



STEERING COMMITTEE MEETING 5/2011¹

Minutes

1. The fifth meeting of the Steering Committee (SC) of the Haiti Reconstruction Fund (HRF) was held on March 1, 2011 at the Karibe Convention Center, Port au Prince (see Annex 1 for a list of members and observers). The main objective of the meeting was to consider the financing requests put forth for HRF funding by the Interim Haiti Recovery Commission (IHRC). In addition, the Trustee, the HRF Secretariat and each of the Partner Entities provided brief updates on activities since the last SC Meeting. The order of the meeting is detailed in the Agenda in Annex 2 of these minutes.

Welcome by the Chair

2. The HRF Chair welcomed all members of the Steering Committee, and extended a special welcome to the Ambassador of Japan and the Spanish Representative to the Steering Committee who with a contribution of US\$30 million became the newest voting members to join the Steering Committee. A letter from the Japanese Government expressing its preferences for the use of their contribution is attached as Annex 3. Spanish Ambassador Barrios was thanked for her commitments to the HRF and her replacement, Mr. Tapia was welcomed.

3. The Chair noted that the meeting takes place in the context of the end of the Preval presidency, with the second round of the elections less than a month away. There will be a new President and new members of the Assembly of Deputies and Senate. It is a situation that has somewhat influenced the attitude of the international community towards reconstruction. The Chair expressed that overall he was pleased with the response of the international community in the reconstruction.

4. The Chair outlined the agenda for the meeting, noting that the Trustee, the Secretariat and the Partner Entities would provide an update on their activities and the Committee would decide on fund allocations for the four projects that had been submitted to the HRF by the IHRC. Mr. Gabriel Verret, the Executive Director of the IHRC, was welcomed to the meeting. He was not able to join the two previous meetings and the Chair noted that it was preferable that the Executive Director or one of his representatives participate in each HRF SC meeting. This would allow the SC to have responses to

¹ As approved by the HRF Steering Committee on April 9, 2011



questions related to the IHRC in real time and would allow the SC to make decisions immediately. The Chair opened the meeting by asking the Executive Director of the IHRC to make his remarks.

Remarks from the IHRC Representative

5. The IHRC representative greeted participants and excused himself for only being able to participate for ten minutes but noted that he would be represented at the meeting by Martine Jean-Claude (the Executive Director's Chief of Staff), Aurelie Boukobza, project director, and Tatiana Wah, strategy coordinator.

6. The Executive Director raised two points. Firstly, what is the role of the Commission and that of the Trust Fund with regard to the Milk Production Project? Can a project that does not have a Partner Entity be submitted for funding to the HRF SC? The Executive Director confirmed that this could be done as the project concept note (PCN) of the IHRC does not require identification of a Partner Entity for projects that are seeking HRF financing. The project was endorsed by the IHRC without taking into consideration the Partner Entity which is normally required for HRF approval. This meeting was deemed a good opportunity to address this question as the same problem may arise in the future.

7. The second point concerned an email from Mr. Abrantes to Mr. Verret regarding a project for which the World Bank was selected as the Partner Entity. As this project involved the private sector, the World Bank passed the project on to the IFC as Partner Entity. The project is being reviewed by the IFC which has identified a number of issues that will take some time to be resolved. Mr. Abrantes requested not to block the US\$10 million for this project for the number of months required to resolve the outstanding issues. Thus, the Executive Director raised the issue of whether it is necessary to set aside the full amount of a project, which would make the funds unavailable for other activities. The Executive Director sought the feedback of the Steering Committee on this question.

8. The Chair requested the Executive Director to inform the Steering Committee about the proposed donor meeting around the one-year anniversary meeting of the Haiti pledging conference. The Executive Director informed the Steering Committee that the UN Office of the Special Envoy (OSE) for Haiti is in charge of organizing the donor meeting which will serve to analyze donor commitments versus funding and intended funding, and identify which priorities future funds should be directed to. The Executive Director asked Katherine Gilbert from the OSE to provide further information if requested. The Executive Director excused himself and was replaced by Ms. Martine Jean-Claude.

9. The Chair requested the Steering Committee to approve the agenda for the meeting or identify any proposed changes or additions. No changes were proposed and the agenda for the meeting was adopted.



Approval of the Minutes of the December 15, 2010 meeting

10. The Chair proceeded to request the approval of the minutes from the December 15, 2010 meeting. Comments to the minutes had been received from the IHRC, the United States, the Trustee, France, and the IMF. The Steering Committee was requested to approve the minutes of the December meeting. The European Commission requested that they would be listed as an observer to the Steering Committee in Annex 1. The Head of the Secretariat confirmed that there are only six official observers to the Steering Committee and that the EC participates as an unofficial observer and is therefore not listed. No other comments were received and the Minutes were adopted.

Brief Updates

11. **Trustee:** The Chair invited the representative of the Trustee to provide an update on the status of contributions and the financial status of the Fund. The Trustee presented the Trustee Report and provided some additional updates. Table 1 of the Trustee Report showed the total contributions to the HRF, representing those contributions for which Administration Agreements or Arrangements have been signed between the donor and the Trustee. Since the last meeting in December additional Agreements were signed by Finland, Ireland, Latvia, Spain and the State and Peace Building Fund managed by the World Bank for a total amount of \$34 million. With the additional contribution of Japan, which was signed the previous day, the total effective contributions to the Fund amount to US\$329 million. Of that amount the Trustee had received US\$282 million in cash. The SC members were reminded that donors that wish to make additional contributions should contact the Trustee or the Secretariat office.

12. Table 2 of the Trustee's Report provides the total cumulative funding decisions to date. The total cumulative funding decision was revised to US\$188.2 million following the decision by the Steering Committee to include the US\$5 million Budget Support operation into the US\$14 million Disaster Mitigation in the South Department Project. This will be reflected in future versions of the Trustee Report showing the total funds available. The total funds available for allocation will include the US\$5 million from the budget support operation which was reallocated. As decided by the Steering Committee, US\$40 million was reserved for future funding decisions. All funds set aside are transferred to the Partner Entity upon final approval of the final project document by the Steering Committee and the IHRC. If all projects submitted for funding consideration at the SC meeting were approved then only US\$11.7 million would remain available for future allocations. (Note: The IHRC later in the meeting increased the amounts needed for the projects under consideration – see paragraph 43 for the approved amounts.)

13. The Trustee informed the SC that it is working on a website where ready access will be provided to the Trustee information, currently available through the HRF web site. This website will be public and



will provide quarterly and other reports on the Trust Fund, through a link on the Secretariat website. The Trustee expects that the website will be up and running by summer. The Chair thanked the Trustee for its presentation and opened the floor for questions. The Brazilian representative requested that the Trustee send updated tables to them, reflecting the most recent figures as presented. The Canadian representative requested a clarification on the total amount that had been allocated to date as presented in Table 2 of the Trustee Report. The Trustee confirmed that the new total cumulative funding decision was US\$188.2 million.

14. The Norwegian Representative informed the Steering Committee that Norway will make a second contribution to the HRF but that the exact amount of the contribution is still to be decided. The Canadian representative informed the SC that they have ongoing discussions with the World Bank and several ministries about their additional contribution. The World Bank as Partner Entity representative raised the concern expressed by the government that much of the donor contributions come with preferences. The World Bank as Partner Entity representative made an appeal to donors to make their contributions in the spirit of a multi-donor Trust Fund without preferences to take advantage of the flexibility of a multi-donor Trust Fund to allocate funds to priorities identified by the government. The Trustee representative confirmed that preferences are not legally binding but that they do restrict the SC in its decision making.

15. The representative of France expressed understanding for the position of the World Bank as Partner Entity that contributions to the Fund should be without preferencing but wished to remind the SC that, although the World Bank as Partner Entity will not charge fees through June 30, 2011 for any operations processed through the Trust Fund, bilateral contributions would carry lower overhead costs. The representative from France therefore asked that the Partner Entities (World Bank, the IDB and the UN) renew their commitment not to charge fees for operations processed through the HRF as the donors are requested to provide contributions without preferencing and donors could provide bilateral aid at a lower cost. He noted that the issue of fees had still not been fully resolved. The IDB representative reiterated that the IDB would not charge fees on any co-financed operations but that the situation was different if HRF funding were to be received for a free-standing operation. The World Bank representative reiterated that as of July 1st, 2011 the World Bank would also not charge fees on any co-financed operations, but that the situation would be different if HRF funding were to be received for a free-standing operation.

16. The Chair invited the representative of the Secretariat to provide his update on the activities of the Secretariat and on the performance of the project approval process.

17. **Secretariat:** The Secretariat representative invited the Steering Committee to pose any questions related to the Secretariat Report that was provided to the SC. The Secretariat representative then proceeded to present the performance of the HRF and the project approval process with options for improvement. The grant approval process constitutes several steps and includes set performance



standards of 5 working days or 7 calendar days for those steps that are under the control of the HRF. The Secretariat representative went through each of the steps to review the current performance and proposed solutions to improve future performance (see Annex 4). The total time required to date to process an operation for funding through the HRF from the submission of the concept note to the transfer of funds to the Partner Entity was about 96 – 97 days. As a comparison, the Secretariat has sought input from the Partner Entities on the average time required for each to process operations in Haiti. Data has to date been provided by the World Bank, which takes on average 118 days to process an operation from concept to approval based on data from projects approved in the last three years in Haiti. Under the Trust Fund the World Bank performed much better, taking only 21 days to process their operation.

18. The Secretariat representative proposed a number of other ways that the performance of the Fund could be improved. One option would be that the Secretariat could engage further upstream in the IHRC's review process of projects such that the Secretariat would be aware of projects that may be proposed for HRF financing and to serve as a resource for the IHRC. Secondly, the IHRC could include the HRF on its distribution list to keep the Fund informed on IHRC activities. Currently, the Fund only receives information from the IHRC informally. Thirdly, the Fund could be invited to participate in the IHRC Board Meetings as a resource. Fourthly, an official mechanism for submitting funding requests from the IHRC to the HRF should be put in place. At present the funding requests are submitted informally by the Secretariat attending the IHRC Board Meetings and informally requesting information from the IHRC. The HRF Operations Manual calls for a written communication from the IHRC to the HRF. The risk of a written communication would be that it may not come in time for the HRF SC the morning after the IHRC Board meeting. The HRF Secretariat Representative thus proposed as an alternative that the IHRC representative would verbally communicate the IHRC's decisions at the HRF SC meeting. This option would potentially require an amendment to the Operations Manual. A last recommendation would be that the Partner Entity would more closely involve the IHRC sector lead in the project preparation process such that the IHRC would be better informed of projects being proposed for HRF financing.

19. The Secretariat representative provided an overview of the role of the HRF in overall reconstruction finance for Haiti in 2010 (see Annex 4). Out of the total funds disbursed for reconstruction in Haiti in 2010, 23 percent of funds were channeled through the HRF, representing 15 percent of total resources pledged for 2010 or 5 percent of total resources pledged for reconstruction in Haiti for 2010 and 2011. The HRF Secretariat representative highlighted the role of the HRF in contributing to reducing the financing gaps as identified by the Office of the Special Envoy. The Secretariat representative reiterated that HRF funding is channeled to the priority sectors and activities as identified by the IHRC, and that of the total funds allocated to date only 16 percent was allocated for budget support. At the next meeting, the HRF offered to provide in addition data on how the HRF is contributing to the priority sectors as identified by the IHRC. The Secretariat promises to continue to



keep track of how the HRF is filling financing gaps. Finally the Secretariat representative presented to the SC the calendar of the winning entries from the HRF photo competition.

20. The Chair invited the members of the SC to respond to the Secretariat's presentation. The IDB representative confirmed his agreement with the first recommendation presented by the Secretariat, namely that the Secretariat be invited to participate upstream in the review of projects by the IHRC. This would for example have allowed the Secretariat to assist the IHRC in identifying a Partner Entity for the Milk Production Project. The World Bank representative thanked the Secretariat for the report and added that the World Bank performance in preparing projects in Haiti is exceptional for the Bank. Under normal circumstances the World Bank would take about 9 – 11 months to prepare a project. The World Bank has gone out of its way to process operations rapidly given the special circumstances in Haiti but this would not be sustainable if done in all World Bank member countries. This raises the question of whether this performance is sustainable going forward as normally the World Bank allows the use of special emergency procedures only for a limited amount of time, usually one year, following a disaster. As has been done by the IDB, the World Bank will also seek to extend the use of emergency procedures going forward. For the housing project approval has already been received to process the project using emergency procedures. Regarding the question of fees, the position of the World Bank is the same as that of the IDB namely that as of June 30, the World Bank will not charge any fees for HRF funding used to co-finance an existing World Bank operation. However, it is not feasible to not charge fees for stand-alone operations as the World Bank does not have the requisite budget to cover preparation and supervision fees for these projects. The proposal by the French representative would thus not be feasible for the World Bank. The World Bank representative highlighted that evidence suggests that bilateral and multilateral agencies, with the exception of the European Investment Bank, have the same cost structure for project preparation and supervision..

21. The representative of Spain reported a marked imbalance between the funds pledged by the international community for Haiti's reconstruction and those allocated to the HRF, and has therefore highlighted the need for donors to reverse this trend. The Canadian Representative urged the Secretariat to continue to take this metric based approach, which was very much appreciated and presented in an easily understandable way. The Canadian representative also welcomed the suggestions based on the data to improve the functioning of the HRF and asked the Chief of Staff of the IHRC to take back to the Executive Director the suggestions presented to improve the two-way information flow between the HRF Secretariat and the IHRC. The Canadian Representative also highlighted his request that the Commission documents more clearly and formally indicate when voting concerns a project that will be presented for HRF financing. Where a PCN proposes HRF financing it is important that the HRF be involved from the start. The Canadian representative cautioned however against jumping straight to the full project document as this would eliminate the value of the PCN of giving a quick signal and the ensuing feedback.



22. The IHRC representative thanked the Secretariat and others for their suggestions and presented a number of related issues. The IHRC has two departments that are key to its role -- the strategy and planning department and the project department -- both of which are very much understaffed at the moment. Although new staff has come on board recently, they are working on catching up on the backlog. The Strategy and Planning Department has a director who is in Haiti less than half-time, and coincidentally the Strategy and Planning Director is outside of Haiti the month of the Board meeting. The IHRC has identified eight priority sectors in its Strategic Plan, out of these there are three full-time sector leads - for debris removal, housing and shelter, and health. The full-time sector lead for capacity building ended his assignment on February 28th. The other four sectors (education, energy, job creation, water and sanitation) have sector leads that can provide only 20 percent of their time to the IHRC. Only two sector leads have other staff working with them. The remainder are one-person teams. The IHRC is working to staff up and is also working to improve collaboration with the ministries and other partners in the project review process but this is not possible without the necessary human resources.

23. The Secretariat Representative added that the HRF Secretariat maintains excellent relations with the IHRC Chief of Staff, Projects Director and Strategy and Planning Director, but that these are based on informal relations and that formal communication is necessary. In addition, he added that the OSE representative noted that the sector categories used by the HRF secretariat in its report are those used in the Reconstruction Plan. Lastly, the Secretariat Representative noted that, for the next Secretariat Report, the Secretariat would be presenting an overview of its expenses to date (along with the Trustee), a quarterly financial report, and a preliminary communication strategy.

24. The Representative of France noted that several donor countries had offered to provide human resources to the IHRC without receiving a response, and indicated that the solutions as proposed in the Secretariat presentation are sensible proposals that could be easily put in place, especially given that at each IHRC meeting an improvement of procedures and relations between the IHRC and HRF is highlighted. The Representative of France also highlighted a minor point that, if the donor conference would take place on April 7 and the IHRC commission meeting on April 8, then the HRF Steering Committee meeting would have to take place on Saturday, April 9. In relation to the IHRC's human resources needs, the Canadian Representative noted a point that was raised at the Commission meeting, namely the IHRC's relation with the different ministries and suggested that the IHRC appeal to the ministries to assist in the review of projects.

25. The Chair noted that the Government ministries were very constrained in their human resources as well. As a result of the many crises that Haiti has faced, there has been significant brain drain. The IDB is assisting the government in rebuilding the capacity of the public sector. There are ongoing discussions between the IDB and the GoH about how financial resources from pertinent operations might be used to support the IHRC. The Chair highlighted that the problems of the IHRC should be raised at a meeting of the Commission and suggested that, at the next IHRC meeting, the human resource constraints be placed on the agenda as a specific point to be discussed. The relationship between the IHRC and the HRF



is good but, as indicated by the French representative, the same procedural problems have been raised many times and should be resolved once and for all at an institutional level.

26. The IHRC representative raised the issues of whether a Partner Entity is required before a project can be submitted for HRF financing and whether partial financing can be requested from the HRF as two urgent points to be addressed by the HRF Steering Committee. The U.S. representative reiterated the need for a robust government capacity building strategy, which he had proposed that the World Bank organize, and this should be raised at the next IHRC meeting. Several donors are working on capacity building. The chair invited the Partner Entities, beginning with the IDB, to provide an update on their HRF-financed activities.

27. Partner Entities: IDB – Under the Partial Credit Guarantee Fund, the IDB received project funds of US\$12.5 million from the HRF and the team is working with the government to complete the disbursement conditions. This is expected to be done by the week of March 7th, following which IDB will make three disbursements to the Partial Credit Guarantee Fund. Under the Education Program, the allocation of priorities to be funded has slightly shifted and, in collaboration with one of the donors, it was agreed to focus on education infrastructure. Implementation of the Disaster Mitigation in the South Department project is awaiting internal approval of the additional funding.

28. The Chair requested that the IDB do their best to accelerate the operationalization of the Partial Credit Guarantee Fund as commercial banks and private enterprises have long been promised access to the Fund and the Fund was officially launched two months ago. The IDB representative confirmed that the last condition prior to disbursement is close to completion. The Fonds de Développement Industriel (FDI) has selected an international consultant to join its team. The contract agreement for the selected candidate is underway.

29. UN – The UN Representative provided an update on the five projects for which the UN serves as the Partner Entity. The PCN for the Debris Management Project was approved in August and work started immediately even though they did not request a transfer of funds from the Trustee until December. Work completed includes the identification of key areas of intervention, working with the Mayor of Port au Prince as well as the Ministry of Public Works, finalization of the work plan, letters of agreement signed on removal of debris, the use of heavy equipment, and community enumeration, the project manager has been hired and other key staff are being recruited. The PCN for the Demolition and Debris Removal with Heavy Equipment project was approved in December and the final project document will be submitted to the SC shortly. In the meantime, the key areas of intervention have been identified. The remaining three UN projects are still in the early stages of preparation. The objective of the Watershed Protection and Flood Mitigation in the South is to contribute to disaster risk reduction through management of watershed basins and agricultural development in the South. Following the approval of the PCN in October, the completed project document has been approved by the SC and SC



comments have been incorporated. The project document is being circulated for signature by all partners. Some operational steps are already underway - the first coordination meeting was held on February 16, the preparation of tenders for the purchase of equipment and the development of the Project Implementation Unit are also underway. The Project Implementation Unit has been on the ground and operational for the last week. The Sustainable Development in the Southwest project is part of a long- term sustainable development project. The disbursement of funds to partner agencies is pending finalization of the four-party project document. On the UN side, all parties except for UNEP have signed, the Prime Minister has signed on behalf of the Government and contracting processes for UNEP is underway. The project was launched on the 4th of January with advanced funding. Core staff are already in place and the recruitment of other posts is happening in the Southwest. A baseline data assessment is happening. The Capacity Building for Disaster Risk Management focuses on community-level disaster preparedness capacities. The project document was signed by all parties last week. The DPC and IOM have already interviewed key national staff, finalized plans for assessment of existing shelters and discussed training modalities. Regarding the duration of the preparation time the UN Representative recognized that all projects took a long time to prepare but highlighted that this was in part due to the extensive involvement of government counterparts and extensive discussions with local partners and with Mayors. In each case, it was felt to be important and well worth the time investment to have full partner buy-in to ensure sustainability.

30. World Bank – The World Bank representative provided an update on progress of the three HRF-financed activities for which it is the Partner Entity. The Budget Support Operation was approved in June and fully disbursed by August 23. This project has three pillars – (i) economic and financial policy, (ii) procurement and (iii) transparency on transfers to the electricity sector and enforcement of the declaration of assets of executives. The initial implementation of the project went very well as was evidenced by the excellent performance of the economic and financial policies led by Minister Baudin as presented at the IHRC Commission meeting, which led to the rapid disbursement. The remaining policy changes have not gone as far and fast as would have been desired. There is still some ground to be covered in the transparency on transfers to the electricity sector, procurement and the declaration of assets of Government officials. It is at times difficult to implement these reforms in a time of political change but a lack of progress is also an inhibition for donors to support a follow-up budget support operation. The World Bank has two housing projects. The IDA-financed US\$30 million housing project focused on Delmas 32 funded by the World Bank is already effective. Teams are working on the ground, the community urban planning has been finalized and the enumeration and community mapping is underway such that houses can start to be fixed. In this project the World Bank has been working very closely with the Sean Penn Foundation which has been doing the debris removal in Delmas 32. The second project is the HRF-supported US\$65 million Neighborhood Rehabilitation Project which will start in Carrefour-Feuille and will become effective in May. The synergy between the UN's debris removal project and the housing project is evident in this area. The World Bank also partners on the Partial Credit Guarantee Fund with the IDB.



31. The observer from the National NGOs requested that there be a constant and rigorous follow-up on the implementation of projects on the ground. It is not up to the members of the HRF SC to follow up on the projects but it is the responsibility of the ministries in collaboration with the local authorities.

Review of Financing Requests from the IHRC

32. The Chair introduced the next agenda item, the review of project funding requests. Four projects were presented for financing; a Housing Finance Facility, a Housing and Neighborhood Reconstruction Support Program, an Earthquake Prevention Plan for the North of Haiti, and a project for the Development of Milk Production and Processing in Haiti. The Chair invited the Secretariat Representative to speak in particular on the two projects which were submitted without a Partner Entity.

33. The Secretariat representative reminded the SC of the rules that govern the HRF, stating that for the submission of a PCN, an implementing agency works with a Partner Entity to develop a PCN in line with the IHRC PCN format or a full project document. The PCN or full project document must in order to be submitted be in line with the internal processing procedures of the Partner Entity and the implementing agency. With this understanding, the Secretariat Representative proposed three possible ways to proceed with the two projects that were submitted without a Partner Entity, namely the Housing Finance Facility and the Development of Milk Production and Processing in Haiti project. Firstly, the project proposals could be sent back to the Commission to provide more time to find a Partner Entity. The second option would be to revise the HRF Operations Manual to allow the submission of project proposals without a pre-identified Partner Entity and to put the responsibility for finding a Partner Entity with the SC. A third option would be to tentatively accept the two project proposals but not to set aside resources until a Partner Entity has been identified.

34. The World Bank representative thanked the Secretariat representative for the proposed solutions and for reminding all the rules of the game. The World Bank representative had understood that at the IHRC meeting it was decided by IHRC Co-chair Bellerive to retain the Milk Production project at the IHRC and not to submit it for HRF funding. The World Bank representative requested that the IHRC representative confirm his understanding. With regards to the Housing Finance Facility, the World Bank representative explained that conversations had taken place between the Clinton-Bush Foundation and the IFC. Both entities agree that the concept is very important. The technical work to ensure that the project is financially viable has not yet been completed; the size of the market is not clear, the price dimension has not yet been explored, and the fact that an implementing agency has been selected without a competitive bidding process is against IFC rules. Given that these elements have yet to be resolved, the IFC is not yet ready to agree to be the Partner Entity, but there is a will on the part of the IFC to come to mutually agreeable solutions to these problems and to be the Partner Entity for this project.



35. The HRF Secretariat representative reiterated that the World Bank as Partner Entity representative raised an important point regarding what the exact decision of the IHRC Board was. The representative from Canada confirmed his understanding that the commission concluded that the concepts were approved in principle but that the two projects were not ready to be submitted for a funding decision by the HRF SC due to the lack of Partner Entity. He noted that that the Operations Manual would thus not need to be revised. The Housing Finance Facility is very important and the member expressed his hope that the project would be re-submitted for the meeting of April. The Chair asked the SC if he should understand based on the points raised that the two projects should not be considered until the meeting in April or can the SC take a decision on the two projects and request that the IHRC complete the missing information.

36. The IDB representative suggested that the Partner Entities could possibly come to an agreement as to who would be best placed to be the Partner Entity for the operations that the IHRC submitted. The U.S. representative suggested that it would be better to delay these projects until they have been better defined and the Partner Entities have had the time to chime in. The Canadian representative agreed that the Commission has approved the projects and that the decision is with the HRF SC. He also agreed that the two projects are not ready for funding to be set aside.

37. The Chair invited other comments. The observer representing Local Authorities noted that he understood that the projects were approved and noted that the projects could definitely be improved but that they are very interesting and should not be put to the side. The Chair clarified that the options were to wait until the next HRF SC meeting or to consider the projects once the information has been completed. The Secretariat Representative clarified that it would not be necessary to wait until the next SC meeting. Once one of the projects has a Partner Entity, the Secretariat could circulate the project proposal for approval by the SC to set aside the funding. The IHRC representative noted that she would make the changes in the system for the IHRC concept note to require a Partner Entity upon submission. The IDB representative noted that the projects could still be considered given that the projects were already submitted and the Partner Entities could agree on who would be best suited to be the Partner Entity for these projects, although in future it would be better that the Partner Entity be involved in the development of the project concept note.

38. The Chair noted that the suggestion of the IHRC representative to change the IHRC concept note such that a project cannot be submitted unless a partner entity has been identified would resolve this issue in the future. A member of the Steering Committee suggested that the procedures could be reviewed such that a project could be proposed initially without a Partner Entity. The Chair indicated that this would not be desirable as the HRF SC should not become responsible for finding a Partner Entity. One option presented by the Chair could be to introduce new Partner Entities. The French Representative suggested the inclusion of bilateral aid agencies. The French Representative added that in some cases the UN plays both the Partner Entity and the Implementing Agency whereas the rules require that a Partner Entity work with a separate implementing agency. The HRF Secretariat



Representative clarified that the Partner Entity is the United Nations Development Group (UNDG), represented by the UNDP multi-donor office, and the implementing agencies are the operational agencies of the United Nations. This was set up as such to be able to take advantage of the UN agencies' implementing capacity. The UN representative added that this is also to ensure coherence between the UN agencies, that UN agencies submit proposals through the UNDP multi-donor trust fund with the Trust Fund serving as controlling and auditing entity to ensure that there is coherence within the UN, and that there are conflict of interest avoidance procedures in place between the UN as Partner Entity and the UN agencies as implementing agencies.

39. The Chair requested which of the members of the HRF SC would be ready to accept the proposals under the condition that the missing information on the Partner Entity be completed by the IHRC. The IHRC representative requested a clarification as to the exact role of the IHRC in finding a partner entity for the projects. The Chair noted that given that the IHRC submitted the project for funding, the IHRC is responsible for ensuring that a Partner Entity is found. As soon as the IHRC provides the required information, the projects can be considered by the SC. **DECISION:** The SC will consider the PCNs for the project for the Development of Milk Production and Processing in Haiti and the Housing Finance Facility once a partner entity has been identified. Resources will not be set aside until then. (Subsequently the UN confirmed that it would serve as Partner Entity for the project for the Development of Milk Production and Processing in Haiti).

40. The Chair moved on to the two other projects for consideration; the Housing and Neighborhood Reconstruction Support Program and the Earthquake Prevention Plan for the North of Haiti. A clarification was requested on the exact financing requested for the Housing and Neighborhood Reconstruction Support Program. The HRF Secretariat representative clarified that there had been a lot of discussion at the Commission level as to how much money to request for this project and it was finally decided that a total of US\$24.67 million would be requested from the Fund with co-financing from the UNDP and the Ministry of Planning for a total project amount of US\$30.77 million. It had initially been suggested to seek only partial funding for the project such as not to block the full amount at this stage and to request additional funds at a later stage. One of the issues raised by the Executive Director was whether such partial funding requests would be possible. The IHRC Director of Operations clarified that it was decided to request the full funding, US\$24.67 million, for the operation.

41. The Chair invited the Steering Committee members to raise any further questions or to approve the projects. Further clarifications were requested on the total funding amounts requested for the Earthquake Prevention Plan for the North of Haiti. The IHRC Director of Operations clarified that US\$9.96 million in HRF funding was being requested for that project. The National NGOs observer requested that the CNGS be included in the follow-up on the implementation of the Earthquake Prevention Plan for the North of Haiti.



42. DECISION: The Housing and Neighborhood Reconstruction Support Program was approved for financing totaling US\$24.67 million with the UN as the Partner Entity. The Earthquake Prevention Plan for the North of Haiti was approved for financing totaling US\$9.96 million with the UN as Partner Entity.

Other Business

43. The Chair proceeded to the final agenda item. He noted that it was suggested that members of the SC be invited to participate in Supervision Missions of the Partner Entities. The Chair confirmed his agreement with this suggestion and added that the relevant line ministers should be invited as well. In addition, he suggested that the representatives of the relevant line ministers be invited to make their remarks following the presentations of the Partner Entities, which will ensure that the SC be fully informed and to have information from different sources. The Chair requested if the SC agreed with this suggestion.

44. The World Bank Partner Entity representative agreed that in principle the SC members should have the right to participate in supervision missions of HRF-funded projects but noted that, given the size of the SC, this could become a somewhat unruly situation if too many SC members would participate. Should there be some limitation on the number of SC members that could participate at any time? The Chair noted that each SC member should be able to at any time accompany the Partner Entity to verify something or follow up on a project in the same way that the responsible ministry should be able to do the same. There is value in the participation of somebody who is not involved in the day-to-day operation of the project. The HRF Secretariat representative informed the Chair that the Secretariat would coordinate the participation of SC members in the supervision of projects so as not to overburden supervision missions. The Secretariat representative noted that, in his experience with other multi-donor trust funds, there have been on average between 2-5 SC members who have participated in supervision missions. The Secretariat will inform the SC of each supervision mission and will request the possibility for SC members to participate and check with the Partner Entity if there are any constraints in the number of SC members that may participate. If this is the case, then the Secretariat will work on a first-come-first served basis. The Chair suggested limiting the number of participants to one person per mission. The National NGOs observer suggested that there be a possibility to interface in the field with the local government and the organizations that are active in that area in order to have a platform for interaction to provide an idea of how the execution of the day-to-day operations go. The National NGOs observer offered her assistance to identify key players and organizations that would provide valuable inputs into certain projects and added value to supervision missions. The Norwegian representative expressed her agreement with the suggestion by the National NGO observer that local actors be included in the supervision missions. The Canadian Representative suggested that a set number (preferably up to three SC members) be allowed to participate in the supervision missions based on a first-come-first served system. Supervision is very important for the donors, but at the same time the Partner Entities should have a guarantee that there is a set limit.



45. The U.S. representative returned to a question raised earlier by the IHRC representative, namely whether funding should be staged given that certain projects do not need all funds within the first few years. Staging the funding would allow the Fund to do more with those funds in earlier years instead of the funds sitting in a Bank account for a number of years. The Secretariat representative noted that such a decision should be made in conjunction with the Partner Entity as there is an associated risk that funding may not materialize in later years. A decision for staged funding should really be made prior to the project being submitted to the HRF SC for financing. **DECISION:** It was decided to address the issue of staged funding at the next SC meeting.

46. The IHRC Representative requested a final clarification on the status of the Housing Finance Facility and the Milk Production projects. As understood the IHRC Representative noted that the two projects would be returned to the IHRC and resubmitted once a Partner Entity has been identified. The IHRC representative requested clarification on where the next decision lies. The Canadian Representative stated his understanding that the projects were already approved by the IHRC Board, so that while the PCNs would be sent back to the IHRC they did not need to be resubmitted to the IHRC Board. Instead, once a Partner Entity was found the projects could be directly resubmitted to the HRF SC so that resources would be set aside and the full project documents could be prepared. This was confirmed. The Secretariat also noted that the amount of financing requested for the projects could be changed downwards once the partner entity reviews the projects.

Closing

47. The World Bank representative thanked the Secretariat for the exemplary and collegial manner in which the meeting was conducted. The Chair thanked the SC members for their participation and the swift but thorough proceeding of the meeting.



Table: Decisions, Responsibilities and Timeframe

Activity-Task	Action	Responsible	Timeframe
Approval of Minutes from Fourth SC meeting	Posting on Fund's website	Secretariat	Immediate
Disclosure of Trustee report	Posting on Fund's website	Secretariat	Immediate
Updated Trustee Report	Prepare an updated Trustee Report to reflect most recent data	Trustee	Next Steering Committee Meeting (data as of March 31, 2011)
Communications Strategy	Prepare Draft communications strategy for 2011.	Secretariat	Next Steering Committee Meeting
Milk Production (CN 373) and Housing Finance Facility (CN 192)	SC will consider the projects after a Partner Entity has been identified. Resources not set aside until then.	Partner Entities and IHRC	As soon as possible
Housing Support Program (CN 397) and Earthquake Prevention in North (CN 408)	\$24.67 million set aside for Housing and \$9.96 million set aside for Earthquake. Full project documents now need to be prepared and submitted to SC.	UN as Partner Entity for both projects	As per UN standards for preparing project documents
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 <i>Government of Haiti</i>	M. Ronald Baudin, Chairperson and Minister of Finance M. Yves-Robert Jean
Brésil / <i>Brazil</i>	M. Rubens Gama Dias Filho
Canada	M. David Moloney
Norvège / <i>Norway</i>	Ms. Elizabeth Slattum
Etats-Unis / <i>United States</i>	M. Tom Adams
Espagne/ <i>Spain</i>	M. Arturo Reig Tapia
Japon/ <i>Japan</i>	M. Kentaro Minami

Entités Partenaires / Partner Entities

BID / <i>IDB</i>	M. Jose Augustin Aguerre
ONU / <i>UN</i>	M. Nigel Fisher
Banque Mondiale/ <i>World Bank</i>	M. Alexandre Abrantes

Agent Fiscal

<i>Fiduciare/Trustee</i>	Ms. Pamela Crivelli and Ms. Chie Ingvoldstad
--------------------------	--

Observateurs / Observers (Official)

Local Authorities (Maires)	M. Joseph Gontran "Billy" Louis (absent)
Local Authorities (Casecs)	M. Raoul Pierre-Louis
Diaspora	M. Joseph M.G. Bernadel (absent)
National NGOs	Mme. Carmèle Rose-Anne Auguste



Haiti Reconstruction Fund

A Fund for Recovery, Reconstruction and Development of Haiti



International NGOs

M. Philippe Bécoulet (absent)

Private Sector

M. Reginald Boulos (absent)



ANNEX 2: MEETING AGENDA

Fifth Steering Committee Meeting

Agenda

March 1, 2011

Karibe Convention Center, Port au Prince

09: 30am - 12: 00pm

- | | |
|------------------------|--|
| 09: 30 - 09: 40 | Welcome by the Chair |
| 09: 40 - 10: 00 | Remarks from the IHRC Representative |
| 10: 00 - 10: 15 | Approval of the Minutes of the December 15, 2010 meeting |
| 10: 15 - 11: 00 | Brief Updates: <ul style="list-style-type: none">- Trustee- Secretariat (presentation on the performance of the Fund)- Partner Entities (on project implementation) |
| 11: 00 - 11: 45 | Review of Financing Requests from the IHRC: <ul style="list-style-type: none">- <u>Proposal 1:</u> Housing Finance Facility- <u>Proposal 2:</u> Housing and Neighborhood Reconstruction Support Program- <u>Proposal 3:</u> Earthquake Prevention Plan for the North of Haiti- <u>Proposal 4:</u> Development of Milk Production and Processing in Haiti |
| 11: 45 - 12: 00 | Other Business |
| 12: 00 | Closing and Lunch |



ANNEX 3 : Preferencing Letter from Japan

28 February, 2011

Mr. Ronald BAUDIN,
Minister of Economy and Finance of Haiti
Chair of Steering Committee, Haiti Reconstruction Fund
Nouvelle Primature (Place du Bicentenaire),
Port au Prince, Haiti

Mr. BAUDIN,

I have the honor to inform you that the preference areas concerning the Japan's contribution, the sum of Thirty Million United States Dollars (USD30,000,000) as a grant to the Haiti Reconstruction Fund, are the following three areas: education and capacity building; health and medical care; and food and agriculture, including debris removal (USD15,000,000 for education and capacity building area and USD 15,000,000 for other areas mentioned above).

Sincerely,

JAPAN

Kentaro MINAMI

Chargé d'Affaires ad interim of Japan to the Republic of Haiti



ANNEX 4 : HRF Secretariat Report Presentation




HRF Secretariat Report

Fifth HRF Steering Committee Meeting
March 1, 2011
Port-au-Prince



1. Performance Assessment of the HRF Grant Approval Process

Concept Note Approval
(From Date of IHRC Submission to the HRF Secretariat until Date of HRF SC Approval)

- ✓ Performance Standard: 7 calendar days
- ✓ Average: 8.1 calendar days (range: 1-15 days)
→ Performance 16% longer than standard
- ✓ Options for improvement:
 - Seek input from SC members on concepts prior to formal submission by the IHRC for HRF financing
 - PE submits full project document for approval (cutting out the concept note approval stage)



Partner Entity Preparation of Full Project Document

(From Date of SC Approval of Concept Note until PE Submission of Full Project Document to the HRF Secretariat)

- ✓ No Performance Standard
- ✓ Average: 42.8 calendar days (range = 3 – 104 days)
- ✓ Performance by Partner Entity:
 - IDB: 53.5 days
 - UN: 51.8 days
 - World Bank: 21 days
- ✓ Options for improvement:
 - Encourage PEs to apply accelerated procedures
 - Encourage PEs to immediately submit fully developed project documents instead of project concepts



SC Approval of Full Project Document

(From date of PE submission to HRF Secretariat of full project document until SC no-objection approval of the document)

- ✓ Performance Standard: 7 calendar days
- ✓ Average: 7.8 calendar days (range: 1 – 12 days)
 - ➔ Performance 11% longer than standard
- ✓ Options for improvement:
 - SC members could raise concerns or suggestions earlier during the no-objection period
 - Partner Entity could consult SC members during the project preparation process



IHRC Approval of Full Project Document

(From date of HRF Secretariat submission to IHRC of full project document until IHRC no-objection approval of the document)

- ✓ Performance standard: 7 calendar days
- ✓ Average: 8.8 calendar days (range: 1 – 21 days)
 - ➔ Performance 26% longer than standard
- ✓ Options for improvement:
 - IHRC could raise concerns or suggestions earlier during the no-objection period
 - This step could be removed as it may no longer be necessary
 - Project document could informally be submitted to the IHRC at the same time as it is circulated to the SC



Fund Transfer Request

(From date of IHRC no-objection approval of the full project document until submission of the transfer request by PE to the Trustee)

- ✓ No performance standard
- ✓ Average: 33.2 calendar days (range: 4 – 90 days)
 - Average prior to signing Transfer Agreement: 61.3 days
 - Average after signing of Transfer Agreement: 5 days
 - ➔ Signing of TA between Trustee and PE resolved delays
- ✓ Options for improvement:
 - Partner entities could be encouraged to request the transfer of funds even before they are ready to use them
 - Partner entities could accelerate internal procedures so that they are ready to use funds as soon as they are allocated by the HRF



Haiti Reconstruction Fund

A Fund for Recovery, Reconstruction and Development of Haiti



Fund Transfer from Trustee to PE

(From date of submission of transfer request by PE until transfer of funds by Trustee)

- ✓ Performance standard: 7 calendar days
- ✓ Average: 3.5 days (range: 1 – 6 days)
→ **Performance 50% faster than standard**
- ✓ No recommendations for improvement



Total Average Processing Time

(From Date of IHRC Submission to the HRF Secretariat until Date of Fund Transfer by Trustee to Partner Entity)

- ✓ On average the full project preparation and approval process takes 96.5 days (range: 48 – 128 days)
- ✓ In comparison project preparation and approval for PE operations in Haiti takes on average:
 - Xxx days for the IDB
 - Xxx days for the UN
 - 118.6 days for the World Bank* (from PCN to final approval)



Other Options for Improvement

- ✓ Include the HRF Secretariat as resource during the IHRC project evaluation process
- ✓ Add HRF Secretariat to the IHRC e-mail distribution list
- ✓ Invite the HRF Secretariat to participate as resource at IHRC Board meetings
- ✓ IHRC should formally communicate funding requests to the HRF Secretariat (amount and designated PE) upon submission to and approval by the IHRC Board
- ✓ PE engages IHRC sector lead in the project preparation process

2. Role of the HRF in Overall Reconstruction Finance for Haiti





Haiti Reconstruction Fund

A Fund for Recovery, Reconstruction and Development of Haiti

