



Board of Executive Directors

For consideration

On or after 20 May 2015

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Simultaneous Disclosure

To: The Executive Directors
From: The Secretary
Subject: Haiti. Proposal for nonreimbursable financing for the project “Institutional Strengthening and Reform of the Transport Sector II”

Basic Information: Loan type Programmatic Policy-based Grant (PBG)
Beneficiary..... Republic of Haiti
Amount up to US\$27,000,000
Source IDB Grant Facility

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Remarks: This program is the second nonreimbursable financing in a series of three consecutive single-tranche operations, technically related to one another but independently financed as programmatic policy-based grant, in accordance with document GN-2442-11, “Multilateral debt relief and concessional finance reform at the Inter-American Development Bank. IDB Grant Facility”.

As established in document GN-1838-1, "Criteria and norms for Board and Management relations", dated 1 July 1994, policy-lending operations are considered by the Board of Executive Directors by Standard Procedure.

Reference: GN-1838-1(7/94), DR-398-17(1/15), CS-3633-1(6/14), GN-2442-11(5/07), AB-2565(5/07), AG-8/07, PR-4145(5/14), DE-32/14, DE-33/14, CS-4090(5/15)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

HAITI

**INSTITUTIONAL STRENGTHENING AND
REFORM OF THE TRANSPORT SECTOR II**

(HA-L1099)

GRANT PROPOSAL

This document was prepared by the project team consisting of: Carlos Mojica (INE/TSP), Team Leader; Olivia Désinor (TSP/CHA), Alternate Team Leader; Reinaldo Fioravanti, Raúl Rodriguez, Jacob Veverka, Andrés Pereyra, Elkin Bello, Giovanna Mahfouz (INE/TSP); Alejandro Fros (TSP/CHA); Louis-François Chrétien (LEG/SGO); Tham Truong and Marcio Cracel (Consultants).

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ANNEXES

- ANNEX I Development Effectiveness Matrix (DEM) Summary
ANNEX II Policy Matrix

ELECTRONIC LINKS

REQUIRED

1. Policy Letter
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39363019>
2. Results Matrix
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39362701>
3. Means of Verification Matrix
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39364151>

OPTIONAL

1. Economic Evaluation
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39362858>
2. Monitoring and Evaluation Plan
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39364154>
3. Regional Integration Considerations
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39362715>
4. National Port Authority (APN) Policy Note
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39389108>

ABBREVIATIONS

AFD	French Development Agency
APN	National Port Authority
CBA	Cost Benefit Analysis
EA	Execution Agency
FER	Road Maintenance Fund
FY	Fiscal Year
GCI-9	Ninth General Capital Increase
GDP	Gross Domestic Product
GIS	Geographical Information System
GoH	Government of Haiti
GRF	Grant Facility
IMF	International Monetary Fund
IRI	International Roughness Index
IRR	Internal Rate of Return
MEF	Ministry of Economy and Finance
MTPTC	Ministry of Public Works, Transport and Communications
NPV	Net Present Value
OEL	Optional Electronic Link
PAP	Port-au-Prince
PBG	Policy Based Grants
REL	Required Electronic Link
UCE	Central Executing Unit
USAID	United States Agency for International Development
VOC	Vehicle Operating Cost
WB	The World Bank

PROJECT SUMMARY
HAITI
INSTITUTIONAL STRENGTHENING AND REFORM OF THE TRANSPORT SECTOR II
(HA-L1099)

Financial Terms and Conditions					
Beneficiary: Republic of Haiti					
Executing Agency: Ministry of Economy and Finance (MEF)					
Source	Amount (US\$)				
IDB Grant Facility (GRF)	27,000,000				
Local	0				
Total	27,000,000				
Currency	US\$				
Disbursement period	12 months				
Project at a Glance					
<p>Project objective/description: The objective of the program is to contribute to the improvement of the quality of transport in Haiti, increasing the country's competitiveness, through: (i) the institutional strengthening and modernization of the road sector; and (ii) the reform and modernization of the port sector. This operation is the second in a series of three consecutive, independently financed but technically interrelated single-tranche Programmatic Policy Based Grants (PBG).</p>					
<p>Special contractual clauses: The single disbursement is subject to presentation by the Government of Haiti (GoH) of evidence satisfactory to the Bank that the conditions described in the Policy Matrix (Annex II) have been duly fulfilled in accordance with the Means of Verification Matrix (REL#4).</p>					
Exceptions to Bank policies: None.					
Project qualifies for:	SEQ <input type="checkbox"/>	PTI <input type="checkbox"/>	Sector <input type="checkbox"/>	Geographic <input type="checkbox"/>	Headcount <input type="checkbox"/>

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed and justification

- 1.1 The proposed program is the second in the series of three programmatic Policy Based Grants (PBG). These will support the Government of Haiti (GoH) on implementing policy, legal and institutional reforms in the transport sector. The policy measures proposed for this second operation are consistent with those of the first program. These measures are designed to continue the process of institutional modernization and reforms for the road and port sectors. Specific objectives include: (i) modernization and strengthening of the road sector management in its functions of planning, maintenance, road safety and construction/rehabilitation; and (ii) reform and modernization of port sector management, including policy and legal reforms of the ports institutions. This second PBG will draw upon the resources from the Bank's Grant Facility (GRF) in the amount of US\$27 million. Disbursement is expected in 2015 once the policy reforms conditions specified in the Policy Matrix (Annex II), agreed upon with the GoH, have been met in accordance with the Means of Verification Matrix ([REL#4](#)).

1. Macroeconomic framework and economic development aspects

- 1.2 In the Fiscal Year (FY) 2014, economic activity (as measured by Gross Domestic Product, GDP), advanced in line with projections, at a pace of about 3.5 to 4%. Inflation remained low, at around 5%. Monetary policy was adequately geared towards protecting reserves while ensuring a low and stable inflation. For the FY/2015, growth is expected to be in the 3-3.5% range, while inflation will remain contained. Haiti's macroeconomic outcomes have been broadly aligned with the International Monetary Fund (IMF) program. It is worth noting that the eighth and final review of the Extended Clearance Facility (ECF) has been approved by the IMF's Board on December, 2014 (one waiver).
- 1.3 **Fiscal aspects.** Overall fiscal deficit was 6.3% in the FY/2014 (down from 7.1% in the FY/2013), and the current account deficit reached 5.7% (down from 6.7% the in FY/2013). The fiscal deficit was lower than programmed but remained high, in part due to fuel subsidies. Despite the government's efforts, it is expected is that these gaps will remain high in the next years. Reductions in fuel subsidies (implemented together with programs to protect the most vulnerable), and increased billing and collection in the electricity sector should enable the authorities to reduce the fiscal deficit towards sustainable levels.¹
- 1.4 **Debt aspects.** Although Haiti has low levels of debt after the cancellation in 2010, and is currently not taking on more debt except for very specific and concessional sources,² a low tax and narrow export base are two of the government's main sources of concern. In fact, following the debt sustainability framework of the IMF and The World Bank (WB), Haiti's debt indicators

¹ [Press Release: IMF Staff Concludes Visit to Haiti](#) (Nov, 2014).

² Deficit is mainly financed by Petrocaribe inflows which represent almost 4% of GDP.

projected into the future breach indicative safety threshold for many years. By doing so, Haiti is automatically classified as a “high risk” country (despite not currently having difficulties on debt service). Haiti’s debt is highly concessional, with a grant component of 35%, and based on a particular scheme (Petrocaribe). Haiti’s debt accumulation delays economic adjustment, and creates vulnerability due to the risk of a sudden stop of financing availability. Paradoxically, those concerns and a recent reduction in new debt contracting that has occurred due to the drop in the price of oil, have a positive impact on debt sustainability. While too much adjustment in a short period of time may derive in increased social and economic tensions, there is some confidence that Haiti will not face a dramatic scenario in the very short run. In part because the reduction in international prices has positive impacts by reducing the import bill, and also because Haiti has a solid macro policy framework.

2. Competitiveness and transportation

- 1.5 The country’s competitiveness is improving and will be key bringing economic growth. According to the 2014 Global Competitiveness Report³ the country presented an improvement from the FY/2013 to the FY/2014, improving its total ranking from the 143rd to the 137th position. This result is partly attributed to improvements in infrastructure. In particular: (i) the quality of roads which presented a score of 2.2/7 (FY/2013) and improved to 2.4; and (ii) the quality of port infrastructure improved from 2.4 to 2.5 in the same period. These positive outcomes support the continuation of strengthening programs for the transport sector.
- 1.6 **Road transport.** Road transport and the improvement of road infrastructure are fundamental for economic development and integration.⁴ The national road network has a total length of 3,472 km, consisting of 953 km of primary roads, 1,215 km of secondary roads, and 1,304 km of tertiary roads. Haiti has a low road coverage levels for both the size of the population (0.4 km/1,000 inhabitants) and the surface area of the country (0.12 km/km²).⁵ Only 15% of the total road network and 64% of the primary network is in good condition. In 2013, only 47% of eligible roads received routine maintenance. Road safety is also an issue in Haiti as a result of road conditions, driver behavior and low enforcement of transit regulations. While there are a few official road safety statistics, non-official estimates⁶ indicate a rate of mortality about 7.5 deaths per 100,000 inhabitants.

³ See [The Global Competitiveness Report 2014 - 2015 \(World Economic Forum\)](#).

⁴ Improvement of the capacity and the quality of the road infrastructure reduces transportation costs and travel times, thus enabling less developed regions to increase their access to markets and to basic services.

⁵ Other countries in the region have higher coverage both relative to surface area and population. For example, Dominican Republic: 1.98 km/1,000 hab., 0.41 km/km²; El Salvador: 1.75 km/1,000 hab., 0.48 km/km²; Honduras: 3.34 km/1,000 hab., 2.31 km/km²; and Nicaragua: 3.92 km/1,000 hab., 1.64 km/km².

⁶ Comparatively, road fatalities in Haiti (7.5 deaths/100k inhabitants) trail behind other critical cases in the region. For example: Belize 36.9, Dominican Republic 34.8, El Salvador 31.8, and Honduras 12.8. However, when weighed with motorization rates, Haiti stands at the top within the sample with 93.8 deaths/veh: El Salvador 90.9, Honduras 75.3, Belize 36.2, and Dominican Republic 25.4. It is thus evident how precarious road safety conditions are in the country. See [World Life Expectancy](#) and [OICA motorization rates](#).

This problematic will increase as more vehicles will enter the country in the upcoming years.

1.7 **Maritime transport.** Due to the insular characteristic of Haiti, maritime transport is a key factor in the economy. There are two seaports in the country that serve international maritime transport: Port-au-Prince and Cap Haitian. The primary port is Port-au-Prince which concentrates 98% of the international trade. It is focused mostly on containerized freight and general fractioned freight with other docks and warehouses specializing in grains. In addition, there are 17 smaller terminals along the country's seacoast, equipped only for short distance maritime travel vessels. Freight movement through Port-au-Prince's seaport⁷ has increased considerably over the last few years. However, it is underutilized due to outdated equipment, inefficient operations, and high port fees. Currently, the total cost for commercial importers are the largest among regional peers: Up to US\$690 per container versus an average among peers of US\$145. While the port has a capacity to operate 14 containers per hour, peers record up to 25.⁸ The earthquake in 2010 destroyed the North wharf (currently under reconstruction) and caused severe damages to the South wharf. A temporary barge arrangement has been effective in restoring cargo throughput and should suffice until May 2016, when a new solution will be in place.

1.8 **The institutional framework.** The road and maritime transport subsectors are comprised by the following institutions: (i) the Ministry of Public Works, Transport and Communications (MTPTC) which is responsible for developing public policies, regulations and setting technical standards. The Transport Direction at the MTPTC is structured around the functions of planning, road construction, maintenance, and weight control. In addition, at the regional level the ministry is present through 10 departmental directions. The MTPTC includes the Central Execution Unit (UCE) that supports the execution of transport projects financed mainly by the IDB, and in recent years, in the execution of projects financed by other donors; (ii) the Ministry of Economy and Finance (MEF), which is responsible for preparing and obtaining approval of the country's budget, and as so is responsible for collecting all transport-related taxes and surcharges, especially those levied on fuels; and (iii) the National Port Authority (APN), an autonomous agency under the MEF, is in charge of managing and exploiting all public ports in the country, as well as overseeing private ports.

3. Sector reform challenges and program for institutional strengthening

1.9 In May 2014, the IDB approved the first operation in a series of three programmatic PBGs for the transport sector (HA-L1088/HA-G1033). This first operation carried out a first set of policy actions focusing on the port and road sectors. The proposed policies were successfully executed and all resources were

⁷ The main export partner is the United States with a share of 80%, then the Dominican Republic with 7% followed by Canada with almost 4%.

⁸ Data from the APN and benchmarking with "*Diagnóstico sobre el desempeño de los puertos en Centro América y la Rep. Dominicana*" (Guerrero y Abad, 2013).

subsequently disbursed upon the approval of its conditions. This section presents the challenges addressed by the program as well as shows the improvements made since the first operation was disbursed:

- 1.10 **Road sector in Haiti.** The insufficient levels of investment in the sector justify some of the evident limitations in coverage and quality of the road infrastructure and its related services. However, adequate sector management in its key functions (planning, maintenance, construction/rehabilitation, and road safety) is a necessary condition to maximize the return and guarantee the sustainability of road investments. From this perspective, the main challenges in the management of the road sector and the progress achieved in 2014 are as follows:

Table 1: Progress in the Road Sector (2014)⁹

Road sector challenge (2013)	Progress achieved in 2014
<p>Insufficient road maintenance.¹⁰ There is an inadequate organizational structure (human resources, tools, and procedure) to manage the road network maintenance. A road maintenance fund exists (FER) but its resources can only be utilized for routine maintenance and minor civil works.</p>	<p>A Modernization Plan was prepared to improve the management of maintenance activities. As a result of this plan, a dedicated Maintenance Unit was created in the MTPTC's Transport Direction. This unit was created to improve the communications between the Regional Directions and the Road Maintenance Fund. Additionally, the MTPTC's maintenance staff was reallocated throughout the different regions in order to improve monitoring and supervision.</p>
<p>Inadequate road safety conditions.¹¹ The road safety management structure is inadequate. There is no reliable baseline of accidents to measure the impact of road safety initiatives. There is no strategy to coordinate actions toward implementing a comprehensive program to improve road safety conditions.</p>	<p>A Road Safety Cell was created in 2014 within the MTPTC to help improve road safety standards, reduce accidents and mortality on the road network. The MTPTC is developing a National Road Safety strategy which will define areas of intervention, instruments, performance indicators and; coordination mechanisms. The MTPTC is also carrying out a road safety inspection audit for sections of RN1, RN2 and; RN8 to develop capacities in the data collection and analysis of road incidents.</p>

⁹ Achievements listed in this table are attributable to policy changes introduced by operation HA-L1088.

¹⁰ Estimates in 2013 by the UCE/MTPTC showed that only 1,170 km of the total eligible road network 2,491 km (47%) received routine road maintenance in 2013 (1,215 km in 2014).

¹¹ As shown in the road safety assessment of projects recently financed by the IDB (HA-L1079, HA-L1089), roads often show pavement distress, inadequate road alignment and poor signalization. Driver behaviors and its lack of enforcement are additional risk factors.

Road sector challenge (2013)	Progress achieved in 2014
<p>Insufficient sector planning.¹² MTPTC does not have a geo-spatial road network database for the different road categories (primary, secondary, tertiary and urban). Traffic counts and inventory of road conditions are not updated or systematically carried out. The MTPTC lacks of a multiannual plan for road investments.</p>	<p>A complete database of the primary network was surveyed and currently resides at MTPTC. This Geographical Information System (GIS) database contains the key road characteristics of the primary network such as the length, condition and the main structures (bridges, box-culverts, etc.). This database is currently being updated with information for the secondary network and traffic information. This database will constitute the backbone for the preparation of a multiannual road investment plan.</p>
<p>Insufficient management capacity for rehabilitation and construction projects.¹³ There are no standardized processes at the UCE/MTPTC to integrate key aspects of construction and rehabilitation projects (engineering, procurement, supervision, environmental, and social aspects).</p>	<p>An operating manual for the UCE was prepared. This allowed the UCE management to identify key processes, responsibilities, and dedicate personnel in accordance. The manual has also facilitated the standardization of operational processes in areas such as fiduciary management, procurement, project management and, environmental and social management. A training program is currently being implemented to strengthen the UCE on each of its functions.</p>

1.11 **Port sector.** The inefficiencies of the port system in terms of operational performance, tariffs and costs are consequence of outdated equipment, infrastructures and personnel that require investments from the public and private sector in the coming years. However, the existing legal framework and institutional capacity is a major barrier to achieve a sustainable level of investments and the desired efficiency levels. Under this perspective, the main challenges in the port sector are:

¹² The MTPTC does not have a long term plan to carry out systematic investments in the road sector.

¹³ In 2014 the UCE has under its responsibility a total of six rehabilitation projects financed by the IDB, most of which show delays during the execution of the civil works.

Table 2: Progress in the Port Sector (2014)¹⁴

Port sector challenge (2013)	Progress achieved in 2014
<p>Insufficient investments for the rehabilitation of port infrastructure and improvement of port operations.¹⁵ There is no clear policy for port investments that defines the role of the public sector in regulatory, management and operational functions. There is no stable regulatory framework to foster private participation, including a comprehensive policy to establish the business model¹⁶ and to guide the development of the legal framework.</p>	<p>The Government of Haiti (GOH) committed to pursue a Reform of the Port Sector. A multi-disciplinary task force, composed by members of the APN and the MEF, was appointed to lead a reform process under the APN General Director. This task force developed a policy note¹⁷ (OEL 4), providing the guidelines for the reform of the port sector. This note includes: (i) the institutional structure and the mandate for those entities responsible of the port sector; and (ii) the port development strategy. The port reform will foster a system of public and private ports. This system will provide fair competition conditions for private investors while prioritizing the general interests of the population. The specific investment programs will be guided under a Master Plan, for the development of each port. (Annex II Component)</p>
<p>Insufficient transparency and accountability by the port institutions.¹⁸ The audits of the port institutions are not made publicly available and there is no inventory providing information about the port institutions' assets, liabilities, and contracts obligations. There is no clarity about their financial and commercial functions, assets, liabilities, land ownerships, contract obligations and legal commitments.</p>	<p>An independent financial audit was carried out for the 2009-2012 period. The official report of this audit was transmitted to the MEF and published on the APN's website in March 2014. In addition, APN is carrying out a comprehensive inventory regarding its financial and commercial functions, assets, liabilities, land ownerships, contract obligations, legal commitments, and environmental liabilities.</p>
<p>Inadequate human resource capacity to manage the port institutions functions. There is no comprehensive inventory of the port institutions personnel. Neither, a comprehensive personnel evaluation to identify background and skills and develop training programs. There is no human resource policy to guide the port institutions career-stream, including hiring, development, evaluation, and retirement.</p>	<p>The APN carried out an inventory of personnel including a comprehensive list of employees, functions and skills. In addition, currently the APN is developing a strategy for the personnel reorganization in the new organizational framework upon the implementation of the port reform. This proposal will enable the APN to efficiently reallocate their personnel while providing a comprehensive training program.</p>

1.12 **The Bank's sector work.** After the earthquake of January 2010, the GoH and the IDB agreed on an agenda for the period 2010-2015. This has the purpose of rebuilding infrastructure and completing strategic projects to move Haiti onto a path of sustained development, capable of delivering both economic growth and

¹⁴ Achievements listed in this table are attributable to policy changes introduced by operation HA-L1088.

¹⁵ As shown in ¶1.6, operations at Port-au-Prince are inefficient compared with peers in the Caribbean.

¹⁶ All of the 15 private operators at international ports work under permit without a contract.

¹⁷ The policy note was approved by the MEF in 2014. A port sector reform draft law is expected to be officially transmitted to the Council of Ministers (Presidential Cabinet) seeking its approval in 2015.

¹⁸ The prior external audit was performed at the end of 2004, presenting a nine years gap between audits. The best practice in this area recommends that audits have to be carried out with intervals of two years.

solutions to enduring social and environmental problems. In the past four years, the IDB approved a total of US\$244.5 million for investments in the transport sector.¹⁹ These projects are supporting an extensive program of rehabilitation of the road network including interventions in the primary trunk network, secondary roads, investment in the airport infrastructure and the institutional strengthening of the MTPTC. This investment program is expected to deliver substantial benefits by rehabilitating, improving and maintaining Haitian transport infrastructure.

- 1.13 Being developed in parallel with the Bank's investment projects, the PBG program will in turn complement the Bank's institutional engagement in the transport sector. The PBG will contribute to ensure the sustainability of the investment program²⁰ by strengthening the country's governing agencies, in particular modernizing procedures and raising competencies within the MTPTC/UCE in the areas of road planning, maintenance and road safety.
- 1.14 **Lessons learned.** The success of the first budget support operation (HA-L1088/HA-G1033) shows that the Bank can act as a catalyst for policy reforms in challenging contexts. Since the Haitian institutions need to be strengthened, carrying out the budget support program has required continuous coordination at three different stages: (i) political commitment at the highest levels: MEF, MTPTC and APN management have continuously expressed their support to the program, thus, assigning mandates and resources to the development of policy actions; (ii) coordinated dialogue between Bank management and decision makers: This has ensured that the major operational and policy milestones are agreed upon, therefore, providing the project teams with a strategic mandate for the preparation and execution of the program; and (iii) continuous dialogue and between the Bank project team and the technical counterpart: This work is the core of the program and has required to carry out actions ranging from institutional strengthening, policy development and dedicated project management to ensure that key conditions are met and that the means of verification are delivered on time. The participation of the Bank has been instrumental to validate the alignment of the final products with best international practices. In addition, the budget support program has benefited from the sectoral knowledge gained through the work in various investment operations (¶1.12). In these operations, the Bank's efforts towards institutional strengthening and modernization of the sector have been channeled through technical support provided in every approved investment operation. Results have been effective in the strengthening of capacities through the hiring of experts and provision of training, approach which has been replicated in the budget support program.

¹⁹ Approved operations, amounts and % disbursed: HA-L1054 for US\$55M (66.1%); HA-L1058 for US\$53M (38.6%); HA-L1086 for US\$17.5M (99.5%); HA-L1079 for US\$50M (16.1%); HA-L1088 for US\$19M (100%); and HA-L1089 for US\$50M (0%).

²⁰ All of the transport operations mentioned in footnote 19, as well as HA-L1098, programmed for approval by the Board of Executive Directors in 2015.

- 1.15 **Justification of the program.** The proposed program is the second in a series of three consecutive single tranche programmatic PBG. The programmatic approach provides the flexibility to design and develop measures required to reach the envisioned objectives. From the perspective of the road sector, the PBG will contribute to strengthen and modernize road management in its main functions (planning, maintenance, road safety, and construction/rehabilitation). From the perspective of the port sector, the three operations will contribute to reform and modernize the sector, by developing an adequate legal framework that will enable structural reforms in terms of governance and private sector participation.
- 1.16 This second operation will build upon the policy actions and strategies defined in the first operation. It is tailored to implement concrete actions and structural changes that will be essential to enable the progress of reform and modernization. The third and last operation is envisioned to guarantee the sustainability of the reforms through adoption of an adequate legal and regulatory framework for ports, as well as to institutionalize procedures and instruments that will evaluate the progress of the reform, allowing prompt adjustments to occasional deviations.
- 1.17 **Strategic alignment.** The program is consistent with the Bank's Country Strategy with Haiti for the 2011-2015 period Document GN-2646, which designates the transport sector as one of the six priority sectors to support Haiti, and demand that the Bank resources be directed to: (i) improve the quality of national road infrastructure; (ii) improve the institutional capacity of the transport sector; and (iii) improve international connectivity. The program is also consistent with the Ninth General Capital Increase (CGI-9) (AB-2764) lending program priority targets of: (i) supporting development in small and vulnerable countries; and (ii) lending to support regional cooperation and integration by the criteria of cross-country focus (GN-2650) ([OEL#3](#)). The program will support the regional development goals of: (i) increasing paved road coverage (km/km²); and (ii) trade openness (trade as percentage of GDP), and it will support the bank output contribution of km of inter-urban roads built or maintained. The program is also aligned with the new Infrastructure Strategy (GN-2710-5), particularly with the priority action areas of: (i) supporting the construction and maintenance of socially and environmentally sustainable infrastructure, thus enhancing quality of life; and (ii) promoting the ongoing improvements in infrastructure governance to enhance efficiency in the delivery of infrastructure services. Finally, the program is consistent with the new Transport Sector Framework (GN-2740-3) in the dimension of improving institutional capacity, especially in the areas of: (i) strategic planning; (ii) regulatory aspects; and (iii) project execution and policy implementation.
- 1.18 **Coordination with other donors.** There is coordination with the United States Agency for International Development (USAID) in the port sector. The USAID is supporting the development of the Cap Haitian Port and there are periodical instances of dialogue. Moreover, the draft law for the port sector will be consulted in early 2015 with all donors involved in the transport sector, including the French Development Agency (AFD), which participated in the first tranche of the PBG.

There is also coordination with other donors in the road sector, such as the European Union and the WB, through periodic meetings to share technical information and ensure coordinated participation.

B. Objective, components and cost

- 1.19 **Objective.** The objective of the program is to contribute to the improvement of the quality of transport in Haiti, increasing the country's competitiveness through: (i) the institutional strengthening and modernization of the road sector; and (ii) the reform and modernization of the port sector. The program is structured as a programmatic PBG (CS-3633-1) to address the medium-term institutional issues in the sector. It consists of three individual operations, each with specific policy actions but contributing to the same overall objectives. All conditions under the first PBG were successfully fulfilled. Tables 1 and 2 present the challenges addressed by the program, as well as the improvements made since the first operation was disbursed. All indicative triggers planned in the original operation for this second PBG are substantially maintained. The policy actions for each of the components are defined in the Policy Matrix,²¹ supported by the GoH's Policy Letter. This PBG has the following components:
- 1.20 **Component 1. Macroeconomic stability.** As a general condition, the program requires to maintain a sustainable macroeconomic policy framework consistent with the objectives of the program and the Policy Matrix.
- 1.21 **Component 2. Modernization and strengthening of the road sector.**²² This component will seek to improve the efficiency and sustainability of road infrastructure management, by improving the capacity of the MTPTC with the following policy actions:
- (i) Strengthening and modernization of the road sector management through the establishment of an operational plan for the MTPTC, including a detailed diagnostic for each function (planning, maintenance and road safety), a proposed operational budget for the FY 2015/16, and the operational indicators for each function.
 - (ii) Modernization of road maintenance management through the identification of human resources needs and submission of the proposed budget for the FY 2015/16, and the elaboration of a maintenance operational manual.
 - (iii) Modernization of road safety management through the establishment of a national strategy, the establishment of an operational manual for road safety operations, and the creation of a road safety service at the MTPTC under the Transport Direction.

²¹ The Policy Matrix remains substantially the same compared to HA-L1088. Condition #3 is now proposed as the "implementation of the Maintenance Unit" in order to ensure the assignment of personnel and budget for FY 2015/16 at the MTPTC. Condition #8 is now proposed as the "approval of the Cabinet" of the Draft Law for port reforms, in order to ensure consistency with the process of the approval of a law prior to its presentation to Parliament.

²² Similar experiences show that strengthening the institutional capacity of organizations in charge of the roads' maintenance can substantially decrease the pace of roads' deterioration. – [Strengthening of the sector in Armenia](#) – (WB).

- (iv) Strengthening of road management planning through the modernization of tools for road asset management via performing traffic counts and the elaboration of a road conditions inventory for the national and departmental networks, and the establishment of an operational manual for the MTPTC road management planning and asset management.
 - (v) Modernization of the UCE/MTPTC operational procedures through the implementation of a strengthening plan and of a training plan covering the following functions: financial, procurement, monitoring and evaluation, personnel management, environmental control, and social impact aspects.
- 1.22 **Component 3. Institutional & regulatory reform of the port sector.**²³ This component will seek to increase the efficiency and sustainability of the port sector by supporting a policy reform for ports comprising the following policy actions:
- (i) Reform of the legal and regulatory framework for ports' management and operation, through the approval of the Council of Ministers of two draft laws for the port sector reform. These draft laws will cover the following aspects:
 - (i) the institutional structure and mandate for the entities responsible for the port sector; and
 - (ii) the port development strategy.
 - (ii) Modernization and reform of the port sector, with an intermediate evaluation of the task force created to coordinate the port reform which will include a performance evaluation based on the port reform program and timeline, lessons learned, and recommendations to adjust deviations.
- 1.23 **Component 4. Modernization and strengthening of port institutions.**²⁴ This component will promote more efficient institutions to manage the sector, comprising the following policy actions:
- (i) Modernization of ports institutions through a plan for the reallocation of the assets and liabilities of the APN into the new planned port entities including planning/management of the ports, regulation of competition, operations of public ports, management of concessions and contracts with private operators.
 - (ii) Modernization of the human resources management in ports institutions through a plan for reassignment of positions and functions of the employees from the APN to the new planned entities and the establishment of a training program according to the needs identified for the new entities.

C. Expected impact and key results

- 1.24 The low levels of competitiveness afflicting Haiti are the result of a mix of circumstantial institutional limitations²⁵ often accentuated by resource scarcity

²³ [Empirical evidences show the positive impact of a port reform in increase port efficiency. "A critical appraisal of port reform and development policy in Nigeria, Obed, B. C. NdikomI and Emeghara, G.C.2"](#).

²⁴ Comparison of Vessels' waiting time at the Callao Port, before and after the introduction of the concessions for private operators. "[Estudio de costos y sobrecostos de la cadena de servicios logísticos en los terminales de uso público, \(Autoridad Portuaria de Perú\)](#)".

²⁵ Limitations in coverage and levels of service offered, elements such as the degree of deterioration of key infrastructures even prior to the earthquake, the inefficiencies in procuring works and the recurrence of cost overruns, among others.

and insufficient sector investments. The reforms and strengthening measures proposed will improve the competencies and capacities of the sector institutions. These will be translated into operational gains and performance improvements: (i) maintained roads that allow for safer, faster and cheaper connections; and (ii) a modern and effective port sector offering competitive and efficient conditions for freight operators.

- 1.25 The program’s direct beneficiaries will be: (i) the private and public sectors, which will benefit from higher competitiveness; (ii) the population with better transport infrastructure with lower cost and transport time and with lower import costs; and (iii) the importers and exporters (firms) with better port infrastructure.
- 1.26 Table 3 presents the expected impacts and main results of the program as detailed in the Results Matrix.

Table 3: Impact and results of the program

Estimated impacts and quantitative results	Baseline FY/2012/13	Goal FY/2019/20
Estimated impacts		
Quality of roads – Global Competitiveness Index (1-7)	2.2	2.9
% of roads in good conditions in the primary network	64%	74%
Quality of port infrastructure - Global Competitiveness Index (1-7)	2.4	3.4
Quantitative results		
% of eligible roads receiving routine maintenance by the MTPTC	47%	80%
Decrease of annual vehicle operating costs in the for primary network	US\$169 million	US\$153 million
% of primary network covered by a road safety plan	12%	100%
Containers per hour in the port of Port-au-Prince	12/hours	25/hour
% of port private operators working under a results based contract	13%	100%
Time gap between external audits of the port institutions	9 years	2 years

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instrument and program strategy

- 2.1 This program is the second of three PBG operations, to support the GoH to implement reforms in the transport sector. This second PBG will draw upon the resources of the Bank’s GRF in the amount of US\$27 million. Disbursement of this second PBG operation is scheduled for 2015 upon execution of the respective contract and fulfillment of the policy reform conditions agreed upon with the GoH and included in the Policy Matrix and in accordance with the Means of Verification Matrix.
- 2.2 According to the IMF projections, in 2015 Haiti is expected to have a fiscal deficit of 3.6% of GDP (about US\$337 million). This deficit will be covered by different sources, including Petrocaribe funds (2.8%) and internal financing sources (0.8%). Haiti is also expected to receive budget support grants. Projections of those indicate 0.8% of GDP for the FY/2015 (US\$75 million), of which this PBG will contribute US\$27 million. The remaining funds correspond to contributions (pending confirmation) from the European Union and the WB. While this PBG will not have an impact on debt sustainability, the current

changes in the oil price are expected to positively impact the country's debt profile²⁶ (¶1.4). The country's macroeconomic forecasts and actual macro policy framework are conducive to the achievement of program objectives and compliance with the conditions mentioned in the Policy Matrix.

B. Environmental and social safeguard risks

2.3 There are no associated environmental or social risks. In accordance with the Directive B.13 of the Bank's Environment and Safeguards Compliance Policy (OP-703), no ex ante environmental impact classification is required given the nature of the program.

C. Other key issues and risks

2.4 **Development.** That the policy actions could be not fully implemented due to the lack of technical capacity of the APN and the MTPTC to conduct the reform. This risk will be mitigated by providing continuous technical support by international experts to assist the APN and the MTPTC to implement the policy actions. For the APN, a task force was established to prepare and conduct the port sector reforms. In addition, an independent evaluation of the task force is being conducted to assess its performance to meet the program objectives. In the case of the MTPTC there is an active working group coordinating the ministry's institutional strengthening.

2.5 **Sustainability.** A discontinuation of policy actions implemented because of changes in the government key positions as a result of the next political elections. This risk is partially mitigated because the technical personnel of the entities involved in the modernization are stable and should remain in place. Moreover, the reforms have gained momentum and working groups comprising representatives from the donors, government, and private sector will support the continuity of the policy actions.

2.6 **Governance.** An insufficient political support to implement the policies, due to lack of coordination among the actors involved in the port reform.²⁷ This risk is being mitigated through the establishment of continuous consultations with the key stakeholders involved in the ports sector reform. These consultations are carried out with the objective of discussing key elements of the port reform which might affect stakeholders such as port operators and port managers among other agents involved in the port sector.

2.7 **Macroeconomic.** A deterioration in the fiscal situation could eventually prevent some of the investments associated with the sector reform. However, the fiscal deficit is expected to be lower in 2015 (¶1.3, ¶2.2), mitigating concerns in this regard. In addition, Haiti's macroeconomic framework is solid and its outcomes have been aligned with past IMF programs. A new program is under preparation and is expected to be approved in the second quarter of 2015.

²⁶ The total public investments in Haiti amounted to US\$1,170 million in 2014. This operation (US\$27 million) will represent 2.3% of the total investment needs.

²⁷ The MTPTC does not present similar risks, since there are not multiple actors involved in its institutional reform.

- 2.8 **Economic viability.** The proposed program includes policy actions that will substantially improve the performance of the transport sector operations. Among these expected results two deserve special attention: (i) the reduction of the Vehicle Operating Cost (VOC) for the primary network; and (ii) increasing the productivity of port loading/unloading of containers. Based on these two assumptions, a detailed economic evaluation was developed. In order to determine the reduction in the VOC, HDM-IV²⁸ was used. This methodology estimates how much are vehicle owners saving due to the improvement of the roads condition. The International Roughness Index (IRI), which provides the conditions of the road, was used as the base for calculations, and the VOC was compared with and without the proposed program. The second expected result is based on the assumption of the nation increasing the productivity of the port loading/unloading containers to the same average presented by the countries in the region, decreasing the time that the vessels have to be docked, and consequently reducing the cost for transportation firms and users. The estimations considered a standard discount rate of 12% ([OEL#1](#)).
- 2.9 The Program's Cost Benefit Analysis (CBA) presents an Internal Rate of Return (IRR) of 16.1% with a Net Present Value (NPV) of US\$16.7 million. A sensitivity analysis was conducted for the variables most likely to affect the component's economic performance. The results of the simulation do not modify the decision in relation to the viability of the program, because the NPV presents a positive result in all three scenarios and the IRR remains above 12%.
- 2.10 **Sustainability of the reforms.** The institutional strengthening of institutions both in the road and port sector will contribute for the sustainability of the reforms; more specifically, the strengthening and modernization of the MTPTC will improve the execution of the Road Maintenance Fund (FER)²⁹ ensuring the long term funding for road maintenance activities; as a result, it will increase the quality and extension of the network currently covered by the MTPTC.
- 2.11 From the ports perspective, improvement of transparency and decision making process in ports institutions will contribute to keep the consistency of the reform. From the financial aspects and costs of the reform, the APN is currently an autonomous entity with its own revenue,³⁰ generated mostly from port tariffs. Considering that the main purpose of the creation of the new port entities is to separate and reassign responsibilities and functions, rather than increasing the size of agencies, it should not represent additional financial requirements for the public budget.

²⁸ Highway Development Model (HDM IV).

²⁹ The FER is funded by fuel surcharges and its budget is assigned by law to fund road maintenance activities, total disbursed in 2013 was around US\$8 million.

³⁰ The APN revenues in 2013 amounted to approximately US\$30 million, according to the latest financial audit.

III. SUMMARY OF IMPLEMENTATION ARRANGEMENTS

A. Implementation and management plan

- 3.1 The beneficiary is the Republic of Haiti while the Executing Agency (EA) will be the MEF. The Policy Matrix has been agreed with, and will be monitored through the MEF. The EA will work together with the MTPTC and APN to accomplish the conditions agreed in the Policy Matrix. The MEF will hold semiannual meetings with the MTPTC and the APN to: (i) prepare reports providing evidence that the conditions have been met, and any other reports that the Bank may need to approve the disbursement; (ii) support the actions required as triggers for the second PBG; and (iii) once the disbursement of the program is completed, gather and prepare the required information so that the Bank and the GoH can follow up, measure and evaluate the results of the entire program.

B. Summary of arrangements for monitoring results

- 3.2 The commitments identified in the Policy and in the Means of Verification Matrices and the indicators in the Results Matrix establish the key parameters for the supervision and evaluation of program results. The MEF, in coordination with the MTPTC, and the APN will be responsible for the compilation, analysis and delivery of progress and performance reports. The monitoring and impact evaluation plan describes the evaluation methodology, the indicators to be assessed, and the institutions responsible for data collection, and the milestone timeline and the budget (US\$40,000) ([OEL#2](#)).
- 3.3 An ex post CBA methodology will be used to evaluate the effectiveness of the program. This CBA will replicate the methodology used to evaluate the project's economic feasibility ex ante. Following this methodology, the analysis will study and evaluate the achieved benefits for which improvements are anticipated such as the reduction of the Vehicle Operating Cost (VOC) for the primary network and the increase in productivity of port loading/unloading of containers.. At the end of the program, the project team will draft a Project Completion Report (PCR).

IV. POLICY LETTER

- 4.1 The IDB has agreed with the GoH on the macroeconomic and sector policies included in the Policy Letter that has been presented by the MEF, describing the main components of the GoH's strategy for the program and reaffirming its commitment to implement the agreed activities with the Bank.

Development Effectiveness Matrix			
Summary			
I. Strategic Alignment			
1. IDB Strategic Development Objectives		Aligned	
Lending Program		-Lending to small and vulnerable countries -Lending to support regional cooperation and integration	
Regional Development Goals		-Paved road coverage (Km/Km2) -Trade openness (trade as percent of GDP)	
Bank Output Contribution (as defined in Results Framework of IDB-9)			
2. Country Strategy Development Objectives		Aligned	
Country Strategy Results Matrix	GN-2646	i) Improve the quality of national road infrastructure; ii) Improve the institutional capacity of the transport sector; and (iii) Improve international connectivity.	
Country Program Results Matrix	GN-2805	The intervention is included in the 2015 Operational Program.	
Relevance of this project to country development challenges (If not aligned to country strategy or country program)			
II. Development Outcomes - Evaluability			
	Evaluable	Weight	Maximum Score
	8.4		10
3. Evidence-based Assessment & Solution			
	10.0	33.33%	10
3.1 Program Diagnosis	3.0		
3.2 Proposed Interventions or Solutions	4.0		
3.3 Results Matrix Quality	3.0		
4. Ex ante Economic Analysis			
	9.0	33.33%	10
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis	2.0		
4.2 Identified and Quantified Benefits	2.0		
4.3 Identified and Quantified Costs	2.0		
4.4 Reasonable Assumptions	2.0		
4.5 Sensitivity Analysis	1.0		
5. Monitoring and Evaluation			
	6.1	33.33%	10
5.1 Monitoring Mechanisms	1.5		
5.2 Evaluation Plan	4.6		
III. Risks & Mitigation Monitoring Matrix			
Overall risks rate = magnitude of risks*likelihood		Medium	
Identified risks have been rated for magnitude and likelihood		Yes	
Mitigation measures have been identified for major risks		Yes	
Mitigation measures have indicators for tracking their implementation		Yes	
Environmental & social risk classification		B.13	
IV. IDB's Role - Additionality			
The project relies on the use of country systems			
	Fiduciary (VPC/FMP Criteria)		
	Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:			
	Gender Equality		
	Labor		
	Environment		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	HA L1058 (Institutional strengthening component), HA-T1177 and HA T 1204 (at eligibility stage).	
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan			

The objective of the program is to contribute to the improvement of the quality of transport in Haiti, increasing the country's competitiveness through: (i) the institutional strengthening and modernization of the road sector; and (ii) the reform and modernization of the maritime sector. This operation is the second in a series of three consecutive, independently financed but technically interrelated Programmatic Policy Based Grants (PBG).

Although the project is aligned with the regional development goal of infrastructure for competitiveness and social welfare, given that this intervention will not directly produce as an output "km of inter-urban roads built or maintained", it cannot be considered as aligned with this output indicator.

In terms of evaluability, the results matrix should have excluded the output indicator "km of inter-urban roads built or maintained" since, due to its nature, it cannot be considered or included as an impact indicator. The project has a solid economic analysis within the boundaries of what it is required for a PBG, but no economic model is presented to formalize and simulate the results of the policies implemented by the program. The evaluation plan is based on an reflexive evaluation and an ex post economic analysis. The risks identified are sound and include mitigation measures and metrics for monitoring.

POLICY MATRIX

Policy reforms and objective	Commitments fulfilled under Program I	Commitments for Program II	Indicative Commitments for Program III
Component 1- Macroeconomic stability			
Maintain a stable general macroeconomic policy framework consistent with the objectives of the program and the Policy Matrix.	#1 Maintain a framework of macroeconomic policies consistent with program objectives. Responsible institution: Ministry of Economy and Finance (MEF).	#1 Maintain a framework of macroeconomic policies consistent with program objectives. Responsible institution: MEF.	#1 Maintain a framework of macroeconomic policies consistent with program objectives. Responsible institution: MEF.
Component 2 – Modernization and strengthening of the road sector			
Improve the efficiency, reliability and sustainability of road infrastructure and services, through the modernization and strengthening of the Ministry of Public Works, Transport and Communications (MTPTC).	#2 Strengthening and modernization of the road sector management through the establishment of an institutional strengthening and modernization Plan for the MTPTC . This plan will include the following: (i) Description of the functions to be reinforced (planning, maintenance, and road safety). (ii) Timeline and prioritization of institutional strengthening activities to be undertaken. (iii) Products for each function to be reinforced. (iv) Terms of references for external consultants to be hired to support the implementation of the institutional strengthening and modernization plan. Responsible institution: MTPTC.	#2 Strengthening and modernization of the road sector management through the establishment of an operational plan for the MTPTC for the fiscal year (FY) 2015/2016 . This plan will include the following: (i) Detailed diagnostic for each function (planning, maintenance and road safety) performed by external consultants. (ii) Proposed operational budget for FY 2015/2016 including human resources. (iii) Operational performance indicators for each function (road safety, planning, and maintenance). Responsible institution: MTPTC.	#2 Strengthening and modernization of the road sector management through an evaluation on the performance of the Institutional strengthening and modernization plan and operational plan for the MTPTC , performed by an external expert in road sector management. This evaluation will include the following: (i) Lessons learned. (ii) Results for each operational indicator. (iii) Evaluation of each function (planning, maintenance and road safety). (iv) Recommendations to adjust deviations from the plans. Responsible institution: MTPTC.

Policy reforms and objective	Commitments fulfilled under Program I	Commitments for Program II	Indicative Commitments for Program III
Component 2 – Modernization and strengthening of the road sector			
	<p>#3 Modernization of road maintenance management through the establishment of a modernization plan for the existing maintenance organizational structure including the following:</p> <ul style="list-style-type: none"> (i) Diagnosis of the existing maintenance organizational structure. (ii) Recommendations for improvement. (iii) Proposed action plan for the evolution of the maintenance cell into a Maintenance Unit in the MTPTC. <p>Responsible institution: MTPTC.</p>	<p>#3 Modernization of road maintenance management through the implementation of the Maintenance Unit, including the following:</p> <ul style="list-style-type: none"> (i) Identification of human resources needs and submission of the proposed budget for the FY 2015/16. (ii) Elaboration of a Maintenance Operational Manual including performance indicators. <p>Responsible institution: MTPTC.</p>	<p>#3 Modernization of road maintenance management through an evaluation of the existing structure (Unit), performed by an external expert in road maintenance management, including the following:</p> <ul style="list-style-type: none"> (i) Results for each performance indicator of the operational manual. (ii) Lessons learned. (iii) Recommendations to improve performance of the Maintenance Unit. <p>Responsible institution: MTPTC.</p>

Policy reforms and objective	Commitments fulfilled under Program I	Commitments for Program II	Indicative Commitments for Program III
Component 2 – Modernization and strengthening of the road sector			
	<p>#4 Modernization of road safety management in Haiti through:</p> <p>a) Creation of a road safety Cell within the MTPTC which will include its overall attributions.</p> <p>b) Preparation of a National Strategy for Road Safety, including the following:</p> <ul style="list-style-type: none"> (i) Areas of interventions. (ii) Activities planned. (iii) Performance Indicators. (iv) Partnerships with external stakeholders. (v) Coordination mechanisms with other ministries. <p>Responsible institution: MTPTC.</p>	<p>#4 Modernization of road safety management in Haiti through:</p> <p>a) Establishment of a National Strategy for Road Safety, including the following:</p> <ul style="list-style-type: none"> (i) Areas of interventions. (ii) Activities planned. (iii) Performance indicators. (iv) Partnerships with external stakeholders (v) Coordination mechanisms with other ministries. <p>b) Establishment of an Operational Manual for road safety operations, including:</p> <ul style="list-style-type: none"> (i) Operational procedures. (ii) Performance indicators. <p>c) Creation of the Road Safety service at MTPTC under the Transport Direction, including:</p> <ul style="list-style-type: none"> (i) Details on its mission. (ii) Responsibilities. (iii) Structure. <p>Responsible institution: MTPTC.</p>	<p>#4 Modernization of road safety management in Haiti through the Evaluation of the National Strategy for Road Safety, performed by an external expert in road safety, including the following:</p> <ul style="list-style-type: none"> (i) Results for each performance indicator of the National Road Safety Strategy. (ii) Lessons learned. (iii) Recommendations to improve the execution of the activities under the National Strategy for Road Safety. <p>Responsible institution: MTPTC.</p>

Policy reforms and objective	Commitments fulfilled under Program I	Commitments for Program II	Indicative Commitments for Program III
Component 2 – Modernization and strengthening of the road sector			
	<p>#5 Strengthening of road management planning through the modernization of tools for road assets management, via the establishment of a database of primary road network at the MTPTC, including the following information:</p> <ul style="list-style-type: none"> (i) Length of the road network. (ii) Inventory of work of arts (bridges, etc.). (iii) Geographical Information System (GIS). (iv) Visual condition of the primary roads. <p>Responsible institution: MTPTC.</p> <p>#6 Modernization of the Central Executing Unit (UCE/MTPTC) through the standardization of its operational processes, including procedures for the following function:</p> <ul style="list-style-type: none"> (i) Financial. (ii) Procurement. (iii) Monitoring and evaluation. (iv) Personnel management. (v) Environmental control. (vi) Social impact. <p>Responsible institution: MTPTC.</p>	<p>#5 Strengthening of road management planning through the modernization of tools for road assets management, via:</p> <ul style="list-style-type: none"> a) Performing traffic counts and the elaboration of a road conditions inventory for the national and departmental networks, including the following information: <ul style="list-style-type: none"> (i) Geographical Information System (GIS). b) Establishment of an Operational Manual for the road management planning and asset management. Including the following information: <ul style="list-style-type: none"> (i) Road maintenance practices and planning (including results based contracts). (ii) Road construction/rehabilitation planning. (iii) HDM-4 training manuals. <p>Responsible institution: MTPTC.</p> <p>#6 Modernization of the UCE/MTPTC operational procedures through the implementation of a Strengthening Plan for the UCE/MTPTC and of a Training Plan, covering the following functions:</p> <ul style="list-style-type: none"> (i) Financial. (ii) Procurement. (iii) Monitoring and evaluation (iv) Personnel management. (v) Environmental control. (vi) Social impact. <p>Responsible institution: MTPTC.</p>	<p>#5 Modernization of road asset management tools through the establishment of a multiyear road rehabilitation and maintenance, using the baseline information from the road condition inventory.</p> <p>Responsible institution: MTPTC.</p> <p>#6 Modernization of the UCE/MTPTC operational procedures through an evaluation of its performance including the following:</p> <ul style="list-style-type: none"> (i) Results for each function of the strengthening plan. (ii) Lessons learned. (iii) Recommendations to improve performance of the UCE/MTPTC. <p>Responsible institution: MTPTC.</p>

Policy reforms and objective	Commitments fulfilled under Program I	Commitments for Program II	Indicative Commitments for Program III
Component 3 - Institutional & regulatory reform of the port sector			
<p>Increase the efficiency and reliability of the transport sector by supporting the modernization and reform of the port sector.</p>	<p>#7 Modernization and reform of the maritime Sector, beginning with the creation of a task force to coordinate the port reform, including its mandate, responsibilities and the task force team assigned. The task force will include representatives from the National Port Authority (APN) and the Ministry of Finance, as well as advisors from the donors.</p> <p>Responsible institution: APN.</p>	<p>#7 Modernization and reform of the port sector through an intermediate evaluation of the task force performed by an external expert in port management and operation, to ensure that the task force is accomplishing its mandate, including the following:</p> <ul style="list-style-type: none"> (i) Performance evaluation based on the port reform program and timeline. (ii) Lessons learned. (iii) Recommendations to adjust deviations from the task force’s mandate and responsibilities. <p>Responsible institution: APN.</p>	<p>#7 Modernization and reform of the port sector through a final evaluation of the task force performed by an external expert in port management and operation, to ensure that the task force is accomplishing its mandate, including the following:</p> <ul style="list-style-type: none"> (i) Performance evaluation based on the port reform program and timeline. (ii) Lessons learned. (iii) Recommendations to adjust deviations from the task force’s mandate and responsibilities. <p>Responsible institution: APN.</p>
	<p>#8 Reform of the legal and regulatory framework for port’s management and operation, through the establishment of a Policy for Ports that will serve as input for the draft law to enable the improvement of port’s governance and competitiveness and to induce private sector investment.</p> <p>The Policy for Ports will include the following aspects:</p> <ul style="list-style-type: none"> (i) The institutional structure and mandate for the entities responsible for the port sector. (ii) The port development strategy. <p>Responsible institution: APN.</p>	<p>#8 Reform of the legal and regulatory framework for port’s management and operation, though the approval of the Council of Ministers of two Draft Laws for the port sector reform, to enable the improvement of port’s governance and competitiveness, to induce private sector investment.</p> <p>These draft laws will cover the following aspects:</p> <ul style="list-style-type: none"> (i) The institutional structure and mandate for the entities responsible for the port sector. (ii) The port development strategy. <p>Responsible institution: APN.</p>	<p>#8 Reform of the legal and regulatory framework for port’s management and operation, through the approval of the laws and regulations for ports and related decrees.</p> <p>The approved laws, regulations and decrees will cover the following aspects:</p> <ul style="list-style-type: none"> (i) The institutional structure and mandate for the entities responsible for the port sector. (ii) The port development strategy. <p>Responsible institution: APN.</p>

Policy reforms and objective	Commitments fulfilled under Program I	Commitments for Program II	Indicative Commitments for Program III
Component 4 - Modernization and strengthening of port institutions			
<p>Promote more efficient, transparent and modern institutions to manage ports.</p>	<p>#9 Enhancement of transparency of ports Institutions through the strengthening of the APN's audit mechanism.</p> <p>Modernization of ports institutions management through the strengthening of the decision making process by having a reliable inventory of the APN's assets, liabilities, land ownerships, contract obligations, legal commitments, environmental and social aspects (<i>État des lieux</i>).</p> <p>Responsible institution: APN.</p>	<p>#9 Modernization of ports institutions through a plan for reallocation of the assets and liabilities of the APN into the new planned Port entities.</p> <p>Responsibilities of new entities include:</p> <p>(i) Planning/management of the ports. (ii) Regulation of competition. (iii) Operations of public ports. (iv) Management of concessions and contracts with private operators.</p> <p>Responsible institution: APN.</p>	<p>#9 Modernization of ports institutions through the implementation of the new port entities.</p> <p>Responsibilities of new entities include:</p> <p>(i) Planning/management of the ports. (ii) Regulation of competition. (iii) Operations of public ports. (iv) Management of concessions and contracts with private operators.</p> <p>Responsible institution: APN.</p>
	<p>#10 Modernization of human resources management in ports institutions through the assessment of the APN's employees' skills, in order to carry out the tasks of the new planned entities that will be in charge of regulation and management of ports.</p> <p>Responsible institution: APN.</p>	<p>#10 Modernization of human resources management in ports institutions through a plan for reassignment of positions and functions of the employees from the APN to the new planned entities and the establishment of a training program according to the needs identified for the new entities.</p> <p>Responsible institution: APN.</p>	<p>#10 Improve the human resources capacities to manage the port Institutions through:</p> <p>(i) Certification for the execution of the training program. (ii) The establishment of the new entities' human resources.</p> <p>Responsible institution: APN.</p>

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/15

Haiti. Nonreimbursable Financing ___/GR-HA to the Republic of Haiti
Institutional Strengthening and Reform of the Transport Sector II

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the IDB Grant Facility (hereinafter referred to as the "Account"), to enter into such contract or contracts as may be necessary with the Republic of Haiti, as Beneficiary, for the purpose of granting it a nonreimbursable financing to cooperate in the execution of the project "Institutional Strengthening and Reform of the Transport Sector II." Such nonreimbursable financing will be for an amount of up to US\$27,000,000, which form part of the Account, and will be subject to the Terms and Financial Conditions and the Special Contractual Conditions in the Project Summary of the Grant Proposal.

(Adopted on ___ _____ 2015)