



HRF QUARTERLY UPDATE / No 4: FALL 2012



HIGHLIGHTS OF THIS ISSUE

- ✓ **New procedures to request financing as the Ministry of Planning and External Cooperation (MPCE) becomes HRF government counterpart (p.2)**
- ✓ **Budget support: a key source of financing for the Government of Haiti (p.3)**
- ✓ **120 000 Kids to receive kits for back to school. Jobs have been created for approximately 19 000 people. (p.4)**
- ✓ **6 camps closed and 5000 households returned to their neighborhood of origin. Housing projects to focus now on rehabilitation of neighborhoods (p.4)**
- ✓ **A sustainable cycle of debris removal and recycling (p.4)**



A student with his new school kit, courtesy of HRF

Welcome to the fourth issue of the HRF Quarterly Update. Our objective is to keep you informed about how the HRF is supporting Haiti's reconstruction process. The update is released three times a year and is intended to supplement the HRF annual report. Your comments and inquiries are welcome.

SUMMARY

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Training Of a young women, courtesy of 16/6



HRF GOVERNANCE

During the period July – September 2012, the HRF Steering Committee made fundamental changes in its procedures, approved an important reserve for budget support, welcomed several new members, and issued its Annual Report. At the request of the Haitian Government, the HRF's Governance Document and Operations Manual were amended to incorporate the Ministry of Planning (MPCE) as the HRF's new counterpart, along with a revised grant approval process. The new process involves three steps for channeling financing requests to the HRF:

1. Proponents submit a Project Concept Note or project document through a government agency to the MPCE for evaluation
2. The Prime Minister selects evaluated proposals for submission to the Council of Ministers
3. The Council of Ministers decides on financing requests to the HRF which are then transmitted to the HRF by the MPCE

In addition, the Steering Committee extended the time that it requires to make decisions from five to ten working days.

In July, the SC decided to reserve US\$20 million in order to respond to future Government requests for budget support. During the same month, the SC welcomed two new representatives. Mr. Manuel Hernandez Ruigomez, Spanish Ambassador to Haiti, will now represent Spain. Following a selection process led by the CLIO network, Mr. Dirk Guenther was named as the observer for international NGOs with Jean-Claude Mukadi as his alternate.

In August, SC members reviewed and approved the text of the 2011/12 HRF Annual Report and a final version of the report was circulated to members and posted on the HRF website in September. The link to the report is: <http://www.haitireconstructionfund.org/hrf/fr/node/157>

DONOR SPOTLIGHT : NORWAY



Norway is the fourth largest contributor to the HRF, having made two contributions that total US\$44.3 million. The first contribution of US\$31.9 million was preferenced for budget support, agricultural development and disaster risk management with a focus on the South Department. A supplemental contribution of US\$12.4 million was made in December 2011. The HRF Steering Committee has allocated US\$30 million for three interrelated projects that support sustainable development and disaster risk management in the south and southwest of Haiti.

Overall, Norway is Haiti's 11th largest donor for reconstruction, having pledged US\$ 107 million for rebuilding of which US\$80.5 million (75%) has already been disbursed as of September 2012. In addition to providing humanitarian assistance, Norway is providing bilateral support for environmental, afforestation, agriculture, and clean energy in Haiti through specific projects for protection of vulnerable groups, prevention of major natural hazards, sustainable management of natural resources, and renewable energy.

SECTOR HIGHLIGHT : BUDGET SUPPORT

What is budget support?

Budget support provides rapidly-disbursing financing to help a client country achieve sustainable poverty reduction through a program of policy and institutional actions. Examples include strengthening public financial management, improving the investment climate, addressing bottlenecks to service delivery, and diversifying the economy.

The HRF and budget support

The HRF is an important source of budget support financing for the Government of Haiti. In the context of the post-earthquake reconstruction and development in Haiti, the HRF allocated \$25 million in co-financing to a \$30 million World Bank emergency budget support operation, which helped close the gap in the FY 2009-2010 government budget. In addition, the HRF Steering Committee has set aside \$15 million for targeted budget support in education and agriculture and an additional \$27.5 million has been reserved for future budget support needs. These resources will co-finance operations by the Inter-American Development Bank and the World Bank.

The HRF will remain a trusted vehicle available to the international community to channel financial resources directly to the Government to fill its budgetary gap through 2017.

Budget support in Haiti

Budget support operations in Haiti are underpinned by a joint matrix which is updated annually and includes a limited number of policy reform measures and/or indicators preferably derived from the National Poverty Reduction and Growth Document, sectoral programs and/or the Government of Haiti reform plan. The current matrix was developed following a series of consultations among the members of the budget support group (Groupe Conjoint d'Appui Budgétaire, GCAB), and was validated on February 17, 2012. The members of the CPAB since 2009 include the Government (Ministry of Planning and External Cooperation and Ministry of Economy and Finance), France, the European Union, the World Bank, the Inter-American Development Bank and Spain. The IMF, USA and Canada are observer members of the CPAB.

What results have been achieved through budget support operations in Haiti?

The fully disbursed \$55 million Haiti Emergency Development Policy Operation (World Bank \$30m + HRF \$25m) supported enhanced accountability and transparency in the management of public resources in the context of Haiti's reconstruction. Specifically, the operation supported the following measures:

- (i) Increasing transparency in budget transfers to the electricity sector;
- (ii) Reinstating budget controls and external and internal audit processes;
- (iii) Improving enforcement of the Law on Declaration of Assets; and
- (iv) Reinforcing public procurement regulation and enhancing transparency in procurement practices.

Results achieved under this operation include:

- Putting in place a framework to monitor the transfers from the Ministry of Economy and Finance to the Independent Power Providers (IPPs) and EDH;
- Data on payments to IPPs and EDH has been reconciled by the MTPTCE and MEF and is being published;
- Improving compliance of audits of government accounts and budget review Law. The Treasury submitted to the Court of Accounts the 2009-10 government accounts within the statutory time – less than 8 months. The 2009-10 audits of government accounts has been submitted and a preliminary audit report is being finalized;
- The compliance rate with the Declaration of Assets Law of the members of the executive branch increased from 87 percent (as of May 2010) to 100 percent;
- The Prime Minister confirmed by that he had given prior authorization to all contracts awarded based on the Emergency Law accelerated procedures;
- The General Finance Inspectorate (*Inspection Générale des Finances*) activities comply with its Action Plan. Selected reports include: (i) completion of NGOs inventory; (ii) Distribution of final reports of education transfers; (iii) CSCCA's audit reports have been reviewed by IGF for follow-up with relevant entities; (iv) interim reports of accountants activities in MEF have been sent to Treasury.

Conclusion

Budget support will continue to be a key source of financing for the Government and a priority for donors supporting policy and institutional reforms. These reforms are not only necessary for strengthening governance and public financial management but are often also complementary to programme-level operations which need policy and institutional-level reforms in order to achieve sustainable outcomes for poverty reduction and social and economic development. The HRF offers to the Government of Haiti an important vehicle for Donors to channel budget support financing until 2017.

HIGHLIGHTING PROJECT RESULTS

Of the 17 reconstruction projects financed by HRF, three are completed, 12 are under implementation and 2 are currently being restructured.

Education : Back to school

The Education Reconstruction Support Project (CIDA/IDB/HRF) had planned to distribute material for scholar year 2012 for 289 public schools within 10 departments during 4 to 5 weeks like 120,000 kits for children, 238,000 uniforms and 800 kits for teachers:



Kits distribution at the "Republic of the United States" National School, courtesy HRF



Housing : Rehabilitating Neighborhoods

PREKAD : Port au Prince Neighborhood Housing Reconstruction Project

- Two contracts have been signed for US\$20 million and works will start in October in two neighborhoods
- Two other contracts targeting the safe return of about 12,000 families over a period of 13 months are being negotiated and should start by the end of October.
- Within the next 6 months it is expected that about 3000 households would have received support under this specific project to return to safe houses

The 16/6 project celebrated its first anniversary with success, with 6 closed camps, 5000 relocated families and work underway to close over forty other camps. It is now working on neighborhood rehabilitation:

- 284 houses repaired
- Pilot Housing Reconstruction Project in Morne Hercule
- Community platforms operational in 8 neighborhoods of which 4 have been legalized: The community platforms are the valid interlocutor of the neighborhood. Each platform is composed of different leaders: community leaders, religious leaders, sector leaders, youth, and women. They are validated in a public event by the national and local authorities, as well as

by the community. It is with them that the decisions are taken: they participate in the community planning exercise, express the priorities for the neighborhood and forge consensus around those priorities.

- Risk Prevention Plan for 8 neighborhoods
- Infrastructure Projects ongoing in some neighborhoods : electricity, water, roads
- Creation of income generating activities within neighborhoods

One of the 19 houses under construction at Morne Hercule in the pilot phase, courtesy HRF



Housing and Neighborhood Reconstruction Support Program:

- Mapping and inventory of buildings have been conducted for half of the planned units
- The population census in selected areas has started and data are being processed.

DEBRIS AND RECYCLING : OPENING THE DOOR FOR DEVELOPMENT

The debris projects will be closed at the end of October after providing expected results such as :

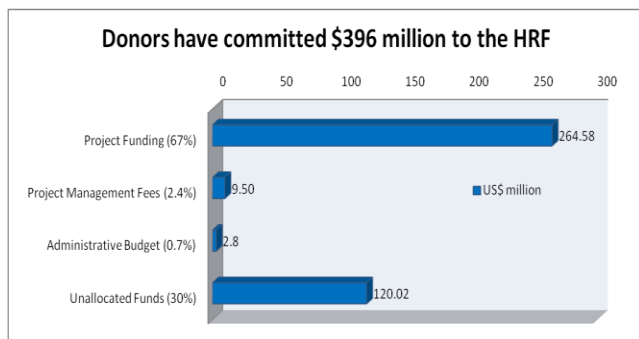
- Recycling : community infrastructure projects have been identified, debris were removed, sorted, compressed, transformed into paving stones which were used for the building of corridors in neighborhoods where the debris were removed ;
- 3 corridors have been rehabilitated at Carrefour Feuilles with recycled paving stones
- 720,000 cubic meters of debris were removed from the priority project areas.

JOB CREATION

More than 19,000 jobs have been created by the debris projects, housing and disaster risk management projects

HRF FINANCIAL UPDATE

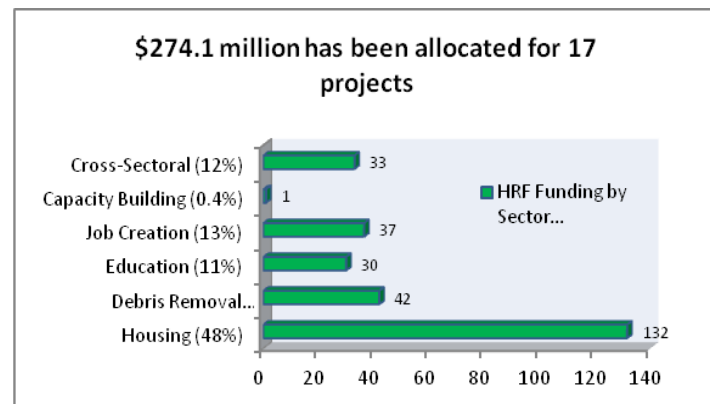
As of September 30, 2012, **19 donors have pledged and signed administrative Agreements or arrangements amounting to US\$396 million to the HRF**, of which US\$381 million has been transferred to the Trustee. During the last quarter, the Steering Committee approved the allocation of US\$20 million in reserve, bringing the total financial reserve to US\$67.5 million. The **total available funding**, including US\$67.5 million in reserves and US\$1.07 million in investment income, came to **US\$109.36 million**. With outstanding contributions of US\$15 million from Spain (US\$10 million) and the United States (US\$5 million) total funding available for project allocations stands at US\$124 million.



The HRF Steering Committee, at the request of the IHRC, has allocated US\$278 million or 70 percent of committed funds for 17 reconstruction programs, including Partner Entity fees. On July 31, 2012, the Ministry of Planning and External Cooperation was approved by the HRF Steering Committee as the new HRF government counterpart following designation by the Prime Minister. The revised procedures for submission of proposals for HRF funding were approved at the same time by the Steering Committee.

Of the US\$274.1 million in project funds allocated, 95 percent or US\$259.1 million has already been transferred to the respective Partner Entity. The United Nations serves as Partner Entity for ten out of the 17 approved projects, representing

47 percent of total project funds allocated. The World Bank supervises three projects and the Inter-American Development Bank four projects, representing respectively 38 and 15 percent of project funding approved. **The majority of HRF funding, roughly 67 percent of total project allocations, is implemented through national or local government entities**, with remaining funds implemented by local and international NGOs, UN agencies and other entities.



14 projects are currently under implementation or are being restructured with **total project-level disbursements at US\$115 million, representing 44 percent of total funds approved for projects.** Project level disbursements by the Partner Entities have increased by US\$32 million (23%) in the last three months. This continued steady increase in disbursements shows that project implementation is now well underway.

Donor contributions to the HRF represent 16 percent of total funds disbursed for the reconstruction of Haiti [as of September 2012]¹.

¹ Based on data as reported by the Office of the Special Envoy for Haiti in the Overall Financing Key Facts brief from September 2012



HRF ROLE IN RECONSTRUCTION FINANCE

Following the January 2010 earthquake in Haiti, bilateral and multilateral donors pledged \$12.32 billion in humanitarian and recovery funding at the international donor's conference "Towards a new future for Haiti". Since 2010, the Office of the Special Envoy for Haiti (OSE) has been tracking bilateral and multilateral donor allocations and disbursements (www.haitispecialenvoy.org). Of the \$5.33 billion pledged for programmes from 2010-2012, the OSE's data reveals that more than half has been disbursed (\$2.79 billion or 52.3 percent).

The HRF is an important source of strategic reconstruction financing for the Government of Haiti. To date the HRF has mobilized US\$396 million from 19 donors, allocated \$274 million for 17 activities and disbursed \$115 million through its partners. Funding made available through the HRF represents 16 percent of total funding disbursed by bilateral and multilateral donors for post-earthquake reconstruction. In fact, the total value of the HRF portfolio is \$551 million, meaning that an additional \$277 million has been leveraged in co-financing.

HRF funding is strategic not only because it supports and is aligned with the Government of Haiti's Action Plan for National Recovery and Development but also because the Government of Haiti is in the driver's seat. It is the prerogative of the Haitian government to set their priorities for reconstruction and also decide on the use of the funds as Chair of the HRF Steering Committee and as a voting member of the Steering Committee. Programs that have been financed by the HRF include housing, neighbourhood reconstruction, debris removal and management, disaster risk management, education and more generally across many of the projects, job creation.

The HRF is also an important source of budget support for the Government of Haiti, and the very first funding allocated by the HRF was \$25 million in co-financing of a \$30 million World Bank budget support operation to fill the 2009-2010 fiscal budget gap.



HRF FAMILY: TRUSTEE

Within the World Bank, the Multilateral Trustee and Innovative Financing Department (CFPMI) of the World Bank serves as the Trustee for the Haiti Reconstruction Fund. CFPMI provides trustee services for the largest Financial Intermediary Funds (FIFs) administered by the Bank, totaling over USD 50 billion in cumulative contributions and with almost USD 20 billion of funds held in trust.

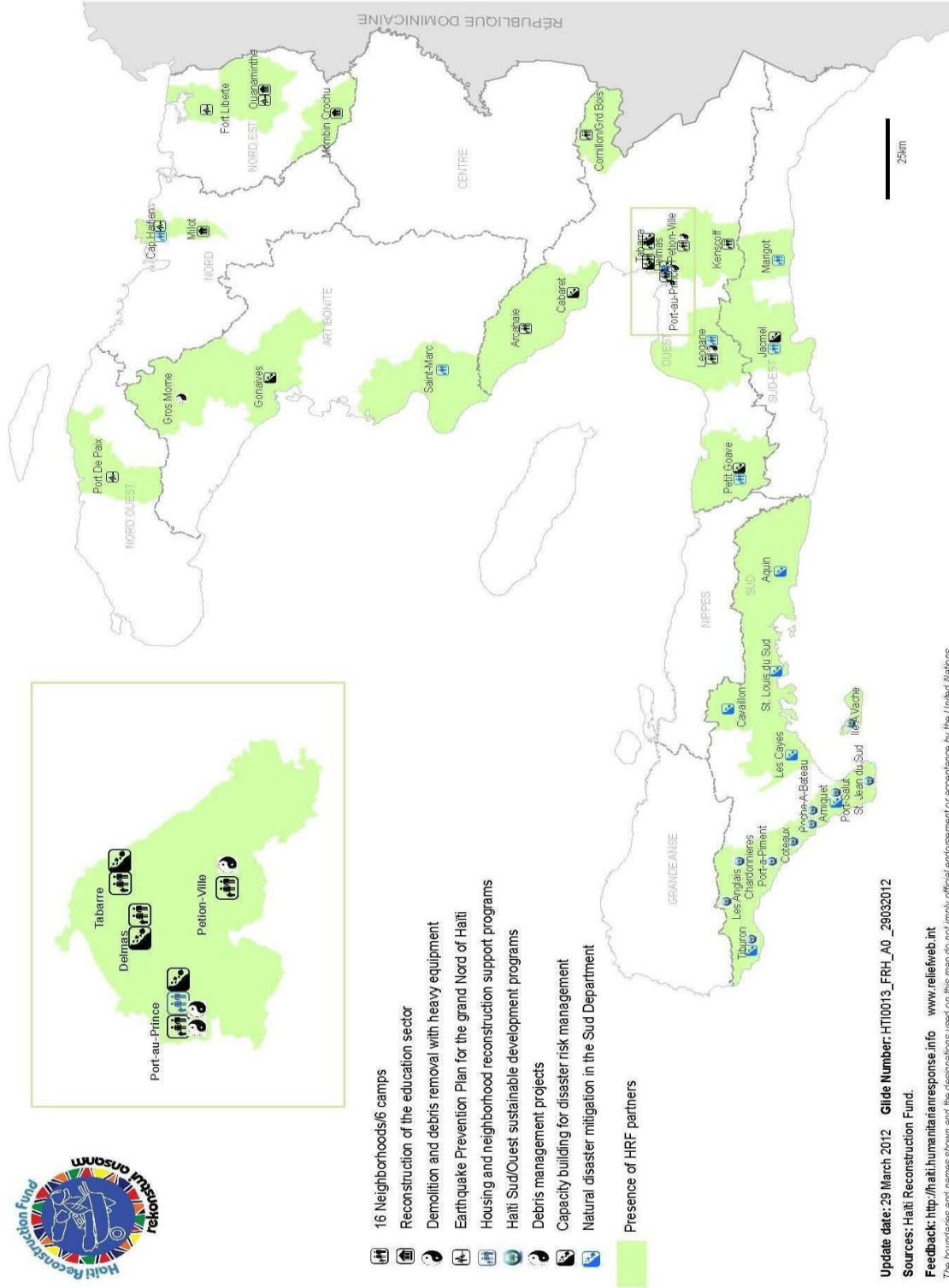
FIFs are multilateral financial mechanisms that support global development initiatives for which the World Bank i) always acts as financial Trustee, and ii) provides an agreed set of financial intermediary services, which include (but are not limited to) receiving, holding and transferring funds to recipients or other agencies for implementation. These services may also include customized financial services. FIFs in the Bank continue to show a steady growth, reflecting Donors confidence in the Bank's technical, financial and legal expertise in designing, establishing and managing FIFs. As of end-FY12, there were 19 FIFs are managed by CFPMI, the largest being the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund).

CFPMI also provides advice and helps structure new innovative financing initiatives, such as Advance Market Commitments. These two roles reinforce each other, contributing to improvements in the design and financial management of multilateral development funds.

CFPMI staff (currently numbering just over 20) bring together expertise from across the Bank to deliver customized trustee services, drawing on expertise and services of the Bank's Legal Department, Controllers (accounting), and Treasury Department, to provide trustee services to FIFs, including the Haiti Reconstruction Fund.

Additional information on the Bank's trusteeship service can be found at www.worldbank.org/fiftrustee and any questions regarding the Bank's role as trustee for the Haiti Reconstruction Fund can be directed to Jonathan Caldicott (jcaldicott@worldbank.org).

HRF ACTIVITY MAP



Update date: 29 March 2012 Glide Number: HTI0013_FRH_A0_29032012

Sources: Haiti Reconstruction Fund.

Feedback: <http://haiti.humanitarianresponse.info> www.reliefweb.int

The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

ABOUT THE HRF

The Haiti Reconstruction Fund (HRF) is a partnership between the international community and the Government of Haiti to help finance post-earthquake reconstruction. The HRF mobilizes, coordinates and allocates contributions from bilateral and other donors to finance high-priority reconstruction projects, programs and budget support. The advantages of this multi-donor approach are that it:

- Increases harmonization by pooling resources from many donors in support of the Government of Haiti's reconstruction priorities;
- Draws on the comparative advantages of proven international and locally-active partners;
- Reduces transaction costs for the Government and donors by working through one funding facility;
- Avoids overlapping initiatives and duplication of efforts; and
- Helps to meet strategic financing needs in the reconstruction process as identified by the Government of Haiti.

The HRF is the largest source of unprogrammed funding for reconstruction.

As of September 30, 2012, nineteen donors have committed US\$396 million to the Fund. This money is unprogrammed and can be used flexibly to meet the Government of Haiti's strategic reconstruction needs. 16 percent of all reconstruction funds disbursed to Haiti as of December 2011 was channeled through the HRF.

The HRF is chaired by the Government of Haiti, which also sets its priorities.

The HRF Steering Committee is chaired by the Minister of Finance. Every reconstruction activity financed by the HRF must be requested and approved by the entity designated by the Haitian Government as the HRF counterpart.

The HRF provides the largest amount of money for some of Haiti's top reconstruction priorities in the housing, debris removal and disaster risk management sectors.

The HRF is a low-cost, efficient mechanism for financing reconstruction.

Only 3 percent of committed resources are being used to cover the administrative costs of the HRF Secretariat, Trustee and Partner Entities. The HRF can approve fast track financing for small projects of up to US\$1 million in one week and larger amounts in as little as two weeks after receiving a request from the HRF government counterpart.

The HRF is a long-term partner for Haiti's rebuilding.

The HRF will continue to support the reconstruction until December 2017.

HRF SECRETARIAT

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