



Haiti Reconstruction Fund

A partnership between the Government of Haiti and the International Community



HRF QUARTERLY UPDATE / No 8: WINTER 2013



Distribution of school kits to the 3rd year students at the Ecole Jacques 1er of Sarazin – Courtesy of IDB

HIGHLIGHTS OF THIS ISSUE

- A proposal to transform the HRF into a mechanism for financing other types of assistance to Haiti beyond reconstruction was developed for approval by the Government at the request of the HRF Steering Committee
- The HRF has allocated US\$17 million that primarily focuses on the environment (the Southwest Sustainable Development Program and the Park Macaya component of the Natural Disaster Mitigation in the South Project)
- 103,000 school kits were distributed in October-November 2013 and 70,000 students are expected to receive scholarships for the 2013-14 school year.
- 25,000 households have benefited from community-wide upgrading in Port-au-Prince
- Construction of three dairies and service centers in Côtes-de-Fer, Torbeck and Thomazeau, are nearing completion. Inaugurations are scheduled for May 2014.
- HRF-financed projects have disbursed US\$182 million, representing over 62% of funds approved for projects

Welcome to the eighth 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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HRF GOVERNANCE

During the final quarter of 2013, a preferred scenario for the future of the HRF was developed and shared with stakeholders at the request of the HRF Steering Committee. In this scenario, the future of the HRF would be defined by the following characteristics:

- Following a decision by the Government and major donors, the HRF could scale up and serve as a mechanism for other types of assistance to Haiti beyond reconstruction.
- The HRF Secretariat would reduce its size and functions, focusing primarily on fundraising and production of a single annual report. The Secretariat would no longer provide support to the Steering Committee real-time meetings, organization of communications activities or assistance in developing financing pipeline for new activities.
- The Trustee would continue to fulfill its functions of receiving, holding, transferring, and preparing reports on the contributions.
- The Government would focus its efforts, with support from the Secretariat, on mobilizing new contributions to the HRF.
- The Fund would continue to operate as planned until the end of 2017 but could be closed at an earlier date.
- The performance of the Fund would be evaluated after the allocation of remaining resources that were contributed for the purpose of reconstruction.
- Steering Committee decisions would be made virtually with support from the Secretariat but the Secretariat would not have the capacity to organize and document real-time meetings of the Committee.

- The HRF Operations Manual and Administrative Agreements with donors would be amended to reflect these changes.

These characteristics and preferred option are being presented for review and approval by the Council of Ministers.

In addition to this development, the HRF Steering Committee reaffirmed its decision to hold a final review of the Fund in lieu of a mid-term review and approved the minutes of its 11th meeting that was held in September 2013. The Secretariat finalized and posted the HRF's third annual report covering the period from July 2012 through June 2013, and issued the Fall Quarterly Update on HRF activities.



View of two housing units built in Morne Hercule – Photo Courtesy of the UN

DONOR SPOTLIGHT : AUSTRALIA



Australia is the eighth largest contributor to the HRF, and one of the first HRF donors, having committed and transferred a contribution of AUD 10 million (USD 8.6 million at the then-current exchange rate) in mid-2010. This contribution was made without any preference, thus allowing the Government of Haiti greater flexibility to meet its reconstruction needs.

While Australia is not a major donor in Haiti, it responded quickly following the earthquake with AUD 26.7 million in government assistance for relief and reconstruction, and another AUD 26 million in public donations through Australian NGOs. Of the AUD 14 million provided for recovery, AUD 2.5 million supported the UNDP-managed Cash for Work Program, AUD 750,000 went for the Caribbean Community's relief efforts, AUD 750,000 helped construct water tanks for rainwater storage in partnership with Brazil, with the remaining AUD 10 million being its

contribution to the HRF. A further AUD 2.7 million was provided to support the delivery of health services in Haiti: including AUD 765,000 provided in partnership with the Government of Cuba to support maintenance and electricity generation at hospitals and health centers; AUD1 million to the Caribbean Community/ International Organization for Migration to provide sanitation facilities for 15,000 people and AUD 1 million to UNICEF to provide clean water, water purification tablets, hygiene kits, and other essential life-saving supplies as part of the Haiti cholera response.

I. CONTEXT

1. Haiti is confronted with daunting environmental challenges. Slow economic growth and rapid population growth constantly put pressure on forests, soils and water resources which, in turn, exacerbate the impact of natural disasters. Less than 5 percent of Haiti's original forests have been conserved and nearly 10 percent of the country's forest cover (11,000 ha) was lost between 1990 and 2005. Land erosion in this mountainous country is extreme, and intensifies during the hurricane season. The 2004 Report of the United Nations Program for Development on Disaster Risk Reduction ranked Haiti within countries with higher risk rates in the world, indicating that in the last 50 years the country has been affected by approximately 40 hydro-meteorological events, a disaster every two years and a major catastrophe every four to six years.
2. Poverty levels in the South West region are the worst in the country and the population is particularly vulnerable to flooding and hurricanes, the rural landscape is highly degraded and deforested and food insecurity levels are high. In addition, residents have limited access to social and public services.
3. Against this backdrop, and in response to the 2010 earthquake and 2012 hurricanes, Haitian authorities committed to tackling the country's environmental challenges by strengthening the capacity, skills and tools to cope with disasters and reduce damages to its natural resources, especially in the southwestern part of the country.

II. HRF CONTRIBUTION TO ENVIRONMENT SECTOR PROJECTS

4. As part of this commitment, the Government requested the Haiti Reconstruction Fund to support two projects focusing mainly on the south of the country: (i) the **South-West Sustainable Development Program - Phase 1** (US\$ 12.5 million total cost of which HRF contributed US\$ 8 million) implemented from March 2011 to June 2013 through UNEP, UNDP, FAO and UNOPS; and (ii) the **Natural Disaster Mitigation in the South of Haiti** (US\$ 12.4 million total costs of which HRF contributed US\$9 million) managed by the Inter-American Development Bank (IADB) which is about to start its activities.
5. Through activities focused on watershed protection, forest restoration and local development, both interventions seek to reduce poverty, lower disaster vulnerability and promote sustainable management of natural resources. Both operations also put an emphasis on assisting the southwest

to develop its economic potential through the preservation of the Macaya National Park and several agricultural and forestry sub-projects that would boost local revenue and reduce pressure on natural resources.

5. HRF contribution to the environment sector is modest by its size (around US\$17 million) but it has been instrumental in mobilizing the government and donors around shared goals and reform activities in the sector, and more importantly in planting the seeds toward more systematic effort to build effective institutional capacity in natural resources management tied to local development. Together with other disaster risk management activities supported by donors and the HRF, these interventions have contributed to make Haiti more able to deal with recurrent calamities and to mitigate associated risks.

HRF-supported watershed management projects are helping Haiti to reduce environmental vulnerabilities and strengthen resilience to disaster risks in the upper watershed of the southwestern part of the country.

III. PROJECTS RESULTS

7. The **South-West Sustainable Development Project**¹ helped the government, in partnership with the UN agencies and local communities, to establish the building blocks for six articulated programs to be carried out during the next phases of the 20-year South Coast Initiative (SCI), especially the preparation and adoption of activities related to marine and coastal ecosystems preservation (South Marine Program); land management and protection (South Land Program); road infrastructure expansion (South Program); renewable energy secure provision and management (South Energy Program); sustainable tourism (Destination South); and health, education, and water and sanitation improvement (Social South). Four of these multiyear plans and strategies (Land, Marine, Infrastructure, and Energy) along with a Governance Platform have secured financing from donors (Government of Norway and Government of USA and IADB) totaling US\$12 million under the SCI. Furthermore, the project initiated various rapid results activities in the South West focused on: forestry and agriculture production and training; rehabilitation of cultural traditional fishing boats and delineation of marine protected areas; rehabilitation of cultural heritage sites and training in eco-tourism industry; provision and promotion of clean energy products and solutions; definition of a road map and investment program; water provision systems restoration and school feeding program linked to local agricultural production; training in education, health and sanitation;

PARTNERS

These two HRF-supported projects were initiated and promoted by the government of Haiti through the Ministry of Environment, the Ministry of Agriculture, and the Minister of Planning

With strong support and backing from the government of Norway, the projects were implemented and co-funded by UN agencies (especially UNDP, UNOPS, UNEP and FAO) for the South West Project and the IDB along with GEF for the preservation of the Macaya Park. These partners are helping Haiti to build sustained capacity to manage the cyclical catastrophes while at the same time tackling the degradation of its natural resources and furthering local development.

Conversely, **the Natural Disaster Mitigation in the South of Haiti** has just started a year ago (October 2012) and it is yet to disburse for its first activities (expected in February 2014). The project was able to begin with funds from the Global Environment Fund (GEF). The staff has been recruited and the office has been set up in Camp Perrin. The development of the park management plan has started; it is expected to be finalized in July 2014. Contracts have been signed for activities in the park's buffer zone which will consist in, among other activities, planting one million of tree seedlings, training 100 farmers in new agricultural practices, building 2000 linear meters of watershed protection structures, and environmental education for more than 5000 children. The executing unit is now taking the steps to contract operators for the other project components (rural roads, water harvesting, physical delimitation of the park, park surveillance guards, construction of park infrastructure).



Environmental Degradation in the South – Photo Courtesy of the UN

¹ Note this project was supplemented by and benefitted from the Reducing Vulnerability and Infrastructure in the South Department Program (UN/PCN/000154) implemented by UNDP and FAO, from 2011 to 2012. The latter focused mainly on flood risks reduction and reforestation activities.

HIGHLIGHTING PROJECT RESULTS

Out of the 19 activities that were requested by the Government of Haiti, seven projects have been completed, nine are ongoing and four are under preparation. Financing for four concepts has been set aside by the Steering Committee which is waiting for the relevant Partner Entity and the Government to submit a complete project document so that an allocation decision can be made. They are: Rehabilitation of the Peligre Transmission Line; Support to the School Feeding Program through Canteens; to the Implementation Program of the Education Plan and Reform in Haiti and the Budget Support Operation.

16 Neighborhoods/6 Camps Project

- The project is in the final phase of construction of 19 multi-family buildings in Morne Hercule as well as five single homes in Nerette. A specialist has been hired to deal with land tenure issues.

Port-au-Prince Neighborhood Housing and Reconstruction Project (Prekad)

- To date, a total of 11,023 households have received rental subsidies to return from camps to their communities.
- 200 families have benefited from rental subsidies in neighborhoods.
- 1053 families have received support to repair or rebuild their homes
- 904 houses have been repaired/retrofitted
- 25,000 households have benefited from community-wide upgrading.

Natural Disaster Mitigation in the South

- The boundaries of the Macaya National Park were established and approved.
- A Macaya National Park management unit was established.

Sustainable Energy for Haiti

- Six firms were selected to submit bids. The process of hiring a firm for the studies is expected to be closed by the end of February 2014.

Education Reform Project

- 100% of the sites for the construction of the schools have been identified.
- Five out of the seven schools funded by the HRF are part of a contract awarded to GRETCO. Works will start in February 2014 at Bois Laurence, Laguamithe (Mombin-Crochu), Lafleur (Ouanaminthe), Sans-Souci (Milot), and Ravine Pompette (Pilate). Negotiations are in process for contracting construction of the remaining two sites.
- 103,000 school kits were distributed between October and November 2013.
- 70,000 students are expected to receive subsidies for the 2013-2014 school year.

Production and Transformation of Milk Project

- The construction work at the dairies and service centers in Cote de Fer, Torbeck and Thomazeau are nearing completion. Inaugurations are scheduled for May 2014.
- All the personnel necessary to work in the dairies have been employed and trained.
- A marketing strategy was developed and is being implemented for the dairy products including billboards, websites, t-shirts, etc.
- A sales agreement framework was developed, potential clients are being contacted and sales agreements are being signed
- Solar-powered refrigerators and freezers were purchased
- 30 members of the management committees for the dairies were trained (10 members per dairy)
- Milking machines are being distributed to the producers that are members of the dairy groups

Earthquake prevention in the North Project

- 37 engineers in the public and the private sectors were trained on seismic evaluation of buildings.



Owners and beneficiaries in their new homes that were financed through the Neighborhood Housing and Reconstruction Project – Photo Courtesy of WB.

HRF FINANCIAL UPDATE

1. Contributions

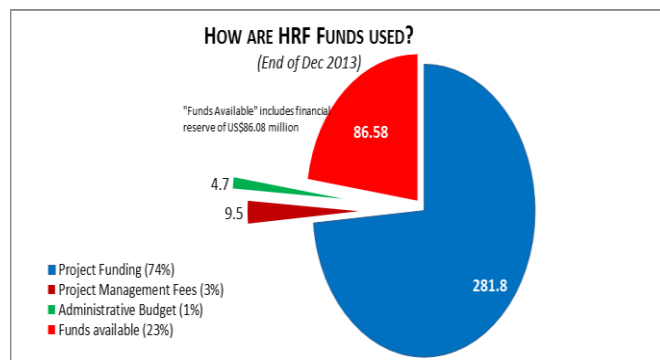
Since last quarter, there is no change in contributions from donors. Therefore, total pledges remain at **US\$396.05 million** and cumulative receipts from donors amount to **US\$381.05 million**. Outstanding pledges total **US\$15 million** and are expected respectively from the US (**US\$5 million**) and Spain (**US\$10 million**).

2. Allocation of Funds

Since the last Steering Committee session in September 13, 2013, no new allocation was made. Hence, total approvals remain at **US\$296 million** comprising (i) funded projects of **US\$291.3 million or 77%** of HRF funds (including project management fees of **US\$9.5 million**); and (ii) administrative costs adding up to **US\$4.7 million or 1%** of overall resources; with the residual resources (**US\$86.6 million or 23%**) remaining for future allocation decisions.

The total allocated to reconstruction activities (**US\$291.3 million**) was divided between the Partner Entities as follows: **US\$127.6 million** via the United Nations (UN) representing 44% of overall approved financing; **US\$115 million** via the World Bank (WB) representing 39% of combined approvals; and **US\$48.7 million** through the Inter-American Development Bank (IDB), or 17% of funds allocated for activities.

The cumulative apportionments for the Fund's administrative budget, consisting of operational costs for the HRF Secretariat and Trustee, amounted to a total of **US\$4.5 million** with an additional **US\$0.27 million** allocated for an HRF mid-term or final review.

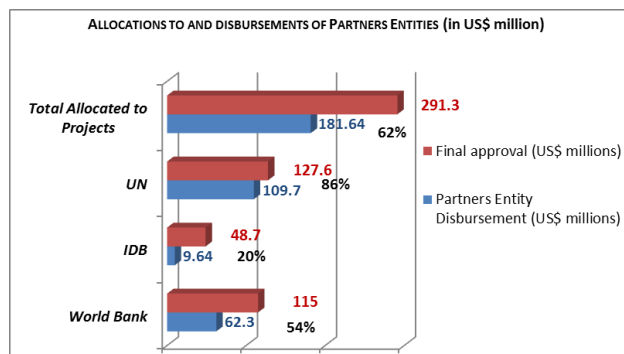


Overall, the HRF funds balance at the end of December 2013 amounted to **US\$86.6 million** (US\$381.05 million of cumulative receipts + US\$1.6 million of interest earned – US\$296 million of approved allocations). Of this amount, **US\$86 million** has been reserved by the Steering Committee for future allocations, leaving non-allocated resources of **US\$0.7 million**.

3. Disbursements

At end of 2013, disbursements from the HRF to Partners Entities amounted to **US\$273 million** and **US\$4.5 million** transferred to the HRF Secretariat and Trustee for operating costs, leaving a cash balance of **US\$105.2 million** held by the Trustee. This amount consists of the reserved funds (**US\$86 million**); the unallocated resources (**US\$0.7 million**) and the undisbursed balance for projects already approved by the HRF Steering Committee (**US\$18.5 million**).

As of the end of 2013, the Partner Entities had disbursed **US\$181.7 million** for project, or more than 62% of funds that have been transferred for activities. For individual Partner Entities, disbursement rates were 86% for the UN, 54% for the WB and 20% for the IDB.



Dairy in Torbeck – Photo Courtesy of the UN

HRF FAMILY : SECRETARIAT

During the course of its third year many changes occurred in the HRF secretariat. A new Senior Operations Officer, a new Communications Officer and a new Team Assistant were hired to replace the previous team members transitioning to new assignments within the World Bank. It is therefore an exciting time in the Secretariat with new team members eager to pursue HRF goals and contribute to Haiti's reconstruction process. The new team is now as follow:



Joe Leitmann, a U.S. national, is the HRF Manager with responsibility for all aspects of the Fund's Secretariat. He has 30 years of experience on the international development field with the World Bank, the U.S. Peace Corps and as a consultant in reconstruction, climate change, environment, forestry, urban development, clean energy, appropriate technology, and agriculture. Joe has a PhD in city planning from UC Berkeley and a Master's in Public Policy from the Harvard Kennedy School.



Mamadou L. Deme a Senegalese national, is the new Senior Operations Officer with responsibility to support all aspects of the secretariat, preparation of the Steering Committee meetings, preparation of the HRF reports and acting on behalf of the manager. He has over 30 years of experience in public finance and project management with the World Bank in Africa and Latin America. Mamadou holds a Master in Business Administration and Public Finance Management from Dakar University and a Master in Air Transport Management from the Toulouse Business School in France.



Bertrovna Bourdeau Grimard, a Haitian National, is our new HRF Communications Officer with responsibility for all communication regarding the Fund, coordination with partners and liaison with the media. Bertrovna previously worked in Haiti as the marketing director for the NGO PSI-Haiti, the Comme Il Faut Company, and Comcel-Voila and as a consultant in the private sector in Marketing, Communications, Public Relations. She holds an MBA from the University of Miami in Florida.



Marthe Agnes Pierre, a Haitian National, is the new HRF team Assistant with responsibility for assisting the secretariat in all the administrative tasks. She has 5 years of professional experience of which 3 are in Human Resources at OIM. She has also worked at IMEDIS a local company. She holds a diploma in Secretarial Work from Christ the King Secretarial School in Haiti.



Jean Yves St-Dic, a Haitian national, is the HRF Logistician with responsibility for transportation and information technology. He has two years of experience with the World Bank, Sourire Rent-a-Car and Aproco. Jean Yves has a certificate in Computer Sciences from INUQUA, a private university in Haiti.

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, 2013, 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.

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, disaster risk management and budget support sectors .

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

Less than 5 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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For comments related to HRF-financed activities, please send a free text message to 3747

