



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



From Mobilizing Resources to Achieving Results

Annual Progress Report 2011/2012



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HAITI RECONSTRUCTION FUND





HIGHLIGHTS

After two years of operation, the Haiti Reconstruction Fund has become:

- The largest source of flexible funding for the reconstruction of Haiti with 16 percent of all reconstruction finance being channeled through the Fund.
- An international partnership led by the Government of Haiti which sets the priorities for the use of the funds and manages 89% of allocated resources.
- An effective mechanism for raising money (US\$396 million so far), allocating financing for reconstruction (US\$274 million for 17 activities) and leveraging resources (an additional US\$277 million of co-financing for HRF projects) .
- A means of strategically closing financing gaps in order to achieve a balanced recovery.

What is the Haiti Reconstruction Fund (HRF)?

Two months after the devastating January 12, 2010 earthquake, the Government of Haiti (GoH) requested the Inter-American Development Bank, the United Nations and the World Bank to establish a multi-donor financing mechanism called the Haiti Reconstruction Fund (HRF). The HRF mobilizes, coordinates and allocates grant funding in support of the GoH's Action Plan for National Recovery and Development. The GoH asked that the International Development Association (IDA) of the World Bank Group serves as the Trustee for the Fund.

The HRF pools contributions from donors to provide grant financing for priority activities that are requested by the GoH and approved by the HRF Steering Committee. There is a streamlined grant approval process and a fast track procedure for smaller requests of less than US\$1 million. The HRF can finance activities that include, amongst others, infrastructure, services, community development, environment, income generation, and budget support. Activities are carried out by one or more implementing agencies and are appraised and supervised by a Partner Entity (the International Finance Corporation, the Inter-American Development Bank, the United Nations, or the World Bank).

The HRF is governed by a Steering Committee that is chaired by the Ministry of Finance and consists of representatives from the GoH, major donors, the Partner Entities, the Trustee, and observers from Haitian civil society, local government, the private sector, the Diaspora, and international NGOs. During its first two years, the Steering Committee met eight times to respond to financing requests from the GoH and decided to allocate US\$274 million for 17 reconstruction activities.

How does the HRF work?

The objective of the Fund is to support the mobilization, coordination and allocation of contributions to improve basic living conditions in Haiti and build the capacity of the GoH in the longer term. To meet this objective, the HRF coordinates its activities with the GoH through the Ministry of Planning and External Coordination (MPCE). Pooled contributions from donors provide grant financing for priority activities that are endorsed by the Council

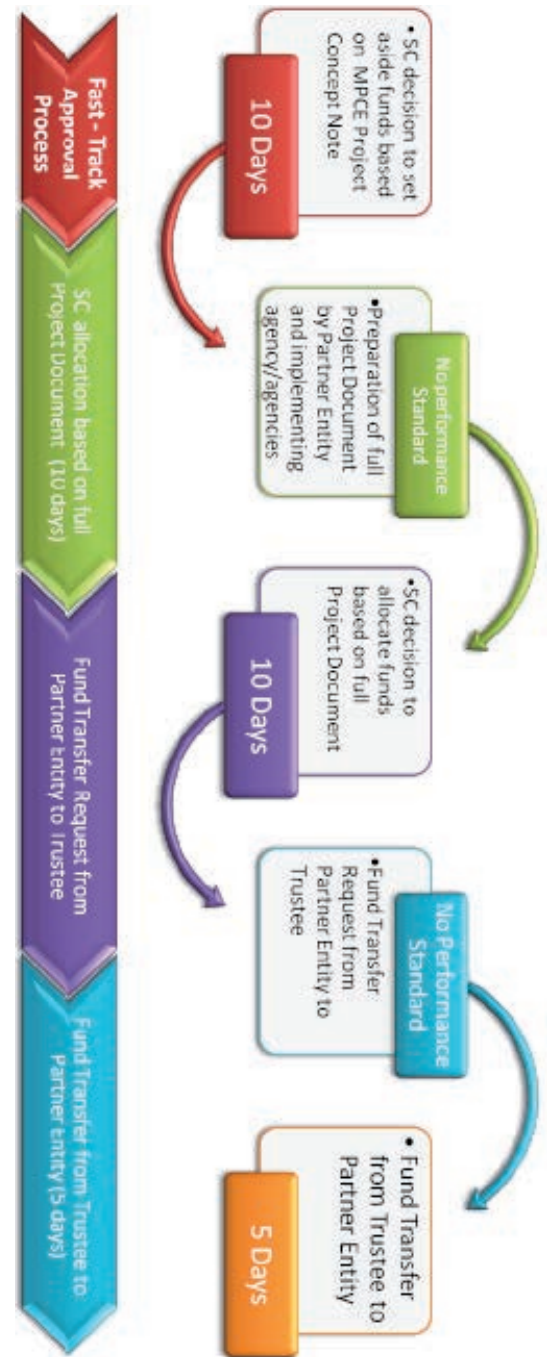
of Ministers and approved by the HRF Steering Committee.

Any proposals that meet the following eligibility criteria may be submitted for funding from the HRF:

- Endorsed by the Council of Ministers;
- Comply with the Government of Haiti’s Recovery Plan or a similar document for recovery, reconstruction and development approved by the Government of Haiti;
- Designed to meet a strategic financing need in the reconstruction;
- Consistent with the Fund’s policies and strategies;
- Enable the efficient, speedy and sustainable recovery of Haiti, and be completed within the life of the Fund (June 2010 - December 2017); and
- Fully compatible with the selected Partner Entity’s policies and procedures and the Trustee’s mandate.

The grant approval process consists of a few simple steps that are illustrated in Figure 1. To request HRF funding, an implementing agency submits either a PCN following the MPCE template or a full project document for MPCE review. In consultation with the Prime Minister, the MPCE submits requests for HRF financing for approval by the Council of Ministers. Following Council approval, the MPCE forwards approved projects with an identified Partner Entity to the HRF Steering Committee (SC) for review and funding consideration. Once the SC approves the allocation, funds are transferred to the Partner Entity for immediate implementation of the project. PCN-stage proposals are approved conditionally and receive final approval only upon submission of the complete project document for approval by the SC. To ensure a timely response to funding requests, the HRF adheres to strict performance standards for each step in the approval process. In addition, procedures are in place that allow for virtual approval of project documents by the SC.

FIGURE 1: HRF Grant Approval Process



How have the HRF's resources been used?

During its second year of operation, the HRF received additional contributions from four donors for a total of US\$44 million. These contributions reflect a sustained commitment of donors to the reconstruction in Haiti and respond to the continuing need for funding to fill remaining financing gaps. A total of 19 donors have now committed to contribute an equivalent of US\$396 million to the HRF, of which US\$381 million has been received. Funding made available through the HRF represents 16 percent of total funding disbursed by bilateral and multilateral donors for the post-earthquake reconstruction. The HRF Steering Committee has made funding decisions totaling US\$278 million, of which US\$274 million was allocated for 17 reconstruction projects requested by the Government of Haiti and the remaining US\$4 million for fund management by the HRF Secretariat and Trustee (see Table 1). US\$94 million has been disbursed to date through these projects.



Disaster Risk Reduction at Pelerin : before



Disaster Risk Reduction at Pelerin : after

Table 1: Cumulative Funding Decisions as of June 30, 2012

Activity			
Projects	Title	Partner Entity	USD Millions
	Haiti Emergency Development Policy Operation	WB	25.00
	Program to Establish a Partial Credit Guarantee Fund	IDB	12.50
	Debris Management Project	UN	16.95
	Haiti Southwest Sustainable Development Program	UN	8.00
	Disaster Risk Reduction in the South Department	UN	8.00
	Natural Disaster Mitigation in the South Department	IDB	14.00
	Reconstruction of the Education Sector	IDB	10.00
	Capacity Building for Disaster Risk Management	UN	2.00
	Demolition and Debris Removal with Heavy Equipment	UN	25.00
	Port-au-Prince Neighborhood Housing Reconstruction Project	WB	65.00
	Housing and Neighborhood Reconstruction Support Program	UN	24.67
	Earthquake Prevention Plan for the North of Haiti	UN	9.96
	Capacity Building Program to the IHRC	UN	1.00
	Targeted Budget Support Operation	WB	15.00 a/
	16 Neighborhoods, 6 Camps	UN	30.00
	Development of Milk Production and Processing in Haiti	UN	2.00
	Support to the Implementation of the Education plan and Reform in Haiti	IDB	5.00
		Sub-total	274.08
Administrative	FY11 – 13 Secretariat and Trustee budgets		3.83
		Total	277.91

a/ This amount has been set aside following approval by the HRF Steering Committee of the Project Concept Note and subject to the no-objection approval by the Steering Committee of complete project document.

What has the HRF achieved?

The HRF's second year of operation saw a rapid acceleration of program implementation. With initial preparation, consultations with stakeholders and program assessments conducted mostly during the first year of operation, implementation of project activities took off rapidly with project-level disbursements increasing by 169 percent from 15 percent of total funds approved in year 1 to 34 percent of total funds approved in year 2 for total disbursements of US\$94 million. Out of 14 projects approved in the first year, 12 were active, one was fully disbursed and one was under preparation. In the second year, with 17 projects approved, 13 are under implementation, three are fully disbursed and have closed and one is under preparation.

Some key results achieved during the second year of HRF operation include:

- 5,000 families received support to leave camps and return to their neighborhoods of origin
- Another 2,000 families have been identified to receive support to return to safe houses
- 2,570 demolition permits were issued and 1278 condemned houses were demolished
- 527,000 cubic meters of debris were removed via two projects in difficult-to-access zones, with up to 20% being recycled
- The Institut Haitien de Statistique et d'Informatique (IHSI) building was renovated and re-equipped and its staff were trained
- Five evacuation centers were constructed in Petit-Goâve and Port-au-Prince, and nine damaged evacuation centers were repaired in Gonaïves, Port-au-Prince, Tabarre, Delmas, Jacmel, and Cabaret
- Scholarship subsidies have been provided for 105,000 students
- Risk awareness training has been provided to 8,800 students in the greater North
- 13,480 temporary jobs were created in affected communities in debris management, infrastructure construction and disaster risk reduction
- Support was provided to 800 women entrepreneurs on business management and market access

- Over US\$3 million in credit guarantees were issued to assist 253 small and medium-size enterprises, backing up US\$10.6 million in loans
- 14 kilometers of retaining walls and dikes were constructed in the South department and 31 kilometers of drainage & irrigation canals were cleaned
- 1,320 linear meters of gabion walls were built, helping to mitigate the impact of the 2011 hurricane season
- 1.5 million tree seedlings have been produced to reforest 1,000 ha in Saint-Louis

What lessons and opportunities have emerged?

In its second year of operations, the following lessons were learned by the HRF community:

- **Streamlined procedures facilitate a rapid response** – because the HRF has efficient procedures, tight performance standards, good lines of communications, and a decision-making process that is coordinated with the GoH, it can respond quickly to new policy initiatives and requests for financing. This was evidence in July and August 2011, when the HRF received, reviewed, allocated, and transferred US\$30 million in a month to kick-start President Martelly's flagship "16/6" program.
- **Working through Partner Entities ensures that funds are effectively spent** – the HRF's Partner Entities apply international standards of good practice in financial management, procurement, environmental and social safeguards, project design, and monitoring and evaluation for the use of HRF financing.
- **An efficient structure minimizes administrative costs** – the HRF has one of the lowest expense ratios (under 5%) of any post-disaster multi-donor trust fund. This can be attributed to well-established Partner Entities, a modestly-sized Secretariat, an efficient Trustee, and a clear division of labor between them.
- **Government leadership poses tradeoffs** – the HRF has clearly benefited from the Government of Haiti's leadership in chairing its Steering Committee and setting priorities for financing. The downside is that government instability has resulted in a slower pace of allocation as priority-setting and replacement of the HRF's counterpart have proven to be challenging for the GoH when legitimacy is in doubt.

- **An independent governance structure is invaluable** – the HRF has been able to continue operations, despite this instability, in part because it has a governance structure that is independent. Thus, while the IHRC stopped functioning after the expiration of its mandate, the HRF Steering Committee, Secretariat, Trustee, and Partner Entities continued to operate.

During its third year of operation, the HRF will focus on: a) responding to the GoH's requests for financing priority reconstruction activities; b) mobilizing additional contributions in partnership with the GoH; and c) reporting on and analyzing how transferred funds are being disbursed. The HRF can benefit from the following opportunities during this period:

- **Expanding scope from reconstruction to development** – as Haiti makes the transition from rebuilding to reviving its development, the HRF could be used as a conduit by the international community to provide pooled funding for broader economic development.
- **Mid-term review** – the third year of a seven-year lifespan is an appropriate time to begin planning the mid-term review of the HRF. This should be an opportunity to both evaluate past experience and plan for the future.
- **Exit or expansion** – if there is appetite for new contributions to or an expanded scope for the HRF, then the Fund could continue to expand. If not, then the HRF should begin to prepare an exit strategy for when all remaining resources are allocated.
- **Spending the reserve** – the HRF has US\$47.5 million that is currently being held in reserve for specific allocations that have yet to be developed and requested. The current government should decide whether to continue reserving these funds or reallocate them for other purposes.
- **Accelerating disbursements** – Partner Entities with slow-disbursing activities should be assisted by the government to help address bottlenecks. Alternatively, Partner Entities can pursue procedures for returning transferred resources to the HRF in the case of non-disbursing activities.

“During its first two years of operation, the HRF has helped the Government of Haiti by providing access to strategic finance for Government priorities including debris removal, housing and neighborhood reconstruction and closing our budget gaps. As time goes by, we see fewer Haitians removing debris by hand and more former public spaces emptied of their camps. This is the result of that partnership, which continues through other initiatives such as improving neighborhoods and repairing houses, disaster risk reduction, and reforming the education system. These initiatives will help Haiti stand firmly to face its future.”

Laurent Salvador Lamothe, Prime Minister

Teacher and pupil at the project-supported College Canado-Haïtien, Photo Courtesy of IDB

