



## **STEERING COMMITTEE MEETING 2/2010<sup>1</sup>**

The Steering Committee (SC) of the Haiti Reconstruction Fund (HRF) met on August 17, 2010 at the Karibe Convention Center in Port au Prince (see Annex 1 for list of members and observers). The main objective of the meeting was to consider the allocation of Fund resources for the financing of two projects approved by the Interim Haiti Recovery Commission (IHRC). The Administration Arrangement between the Canadian International Development Agency (CIDA) and the Fund's Trustee (IDA), for a contribution of USD30 million equivalents to the HRF was also signed at the beginning of the meeting. This entitled Canada to participate in the meeting as a voting member. Other administrative matters were discussed, including a set of standards and a process for evaluating potential new partner entities. The meeting was chaired by the Minister of Finance of Haiti, Ronald Baudin. As approved at the first SC meeting, the meeting was joined by a second government representative -- Yves Robert Jean. The meeting followed the agenda found in Annex 2.

### **Welcoming Remarks**

Welcoming remarks were made by the Prime Minister (IHRC Co-chair) and the Chairperson. Prime-Minister Bellerive reiterated his commitment to having the World Bank as the Trustee for the Haiti Reconstruction Fund. He noted that while the previously raised issues (Partner Entities and fees) had not been completely resolved, the Government and the World Bank had found a working arrangement which made it possible to move forward in a constructive mode following the visit of World Bank Managing Director Sri Mulyani and Vice President Pamela Cox. Finally, the Prime Minister witnessed the signing of Canada's Administration Arrangement with the World Bank as Trustee to provide the fund with the equivalent of USD 30 million in un-preferenced support.

The Chairperson introduced the meeting, reviewed the agenda and received approval from the Steering Committee for the agenda of the meeting and minutes of the first HRF Steering Committee meeting (June 17, 2010). The Chairperson also confirmed that the first transfer (for USD 25 million) had taken place from the HRF to the World Bank as Partner Entity, effective August 5, 2010. The transfer co-finances a budget support operation with the World Bank that totals USD 55 million and responds to preferences expressed by the governments of Brazil and Norway in communications to the Steering Committee. **DECISION.** The current agenda and minutes from the first Steering Committee meeting were approved, and can be posted in the Fund's website.

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<sup>1</sup> As approved by the HRF Steering Committee on October 7, 2010.

## **Brief Updates**

*Trustee.* The Trustee informed the Steering Committee about the financial status of the Fund, noting that the Fund had now signed agreements for the equivalent of USD 135 million, including those for the equivalent of USD 30 million from Canada and USD 5 million from Oman. Of this amount, USD 67 million has been deposited with the Trustee. In addition to the approved budget for the Secretariat and the Trustee, USD 25 million has been disbursed to additional financing for the recently approved budget support operation. The US representative announced that it expected to sign its Administration Agreement with the Trustee soon for a contribution of over USD 100 million, pending clarification about how to handle preferencing and line item budget support. France also announced its intent to contribute to the Fund with the equivalent of USD 30 million.

*Secretariat.* The Manager of the Fund, Josef Leitmann, informed the SC that the Secretariat of the Fund has now been established in Port au Prince and is co-located with the IHRC. He introduced two members of the Secretariat, announced the recent distribution of the HRF's brochure, and informed the participants about the creation of a secured area within the Fund's website for members to access relevant documents and information for upcoming Steering Committee meetings.

## **Criteria and Process for New Partner Entity Selection**

In this part of the meeting, members discussed the potential criteria and process for selecting new partner entities, based on a paper that had been prepared by the Trustee at the request of the Steering Committee. The Trustee explained that the document it prepared is based on the Minimum Fiduciary Standards adopted by the Global Environment Facility (GEF) Council for the accreditation of GEF implementing and executing agencies as well as the process that had been proposed by the GEF Secretariat to the GEF Council for the accreditation of additional GEF executing agencies. The Trustee highlighted that the GEF criteria represented the minimum fiduciary standards and safeguards required by the GEF for entities to be accredited, and that the GEF process is designed to assess their capacity to oversee projects, and their ability to meet the minimum fiduciary standards and other project management rules.

The Trustee observed that the Steering Committee would need to consider whether it wished to adopt minimum fiduciary standards and an accreditation process like that of the GEF. The Steering Committee agreed with the rationale for adopting such standards and process to accredit new partner entities, in the event new partner entities were proposed. It also agreed that the three existing partner entities possess a wide range of development expertise, experience and instruments. The Steering Committee agreed that sound criteria and a process for selecting new partner entities were necessary, in the event that additional entities, including the IHRC or Haitian government agencies, wish to be considered to be added as partner entities under the HRF. The Brazilian representative asked whether any member of the Steering Committee wanted to propose a new partner entity for evaluation, but no member felt that such a proposal was necessary at this time. **DECISION.** The SC agreed that additional partner entities were not required at the present time; and on the usefulness of the GEF standards and accreditation process as a starting point, with possible adaptations, in the event that an SC member proposes a new partner entity.

## Financing Requests from IHRC

Two concept notes were submitted by the IHRC to the HRF on August 17, 2010 for financing, one to support debris management in six neighborhoods of Port au Prince, and the other for the establishment of a partial credit guarantee fund to allow Haitian banks to start giving credit to small and medium-size firms affected by the earthquake. The first proposal was submitted by a consortium of UN agencies (UNDP, UN-Habitat and the ILO) and requires full funding from the HRF (USD 16.9 million), and the second is being co-financed by the IDB (USD 20 million) and the World Bank (USD 2.5 million). The IHRC requested that the HRF provide co-financing of USD 12.5 million. The IDB will serve as partner entity for this project.

Discussion focused on the following issues: a) whether the proposals needed additional funding for project preparation, b) whether the Trustee was ready to transfer the resources to a partner entity e.g. if the transfer agreement form was already developed and agreed, and c) whether the proposed projects were the best available option, particularly in the area of debris management. On the first point, representatives from both the UN and the IDB said that no additional resources for project preparation were required. The proposal on debris management was developed using UN agency resources and technical capacity, and the proposal on the guarantee fund was fully developed by IDB specialists over a period of three months in consultation with the World Bank. On the second point, the Trustee informed the SC that the standard form of the Transfer Agreement was approved by the SC at the end of July. The transfer agreement between IDA and the partner entities was not yet finalized so lawyers from the interested parties have been working together to agree on a final version of this agreement. On the third point, members supported the representative of Brazil who requested more information in order to better understand the debris removal proposal.

The observer for the local authorities of Haiti expressed his concern with the lack of proposals aiming at strengthening the role of local governments and regional development overall. The representative of Norway informed that his government has been working in tandem with the IDB for sustainable development of the Les Cayes area (South Department). The Chairperson acknowledged the importance of all the concerns raised by Committee members and informed that the Government has estimated the cost of the whole country's debris removal to be more than \$1 billion. He asked members to view the UN proposal as a first and urgent step, which hopefully will motivate other (more comprehensive and integral) initiatives. He stressed that the funding of the first major debris removal in the country will be very positive for the Fund's reputation. **DECISION.** Members agreed on the importance of the proposals for overall urban and economic development in Haiti. It was decided to set aside a total of USD 29.45 million for these proposals, subject to the SC's no objection approval of complete project documents to be submitted by the UN and the IDB and IHRC's final approval thereafter. Consultation by the UN with USAID was recommended given the latter's active role in debris removal. Upon receipt, the Secretariat will distribute each complete project document for no objection approval by members.

**ALLOCATION DECISION NO. 3:** The IDB project document for the partial credit guarantee fund was distributed to SC members on August 23<sup>rd</sup> and no objection approval was received by August 27<sup>th</sup> 2010 to allocate USD 12.5 million for the activity with IDB as partner entity. The project was submitted to the IHRC on August 31 for final approval which was received on September 8.

## Other Business

The main issues raised as part of other business were: a) how to respond to donor preferences, b) whether the Fund should encourage the IHRC to submit funding requests that exceed available resources, c) how to make sure that the HRF is responsive to the government's priorities, d) a minor clarification to the Operations Manual, and e) whether the SC meeting should continue to be held on the same day of the IHRC Board meetings.

On the first point, the representative from Norway reinforced its preference for using US\$5 million of its current contribution for supporting sustainable development in the South Department. Norway is in dialogue with the World Bank as Partner Entity on this issue.

On the second point, the Secretariat pointed out that, with the co-location of the Fund and the Commission, communications will improve significantly to avoid a situation where a surplus of proposals might be sent to the HRF in excess of available resources. This interaction is also likely to facilitate the submission of requests for project preparation and appraisal. No decision was made with regard to approving funding requests submitted by the IHRC which exceed available resources of the Fund.

For the third item, the Brazilian representative expressed concern about the apparent changing priorities of the government of Haiti away from budget support towards reconstruction finance. The Chairperson confirmed that the GoH's strategic areas are consistent with the Action Plan for the Recovery and the Development of Haiti and that this has not changed.

On the fourth item, the US representative suggested through the Brazilian member that the Secretariat add a short footnote in the Fund's Operations Manual explaining the sliding fees scheme that applies to partner entities as an equation. Members also raised the need to have access to a succinct version of the Operations Manual to facilitate decision-making. The international NGO observer stressed the need to follow some criteria during proposal review. The Secretariat agreed to include the requested formula, confirmed that the Operations Manual already includes these criteria for reviewing proposals and noted that the HRF brochure contains a simple explanation and schematic of the grant approval process. **DECISION.** The Secretariat will circulate a new version of the Operations Manual with the requested footnote. The Secretariat will prepare executive summaries of the projects documents to facilitate funding decisions. It will also undertake consultations with the IHRC on the pipeline to make sure the Secretariat is familiar with upcoming proposals to the HRF and could advise SC members when requested/applicable.

On the final point, members acknowledged that having the SC meeting on the same day as the IHRC Board meeting tended to eclipse the Fund's decisions and role in the reconstruction of Haiti and left very little space for preparatory discussions based on outcomes from the Board's meeting. They agreed that holding the SC meeting on the following day would allow more time for review and discussion while noting that virtual meetings should be used when appropriate. **DECISION.** SC meetings will be held the following day of the IHRC board meeting, ideally in the same venue selected by the Commission.

**Table: Decisions, Responsibilities and Timeframe**

Activity-Task	Action	Responsible	Timeframe
Approval of Minutes from First SC meeting	Posting on Fund's website	Secretariat	Immediate
Approval of Trustee report	Posting on Fund's website	Secretariat	Immediate
Approval of criteria and process for selecting new partner entities	Will be adopted in the event that an SC member proposes a new partner entity.	Trustee, Secretariat and SC	When applicable
Preliminary approval of UN and IDB proposals	Partner entities to submit complete documents for virtual review by SC members	Secretariat and SC	When applicable
	HRF to set aside USD29.45 million for two proposals, of which USD 12.5 million was subsequently allocated for the IDB proposal	Trustee	Immediate
	Finalization of transfer agreement with respective partner entity	Trustee and Partner Entity	When applicable
Minor amendment to Operations Manual	Addition of footnote on sliding fees scheme and circulation of SC	Secretariat	Immediate
Steering Committee meetings	When in person, to be held the next day of the IHRC Board meeting in the same venue	All	When applicable
Strategic funding allocation	Secretariat to conduct preliminary research to anticipate funding requests by IHRC and encourage project preparation support by HRF	Secretariat	Immediate

## ANNEX 1

### Representatives and Observers

#### **Représentants / Representatives**

##### **Membres Votants / Voting Members**

Government d'Haïti / *Government of Haiti* M. Ronald Baudin, Président du Comité et Ministre de Finance  
M. Yves-Robert Jean

Brésil / *Brazil* M. Rubens Gama Dias Filho

Canada M. David Moloney

Norvège / *Norway* M. Halvor Saetre/M. Espen Rikter-Svendsen, Envoyé Spécial

##### **Entités Partenaires / Partner Entities**

BID / *IDB* M. Jose Augustin Aguerre, Chef, Haiti Response Group

ONU / *UN* Mme. Francoise Gruloos, Représentant Résident, UNICEF

Banque Mondiale / *World Bank* M. Alexandre Abrantes, Envoyé Spécial

##### **Agent Fiscal / Fiscal Agent** *Fiduciare / Trustee*

M. Jonathan Caldicott

##### **Observateurs / Observers**

Local Authorities (Maires) M. Joseph Gontran "Billy" Louis

Local Authorities (Casecs) M. Raoul Pierre-Louis

Diaspora M. Joseph M.G. Bernadel

National NGOs Mme. Carmèle Rose-Anne Auguste

International NGOs M. Philippe Bécoulet

Private Sector M. Reginald Boulos

## ANNEX 2



**Haiti Reconstruction Fund**  
A Fund for Recovery, Reconstruction and Development of Haiti



### Steering Committee Meeting 2 / 2010

August 17, 2010  
Port au Prince  
14:30 – 17:30

### DRAFT AGENDA

14:30 – 14:40	<b>Welcome by Chairperson</b>
14:40 – 15:00	<b>Remarks by IHRC Co-Chairs</b>
15:00 – 15:10	<b>Approval of Minutes of 17 June 2010 SC meeting</b>
15:10 – 15:40	<b>Brief Updates:</b> <ul style="list-style-type: none"><li>- Trustee</li><li>- Secretariat</li></ul>
15:40 – 16:00	<b>Criteria and Process for Partner Entity Selection</b> <ul style="list-style-type: none"><li>-Presentation by Trustee</li><li>-Discussion</li></ul>
16:00 – 17:00	<b>Review of Financing Requests from IHRC</b> <ul style="list-style-type: none"><li>-Proposal 1: Debris removal in Port au Prince</li><li>-Proposal 2: Program to Establish a Partial Credit Guarantee Fund for Enterprise Development</li></ul>
17:00 – 17:15	<b>Other Business</b>
17:15 – 17:30	<b>Closing</b>