Bank Executive Director

EC Ms. Lut Fabert-Goosen, Ambassador
Mr. Stefano Manservisi, Director-General

France Mr. Pierre Duquesne, Ambassador for Reconstruction

IMF Mr. Jacques Bouga-Hagbe, Resident Representative

Netherlands Mr. Francesco Mascini, Deputy Chief of Mission, D.R.

Spain Ms. Cristina Barrios, Ambassador for Reconstruction

US Ms. Cheryl Mills, Chief of Staff, State Department
Ms. Liza Morris, Deputy Director, U.S. Treasury

ANNEX 2

Annotated Agenda

1. Welcome by Chairperson of HRF and Co-Chairs of the IHRC
 - a. Opening remarks by Minister Baudin
 - b. Report on IHRC status and Board meeting by Co-Chairs Bellerive and Clinton
 - c. Approval of agenda and status of donors who have pledged but not yet signed \$30 million+ as non-voting members
2. IHRC - HRF Relationship (refer to document HRFSC/1.01): presentation by Secretariat followed by general discussion
3. HRF Rules and Procedures
 - Fee Structure (refer to document HRFSC/1.03): presentation by Trustee followed by general discussion
 - Operations Manual (refer to document HRFSC/1.02) + issues for discussion:
 - a. General: who is eligible to be an Implementing Agency? (Canada, France, US)
 - b. General: who is eligible to be a Partner Entity? (IHRC, UN OSE, US)
 - c. 1.3 Shall local governments be included as possible implementing agencies? (France)
 - d. 1.4 Shall local governments be included as potential donors? (France)
 - e. 3.2a Shall representation of the Government be increased? (Secretariat)
 - f. 3.3c Shall local governments be included as an observer category? (France)
 - g. 3.3c Shall the Diaspora be included as an observer category? (Secretariat)
 - h. 4.10 Shall the fee schedule for preparation and supervision be adopted? (Secretariat)
 - i. 4.16 Shall final IHRC approval be given after the HRF decision to allocate resources? (IHRC, US)
 - j. 4.25 How frequently would the Steering Committee like to receive financial reports? (Secretariat)

INTERMISSION

4. Consideration of Urgent Requests for Financing from IHRC: presentation by IHRC
5. Brief Updates: presentation and questions
 - Secretariat
 - Trustee
6. Proposed Administrative Budgets (refer to document HRFSC/1.04): presentation and discussion
 - Secretariat
 - Trustee
7. Other business
 - Next meeting (date, time and venue)

ANNEX 3

Letter from Government of Norway to Steering Committee on Contribution Preferences



ROYAL MINISTRY OF FOREIGN AFFAIRS

June 17, 2010

Haiti Reconstruction Fund Steering Committee

NORWEGIAN PRIORITIES AS A MEMBER OF THE STEERING COMMITTEE OF THE HAITI RECONSTRUCTION FUND (HRF)

Reference is made to the Administrative Agreement between the Ministry of Foreign Affairs and the International Development Association for the HRF. Norway is committing USD 30 million to the HRF in 2010 of which USD 15 million of this contribution should be in the form of budgetary support.

The Norwegian Government wishes to state its interest in seeing the Haiti Reconstruction Fund (HRF) supporting programmes within environment, agricultural development and disaster risk management with a focus on the South Department, in line with the Haiti Reconstruction Plan, based on decisions by the Interim Haiti Recovery Commission. This has been discussed with the Prime Minister of Haiti and the concerned Ministers in Haiti, who have expressed their consent to this approach.

Norway has thus engaged with multilateral actors and The Government of Haiti on the elaboration of an integrated programme that will focus on the South Department, primarily in the environment, agriculture and disaster risk management sectors. Such a programme will be submitted to the Interim Commission for decision. Once a decision has been made by the Interim Commission, appropriate requests will be made to the HRF for its follow up.

In addition, as a member of the HRF Steering Committee, Norway will emphasize rights based approaches, in particular the importance of protection of women and children and including women in decision-making at all levels, as a cross cutting issue in all programmes supported by the HRF.

Cc. Interim Haiti Recovery Commission
Trustee