



## **STEERING COMMITTEE MEETING 3/2010<sup>1</sup>**

The third meeting of the Steering Committee (SC) of the Haiti Reconstruction Fund (HRF) was held on October 7, 2010 at the MINUSTAH Log Base, Port au Prince with video connections with CIDA in Ottawa, the government of Norway in Oslo, the government of Brazil in Brasilia, the government of France in Paris, and the World Bank in Washington D.C., and an audio connection with the Representative of the Haitian diaspora in Miami (see Annex 1 for a list of members and observers). The main objective of the meeting was to consider the allocation of Fund resources for the financing of three projects put forth for Fund financing by the Interim Haiti Recovery Commission (IHRC). The United States signed an Administration Agreement for a contribution of \$120 million prior to the start of the meeting and was therefore entitled to participate in the meeting as a decision-making member of the Steering Committee. Other matters for discussion on the agenda were the Line Item Budget Support Note, prepared jointly by the World Bank and the Inter-American Development Bank (IDB), and the Simplified Fee Structure Note. The order of the meeting is detailed in the Agenda in Annex 2 of these minutes.

### **Welcoming Remarks and Approval of Minutes/Agenda**

Welcoming remarks were made by the Finance Minister, Mr. Ronald Baudin, HRF Chairperson. The Chairperson welcomed the Steering Committee members to the Third HRF Steering Committee meeting. He thanked the United States for signing an Administration Agreement with the Trustee to contribute US\$120 million to the Fund and France for their commitment to contribute US\$30 million to the Fund. France subsequently signed an Administration Agreement with the Trustee for a contribution of €5 million and sent a letter to the Steering Committee on October 6<sup>th</sup>, attached as Annex 3, expressing its preference that these funds be used for Budget Support). Cyprus was welcomed as a new donor to the HRF and Oman was thanked for transferring their contribution of US\$5 million. All members participating in the Steering Committee were asked to introduce themselves.

Mr. Leitmann, the Manager of the HRF, presented for Steering Committee approval the minutes of the Second HRF Steering Committee meeting that took place on August 17<sup>th</sup>. He noted that all comments received had been incorporated. No further comments were received. **DECISION:** The agenda and the minutes from the second Steering Committee meeting were approved as presented and will be posted on the HRF website.

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<sup>1</sup> As approved by the HRF Steering Committee on December 15, 2010

## Brief Updates

The Chairperson invited the IHRC Representative, Mr. Verret or his alternate to provide a summary of the IHRC meeting that took place on October 6<sup>th</sup>. It was noted that Mr. Verret was unable to attend the HRF Steering Committee meeting due to a ministerial meeting and that he had not sent an alternate. Instead, the US Representative provided a brief summary of the outcome of the IHRC meeting. She informed the Steering Committee that the Commission addressed a number of pro forma matters and approved the requested by law changes. The Commission approved a number of projects, including three which are on the agenda to be considered for HRF funding. The US Representative informed the Steering Committee that the projects-related discussion focused, amongst others, on the appropriate places for resources to be invested and the value of investments in the South. The Commission also approved a revised Performance and Anti-Corruption Office. France added that an IMF economic briefing on the state of the Haitian economy had been delivered.

The Trustee was invited by the Chairperson to update the Steering Committee on the financial status of the Fund. The Trustee referenced the "Trustee Report on the Financial Status of the Haiti Reconstruction Fund (HRF)" that was circulated to Steering Committee members prior to the meeting. As detailed in Table 1 of the report, as of September 30, 2010 the Trustee signed Administration Agreements for US\$134 million, and received US\$129 million. The cumulative funding decisions of the Steering Committee totaled US\$61 million of which US\$27 million had been transferred. Transfers totaling US\$34 million were pending. As of September 30, US\$68 million was available to support Steering Committee funding decisions. Since September 30, an Administration Agreement was signed with the United States for US\$120 million, the payment of which was expected to be executed shortly. In addition, US\$5 million was received from Oman, bringing the total funds available for HRF Steering Committee funding decisions to US\$73 million. The Trustee mentioned that it is finalizing Administration Agreements with Sweden, France and Spain (as of November 30, Agreements with Sweden and France have been signed).

Finally, the Trustee noted that the Transfer Agreement with the IDB had been finalized and was pending approval by the IDB Board of Directors. The IDB Transfer Agreement was subsequently submitted to the Steering Committee for no-objection approval on October 21 and was approved on October 28. It was then endorsed by the IDB Board and was signed by the Trustee on November 24. The Transfer Agreement with UNDP received comments from donor legal teams, underwent internal UN approval, was transmitted to the Trustee on November 26, and signed by the Trustee on November 29. The model UN Transfer Agreement was submitted to the Steering Committee for no-objection approval on November 9 and was approved on November 16.

The United States representative added that the US will be submitting a preference letter to the Steering Committee, indicating their preference that the US funds be used as follows: US\$65 million for the World Bank housing construction project in priority communities discussed between the US, the World Bank, the IHRC, and the Government of Haiti, US\$25 million for rubble removal and other upgrades, US\$10 million towards the IDB's Haitian Education Platform and US\$20 million to be split between the IDB's Partial Credit Guarantee Fund and budget support. A preferencing letter was subsequently received by the Steering Committee on November 17 and is attached in Annex 5.

The Finance Minister noted that the Government was able to pay the salaries of public employees and asked if the US budget support could be used for other purposes. The US representative was open to discussing this. The Brazilian representative reiterated its wish to preference US\$40 million of its contribution for the hydropower project in Artibonite and that it is seeking partners to cover the total project cost of US\$191 million. Brazil subsequently sent a letter to the Steering Committee on October 8<sup>th</sup> expressing this preference and it is attached as Annex 4. Mr. Baudin thanked Brazil for its investment and encouraged other donors to contribute.

The Chairperson asked the HRF manager to provide a brief update on the HRF Secretariat activities. The HRF manager thanked the United Nations for making their video conferencing facilities available for the meeting and thanked their technical staff for their excellent assistance. It was suggested that the meeting location could be rotated between the various Partner Entities and the Government of Haiti. On the status of UNDP's Debris Management Project, the HRF Manager informed the Steering Committee that UNDP is finalizing the project document to incorporate comments received. The IDB's Partial Credit Guarantee project and its Transfer Agreement will be presented to the IDB Board of Executive Directors at the end of October. On the Secretariat staffing, the HRF Manager informed the Steering Committee that three new staff had joined the Secretariat, Mr. Diego Osorio as Senior Operations Officer, Ms. Pauline Zwaans as Operations Officer, and Sarah Mondiere as Program Assistant. In addition, a contract will be signed shortly with a communications firm. The firm will help the Secretariat to organize a photo competition by distributing cameras in various neighborhoods and for professional photographers. The photos would be used to produce a calendar for 2011 and a photo exhibition. In addition, the Secretariat would engage in communication through radio and television to discuss the Fund and the overall reconstruction effort.

Regarding the funds financial status, the Fund Manager highlighted a possible additional contribution from CIDA for CA\$15 million and by Norway, that discussions were ongoing for contributions to the Fund from France (US\$30 million), Spain (US\$30 million), the European Commission, and Saudi Arabia (US\$50 million). In addition, Japan and Thailand (US\$2.5 million) expressed interest in contributing to the Fund. The Brazilian representative requested that the Secretariat provide the Steering Committee with an overview of the total funds expected to be contributed to the Fund. The Fund Manager emphasized that it is difficult to project the contributions to the fund but that the Secretariat would prepare an overview of pledges that are more or less firm.

The French observer reiterated the importance of communications, especially at the one year anniversary of the earthquake, and asked what the cost would be for the Secretariat's proposed communication activities and how this would be coordinated with the IHRC. The Fund Manager confirmed that the Steering Committee has approved as part of the overall Secretariat Budget, US\$ 50,000 for communication activities, including the photo competition, calendars, t-shirts and stickers, radio and television programs. The Secretariat is coordinating with the IHRC on a joint-communication strategy. The national NGOs representative emphasized the importance of community radio as a modality for communication to ensure a widest possible audience is reached and reiterated that synergy between the IHRC and HRF communications strategies is key.

## **Facilitating Line Item Budget Support**

A representative from the World Bank presented the Note on “Facilitating Line Item Budget Support through the Haiti Reconstruction Fund”. This note was prepared jointly by the World Bank and the IDB in response to requests from donors interested in providing line item budget support. The note presents two options : (i) HRF funds would be channeled through a partner entity project which would disburse funds to the Government’s budget for specific line item expenditures upon verification that pre-agreed spending and fiduciary processes have been followed (This option does not require any changes to the current HRF structure), or (ii) HRF funds could be disbursed directly to the Government for specific line item expenditures upon verification that pre-agreed spending and fiduciary processes have been followed (This option requires changes in the Trust Fund set-up and modification of existing Administration Agreements and TF constituting documents). Emphasis was placed on the need for consultations between the partner and the government at the beginning of the fiscal year to align the donor’s preferences with the government’s funding priorities and to avoid the need to create extra-budgetary line items.

The Finance Minister thanked donors for their budget support and requested that donors indicate at the beginning of the fiscal year how much they intend to contribute and that line item budget support be the exception, not the rule, to avoid overcomplicating the budget. The Minister noted that the 2010–11 budget is currently under preparation. The observer from the European Union (EU) noted their intention to provide an additional €26 million in budget support, in addition to the €59 million already provided this year. In total the EU will disburse €85 million or US\$ 110 million this calendar year. The IMF observer suggested that donors may wish to explore the option of disbursing a first tranche payment upfront and providing subsequent tranches upon condition and verification that the first tranche was used for its intended purpose.

The Canadian Representative confirmed understanding of the Finance Minister’s request for general budget support but noted the limitations within which certain donors, such as Canada, have to work. The Canadian Representative supported the options presented by the World Bank, in particular option 1. The Representative from Norway mentioned that their budget year aligns with the calendar year and that they should have greater clarity as to how much they could contribute by Christmas.

## **Review of Funding Requests from IHRC**

The Chairperson opened the discussion on the review of the funding requests received from the IHRC. The Brazilian Representative requested that clarity be provided as to the outcome of the previous’ day’s IHRC meeting as it was not clear that the Commission had intended to request HRF funding for the three projects presented to the Steering Committee for approval. In addition, he noted that the projects were received too late to provide sufficient time to review and make an informed decision on the funding of the projects. Therefore the Brazilian representative requested that the Commission confirm its official approval of the projects for HRF funding first and that the projects be delayed for consideration by the HRF Steering Committee until the next meeting, emphasizing the need to follow the IHRC and HRF

procedures put in place. The Brazilian Representative also expressed concern about funds being allocated on a first-come, first-served basis and the lack of clarity on the pipeline of projects to be submitted for funding from the HRF. In addition, he reiterated Brazil's preference that US\$40 million of its contribution be used to fund the hydropower project in the Artibonite.

The Canadian, Norwegian and US Representatives confirmed their understanding that the IHRC had approved the three projects for submission to the HRF Steering Committee for consideration for HRF funding and there was general agreement among participants that the procedures on the circulation of documents should be followed. It was suggested that the IHRC website have a dedicated page for the full concepts so appropriate decisions can be made and projects can be reviewed at least five days in advance in accordance with the HRF Operations Manual (para 4.17).

The Finance Minister and other Representatives suggested that the projects be approved in principle, setting aside the funds, with the final approval being made once the full project document was received, reserving the opportunity for Brazil to come back and reverse their decision if so desired following review of the projects. Several Steering Committee members emphasized the urgency to approve these projects, especially given the ambitious targets to be met by January 12<sup>th</sup> as set out in New York in September.

Brazil reemphasized that it would not be able to deliberate or make an informed positive decision on the projects during the meeting. The Brazilian representative also noted that whether the IHRC had indeed approved the projects for HRF funding or not is not the issue. The issue is that there has not been enough time to look at the whole picture. The Steering Committee is being asked to make a decision on the spot for US\$30 million, almost 50 percent of the total funds available for allocation, without a clear sense of what is forthcoming. The Brazilian representative suggested that a decision be made at a next HRF Steering Committee meeting, which could take place before the next IHRC meeting.

The local NGO representative agreed with the point made by the Brazilian Representative for the need for a better understanding of how the proposed projects fit into the overall Recovery Plan and what has already been approved by the Commission. The chairperson emphasized that the IHRC is the body responsible for ensuring conformity between proposed projects and the Recovery Plan approved in New York but that the Steering Committee could seek clarifications from the IHRC.

The Chairperson proposed that no decision be made today but that the members be given five days to review the projects and to hold another Steering Committee meeting in a week. It was later determined that a follow-up meeting was not necessary. **DECISIONS:** In response to the letter sent by the Government of Brazil to the Steering Committee (see Annex 4), USD 40 million will be set aside for an eventual proposal for the Artibonite 4C dam. The Steering Committee will take into consideration the outcome of discussions between the Government of Haiti and the international community on preferencing. Following the end of the no objection period, the HRF Steering Committee decided to set aside USD 30 million (USD 25 million) for the three projects submitted by the IHRC for financing<sup>2</sup>, subject

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<sup>2</sup> a) Natural Disaster Mitigation in the South Department (US\$14 million requested; IDB as partner entity)

to the Steering Committee's no objection approval of complete project documents to be submitted by the UN and the IDB, and the IHRC's final approval thereafter.

### **Simplified Fee Structure Note**

The Fund Manager presented the "Simplified Fee Structure Note", which outlines the Fund's fee structure as discussed by the Steering Committee at the August 17<sup>th</sup> meeting. The World Bank announced that it would, in this fiscal year, not be charging any administrative fees for any projects funded from the Fund for which the World Bank would be the Partner Entity. Following the meeting, the UN also confirmed that they would not be charging any preparation and supervision costs for projects funded from the Fund for which the UN would be the Partner Entity. IDB confirmed that the Management proposal that has been sent for approval by the IDB Board of Directors is that the IDB will not charge any administrative fees for projects co-financed by the IDB and the Fund. However, administrative fees could be charged for stand-alone projects, understood as third party projects that will be funded by the Fund for which IDB would be the Partner Entity. A decision by the IDB Board of Directors is expected in early November 2010. The "Simplified Fee Structure Note" would be updated to reflect the World Bank and UN announcements.

### **Next Meeting**

It was agreed that the next HRF Steering Committee meeting would be convened, if needed, in one week. Otherwise, the normal meeting schedule will be followed (the day after the next IHRC Board meeting). The Chairperson closed the meeting, thanking all for their participation.

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b) Haiti Southwest Sustainable Development Program (US\$8 million requested; UN as partner entity)

c) Disaster Risk Reduction in the South Department (US\$8 million requested; UN as partner entity)

**Table: Decisions, Responsibilities and Timeframe**

<b>Activity-Task</b>	<b>Action</b>	<b>Responsible</b>	<b>Timeframe</b>
Approval of Minutes from Second SC meeting	Posting on Fund’s website	Secretariat	Immediate
Approval of Trustee Report	Posting on Fund’s website	Secretariat	Immediate
Set aside USD 40 million for eventual Artibonite 4C dam project	Indicate that resources have been set aside for this purpose in HRF financial reporting	Trustee	Immediate
Consider outcome of GoH discussions on preferencing	Hold discussion of preferencing at a Steering Committee meeting after GoH-international community talks	Steering Committee	To be determined
Set aside USD 30 million for three projects	Partner Entities to prepare and submit final project documents	IDB and UN	As soon as possible
Update Simplified Fee Structure Note	Reflect updated information on Partner Entity Fees	Trustee and Secretariat	Immediate
Prepare overview of projected contributions to the HRF	Prepare an overview table of the expected donor pledges and contributions to the HRF this year	Trustee and Secretariat	Immediate
Date of Next Steering Committee Meeting	Agree on date for next HRF Steering Committee Meeting	All	Depends on date for next IHRC Board meeting

## ANNEX 1

### Representatives and Official Observers

#### **Représentants / Representatives**

##### **Membres votants / Voting members**

Government d'Haïti                      M. Ronald Baudin, Chairperson and Minister of Finance  
*Government of Haiti*                      M. Yves-Robert Jean (absent)

Brésil / *Brazil*                              M. Rubens Gama Dias Filho

Canada                                        M. David Moloney

Norvège / *Norway*                        M. Espen Rikter-Svendsen, Special Envoy

Etats-Unis / *United States*            Ms. Cheryl Mills,

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

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

ONU / *UN*                                      M. Nigel Fisher,

Banque Mondiale/  
*World Bank*                                  M. Alexandre Abrantes, Special Envoy

##### **Agent Fiscal**

*Fiduciare/Trustee*                        Mme. Priya Basu, Directrice. p.i., CFPMI  
M. Jonathan Caldicott

##### **Observateurs / Observers (Official)**

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 (absent)

## ANNEX 2



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



### Steering Committee Meeting 3 / 2010

October 7, 2010  
Port au Prince and Videoconference  
10:00 - 12:00

#### **AGENDA**

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|-----------------|--|
| 10:00 – 10 :15  | <b>I. Welcome by Chairperson</b>   |
| 10 :15 – 10 :30 | <b>II. Presentation by IHRC Representative</b>   |
| 10:30 – 10:45   | <b>III. Approval of Minutes from August 17 Meeting</b><br>Document SC/3.01   |
| 10:45 – 11:00   | <b>IV. Brief Updates:</b> <ul style="list-style-type: none"><li>a. Trustee (Document SC/3.02)</li><li>b. Secretariat</li></ul>   |
| 11:00 – 11 :15  | <b>V. Facilitating Line Item Budget Support</b> <ul style="list-style-type: none"><li>a. Presentation by the World Bank and IDB (Document SC/3.03)</li><li>b. Discussion</li></ul>   |
| 11:15 – 11:45   | <b>VI. Review of Funding Requests from IHRC</b> <ul style="list-style-type: none"><li>a. One-page summaries of funding requests (Document SC/3.04)</li><li>b. Natural Disaster Mitigation in the South Department (Document SC/3.05)</li><li>c. Southwest Sustainable Development Program (Document SC/3.06)</li><li>d. Disaster Risk Reduction in the South Department (Document SC/3.07)</li></ul> |
| 11:45 – 12:00   | <b>VII. Other Business</b> <ul style="list-style-type: none"><li>a. Simplified Fee Structure Note (Document SC/3.08)</li><li>b. Next meeting</li></ul>   |

## ANNEX 3

### Preferencing Letter from France



Port-au-Prince, le 06 octobre 2010

M. Ronald BAUDIN

Président de Steering Committee

du fonds pour la Reconstruction d'Haïti

Port-au-Prince, Haïti

Agence de Port-au-Prince  
3 bis rue Saint-Hugues  
Quartier Turgeau  
BP 1228 Port-au-Prince  
Haïti

2010/PPR/YM/csp/D- 282

**Objet :** Signature de l'Accord de versement des 5 millions d'euros  
sur le Trust Fund (FRH)

téléphone  
(509) 22 45 40 07  
(509) 22 44 02 54  
fax  
(509) 22 45 07 02  
e-mail  
afdportauprince  
@groupe.afd.org  
internet  
www.afd.fr

Monsieur le Président,

J'ai le plaisir de vous informer que le Conseil de Surveillance de l'Agence Française de Développement, lors de sa réunion du 30 septembre 2010 m'a autorisé à signer avec le Représentant de la Banque Mondiale l'accord de versement de cinq millions d'euros sur le Trust Fund (FRH), correspondant à une subvention de la France en faveur de la reconstruction d'Haïti.

Le souhait de la France est que ces fonds soient utilisés pour une aide budgétaire globale (ABG) au gouvernement haïtien.

Par ailleurs, la France a confirmé, lors des débats à l'occasion de la présentation de ce premier accord de versement, son intention de contribuer au Trust Fund à hauteur de 30 Millions de dollars minimum avant le 31 décembre 2011.

Je vous prie de croire, Monsieur le Président, en l'expression de mes salutations distinguées.

Le Directeur

Yves MALPEL

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rue Roland Barthes  
9299 Paris cedex 12

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cc : Son Excellence, M. Didier LE BRET, Ambassadeur de France en Haïti.  
Son Excellence, M. Pierre DUQUESNE  
Monsieur Jozef LEITMANN, Administrateur du FRH

## ANNEX 4

### Preferencing Letter from Brazil



Haiti Reconstruction Fund.  
Brazil. Letter of Preference.

**Mr Ronald Baudin**  
*Minister of Finance of Haiti*  
*President of the Steering Committee*  
*of the Haiti Reconstruction Fund*

Mr Baudin,

During the 2<sup>nd</sup> Meeting of the Interim Haiti Reconstruction Commission, held in Port-au-Prince, on August 17<sup>th</sup>, the project "Generation of Hydroelectric Power – Artibonite 4C" received full support of the Board members and was recommended for implementation in line with priorities established by the Action Plan for the Reconstruction and National Development of Haiti.

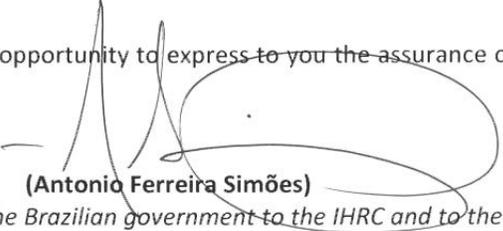
As you know, the Artibonite 4C technical study has been fully funded and prepared by Brazil in response to a demand of cooperation in the energy sector presented by the Haitian government directly to President Lula da Silva.

During his recent visit to Haiti (September 29<sup>th</sup>), the Brazilian Minister of External Relations, Ambassador Celso Amorim, officially handed over the technical study to President René Prével. According to this document, the total cost of the Artibonite plant is estimated in around US\$ 190 million.

On that occasion, President Prével emphasized that the Haitian government attaches the highest priority to the execution of Artibonite 4C. He also asked for Brazilian cooperation in raising the funds necessary for the implementation of the project.

In light of these recent developments and as a member of the Steering Committee of the Haiti Reconstruction Fund, I take this opportunity to indicate that Brazil would like that US\$ 40 million of its contribution to the Fund be allocated to the implementation of Artibonite 4C.

I avail myself of this opportunity to express to you the assurance of my highest consideration.

  
(Antonio Ferreira Simões)

*Representative of the Brazilian government to the IHRC and to the HRF*  
*Undersecretary-General for South and Central America and the Caribbean*

ANNEX 5

Preferring Letter from the United States



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

ASSISTANT SECRETARY

International Development Association  
The World Bank Group  
1818 H Street, NW  
Washington, DC 20433  
U.S.A.

Dear Steering Committee Members of the Haiti Reconstruction Fund,

The United States is pleased to have signed an Administration Agreement for its contribution as a grant of \$120 million to the Haiti Reconstruction Fund and expects to provide an additional \$5 million, subject to the congressional notification procedures, for a total of \$125 million. The United States wishes to advise the Steering Committee of the Haiti Reconstruction Fund as to its preference for the use of these funds in a manner that is fully consistent with the Government of Haiti's Action Plan for Reconstruction and Development and priorities expressed by the Interim Haiti Recovery Commission (IHRC).

The preferred allocation of the ultimately expected \$125 million is: \$65 million for housing reconstruction and upgrades in priority communities in Port-au-Prince that will be discussed and agreed among the United States, the World Bank, the IHRC, and the Government of Haiti; \$25 million for rubble removal, including in connection with the aforementioned housing and reconstruction upgrades; \$12.5 million to the Inter-American Development Bank for its Partial Credit Guarantee Fund; \$10 million in support of the Inter-American Development Bank's Haiti education reform plan; and up to \$12.5 million (to include the additional \$5 million mentioned above) to be committed against budget support line items, in consultation with the Government of Haiti on its priority budget needs, excluding energy subsidies.

Sincerely,

GOVERNMENT OF THE UNITED STATES OF AMERICA

By: Marisa Lago

Date: 15 NOV 10

Marisa Lago

Assistant Secretary for International Markets and Development  
United States Department of the Treasury