HAITI RECONSTRUCTION FUND

REBUILDING TOGETHER
SIX MONTH PROGRESS REPORT

June 17 - December 16 2010

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MESSAGE FROM THE IHRC CO-CHAIR

AYITI, WHICH MEANS “THE LAND OF THE HIGH MOUNTAINS” IN THE TAINO LANGUAGE, IS A UNIQUE PLACE. IT IS THE HOMELAND OF A PROUD NATION WHOSE DIGNITY, DESPITE ALL ADVERSITY, HAS NOT BEEN DENTED EVEN IN ITS DARKEST MOMENTS. In the face of the greatest calamities, Haitians have shown that the human spirit remains the greatest source of strength. Haitians, aware of their unique cultural and historical legacy, know that their quest for freedom and independence has served as a beacon of hope and an example for many. Without a doubt, time and again, Haitians have demonstrated with their actions that they have always known the true meaning of the words solidarity, resilience and hope.

The Haitian people were making real progress in improving their plight when the earthquake struck. Sustainability, stability and equality in Haiti’s development were no longer elusive goals but tangible possibilities. Indeed, the opportunity to control their destiny and achieve their potential as a nation was closer than at any other point in recent history. And yet, this new tragedy seemed to threaten what had been accomplished so far. Clearly, we could not allow this to happen and we have not. We remain determined to help out our Haitian sisters and brothers to break this cycle, and the recovery framework put in place is part of our answer to this.

To face these new challenges, the recovery process needs be shaped by the highest degree of coordination, transparency, and collaboration between the Haitian people, their government and the international community. To match strategy with action, and to link solidarity with coordination, the Interim Haiti Recovery Commission (IHRC) has been established along with the Haiti Reconstruction Fund (HRF). Together, both entities can help translate Haitian strategic leadership and international support into a transparent, coordinated and effective effort.

Since its inception, the Haiti Reconstruction Fund has been actively supporting the work of the IHRC, mobilizing and allocating contributions to finance high-priority projects. There is room for improvement and current accomplishments pale in light of what remains to be done. However, Haitians are determined to remain in control of their destiny and the Haiti Reconstruction Fund, in support of the Interim Haiti Recovery Commission, is committed to help them in achieving their goal.
THE HAITI RECONSTRUCTION FUND (HRF) is playing a central role in the strategic coordination and allocation of resources to support recovery efforts in Haiti. It is therefore with great pleasure that, on behalf of my Government and as Chairman of the Steering Committee of the HRF, I want to share with you the successful experience of the past six months.

In March 2010, the Haitian government asked the Haiti Reconstruction Fund to mobilize and allocate a portion of the aid that the international community has committed to invest in rebuilding Haiti. The watchword of the overall reconstruction process is “building back better” and, in that spirit, the contribution of the HRF has been invaluable. The Fund has enabled the pooling of resources resulting in a reduction of our transaction costs. However, the most important thing is that the Government now has access to the largest source of unallocated funds for reconstruction process.

In order to “build back better”, we must rebuild sustainably, which requires effective Haitian leadership in determining the strategic direction of the reconstruction process. Our Government chairs the Steering Committee and we are working in perfect harmony with the IHRC. In addition, the HRF provides a platform for disbursement that promotes predictability, transparency and good governance in close liaison with the Partner Entities. Overall, the global structure of the Fund is both flexible and has good management procedures. We can achieve positive results because we are working to strengthen institutional capacity through good management of the financial costs for reconstruction.

Ronald Baudin
Chair of the HRF Steering Committee
Minister of Economy and Finance
**JOINT DONORS STATEMENT**

THE EARTHQUAKE OF THE 12TH OF JANUARY, 2010 BROUGHT INDESCRIBABLE SUFFERING AND DESTRUCTION ON A SCALE RARELY SEEN ANYWHERE IN THE WORLD. This has been further compounded by the recent cholera epidemic that puts additional strains on the Haitian people as they rebuild. Facing such destruction and acknowledging the need to assist Haiti, the international community has risen to the challenge, while at the same time trying to learn from past experiences.

It is critically important that the vision and will of the Haitian people drive the recovery process. From the conception of a strategic vision to the implementation of a given project, all stages must honor the voice of the Haitian people and contribute to the rebuilding of both Haiti’s physical and human capital. To achieve maximum impact, the funds provided for this recovery process must be spent effectively and efficiently. Therefore, we fully support the partnership formed by the Interim Haiti Recovery Commission and the Haiti Reconstruction Fund which promotes national ownership, leadership, flexibility, transparency, and accountability.

Coordination and harmonization of financial resources through a multilateral fund offer us the opportunity to pool assets, avoid duplication and reduce costs while enabling the Government of Haiti to meet its strategic needs. At the same time, by disbursing through the Partner Entities, their established financial, procurement and, monitoring procedures ensure that the highest standards will apply in the use of those resources.

The HRF has allocated and set aside over US$193 million to date to support eleven activities. This represents 72% of the total contributions that have been received by the Fund. Strategic finance has been provided to support the operation of the Government, provide housing and restore neighborhoods, manage debris, enhance education, assist small and medium-sized enterprises, mitigate disaster risks, and promote development in the southern part of the country.

The process works, but much remains to be done. The IHRC and the HRF should invest available funds as quickly and strategically as possible to finance the expanding reconstruction effort. Contributions need to enable the IHRC’s activities to reflect IHRC priorities. Effective performance by the HRF should be leveraged to attract additional contributions.

We look forward to continue supporting the Haiti Reconstruction Fund. We are confident that the level of financial and institutional support provided by the HRF in association with the IHRC and the Partner Entities will allow us to secure additional resources and a superior degree of aid effectiveness as part of our long-term commitment to Haiti.

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**Contributors to the Fund:**

- Ms. Cheryl Mills
  - Chief of Staff
  - Counselor of the U.S. Department of State
  - USA

- H.E. Antonio José Ferreira Simões
  - Undersecretary-General for South and Central America and the Caribbean Ministry of Foreign Affairs
  - Brazil

- H.E. Espen Rikter-Svendsen
  - Ambassador/Special Envoy to Haiti
  - Norwegian Ministry of Foreign Affairs
  - Norway

- Mr. Peter Baxter
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  - Australia

- Mr. Diego Andres Molano Aponte
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  - Presidential agency for Social action and International Cooperation
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  - Department for Conflict and Post-Conflict Cooperation
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- H.E. Ambassador Fuad Al-Hinai
  - Permanent Representative of Oman to the United Nations, New York
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- Mr. David Moloney
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  - Canadian International Development Agency
  - Canada

- S.E. Ambassadeur Pierre Duquesne
  - Ambassadeur chargé des questions économiques de reconstruction et de développement
  - France

- Mr. Urmas Paet
  - Minister for foreign affairs
  - Ministry of Foreign Affairs
  - Estonia

- Mrs. Frances-Galatia Lanitou Williams
  - Director/Department of Development Cooperation, Humanitarian Assistance and International Financial Organisations Ministry of Foreign Affairs
  - Cyprus

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Officially confirmed contributors (Administration Agreement/Arrangement pending signature):

- Japan
- Spain
- Nigeria
- Ireland
- Finland
- Latvia

Photo courtesy of Oscar Emerson
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Photo courtesy of Anita Ipolite
This report was prepared by the HRF Secretariat. It has benefited from inputs from the Government of Haiti and the HRF Partner Entities. Specific comments and suggestions were received from: Alfred Metellus (Ministry of Finance), Espen Rikter-Svendsen (Norway), Chie Ingvoldstad and Jonathan Caldicott (World Bank/Trustee), David Moloney and Nathalie O’Neil (Canada), Pierre Duquese (France), Katherine Gilbert (UN Office of the Special Envoy for Haiti), Peter Sollis (IDB), Sana Zemri (UNDP/Multi-Donor Trust Fund Office), and Yvonne Tsikata (World Bank). The text of the report was reviewed at the December 15 meeting of the HRF Steering Committee in Port-au-Prince/Santo Domingo.

WHY WAS THE HRF CREATED?

The devastating January 12 earthquake in Haiti generated an enormous outpouring of international support. Governments, private entities, non-governmental organizations (NGOs), creditors, and multilateral agencies around the world have mobilized substantial volumes of resources to support relief and recovery. Some of these contributors have the capacity and desire to manage their own resources on the ground with the Government of Haiti (GoH). Others prefer to combine their support in a multi-donor effort to help finance the recovery.

In response to a March 2010 request from the GoH, the Inter-American Development Bank (IDB), the United Nations (UN) and the World Bank, along with contributing donors, established a multi-donor fund called the Haiti Reconstruction Fund (HRF). The role of the HRF is to provide financing for the GoH’s post-earthquake Action Plan for National Recovery and Development of Haiti and related initiatives.

At the GoH’s request, the International Development Association (IDA) of the World Bank Group serves as Trustee for the fund. From March to June 2010, the World Bank worked with the GoH, IDB, UN, and contributing donors to create a governance structure and mobilize resources so that the HRF could become operational.

HOW DOES THE HRF WORK?

The objective of the Fund is to support the mobilization, coordination and allocation of contributions to improve basic living conditions in Haiti and build the capacity of the Government of Haiti in the longer term. To meet this objective, the HRF coordinates its activities with the Government of Haiti, and especially the Interim Haiti Recovery Commission (IHRC). The HRF is a trust fund administered by IDA as Trustee. It pools contributions from donors to provide grant financing for priority activities that are endorsed by the IHRC and approved by the HRF Steering Committee.

The HRF provides grant funding for projects and programs in support of the GoH’s Action Plan for National Recovery and Development. Any proposals that meet the following eligibility criteria may be submitted for funding from the HRF:

- Be endorsed by the IHRC;
- Comply with the Government of Haiti’s Recovery Plan or a similar document for recovery, reconstruction and development approved by the Government of Haiti;
- Designed to meet a strategic financing need in the reconstruction;
- Consistent with the Fund’s policies and strategies (as amended from time to time);
- Enable the efficient, speedy and sustainable recovery of Haiti, and be completed within the life of the Fund (June 2010 - December 2017);
- Be prepared using the IHRC Project Concept Note template; and
- Be fully compatible with the Partner Entity’s policies and procedures and the Trustee’s mandate.

The grant approval process consists of six simple steps. To request HRF funding, an implementing agency and Partner Entity jointly submit either a project concept note (PCN) following the IHRC template or a full project document for IHRC approval. The IHRC then forwards approved projects to the HRF Steering Committee (SC) for review and funding consideration. For full project proposals, once the SC and thereafter the IHRC approve the allocation, funds are transferred to the Partner Entity for immediate implementation of the project. PCN-stage proposals are approved conditionally and receive final approval only upon submission of
the complete project document for no-objection approval by
the SC and final IHRC approval thereafter.

A range of activities can be financed to achieve the objective of
the Fund. These include: (a) technical assistance and capacity
building; (b) infrastructure investments; (c) delivery of basic
services; (d) community development; (e) environmental pro-
tection and clean-up; (f) income generation activities; and (g)
budget support. This can include one or more facilities to make
small grants that support these activities. Other activities may
be agreed by the HRF Steering Committee when consistent with
the overall mandate of the Trustee.

The HRF structure consists of a Steering Committee, Partner En-
tities, a Trustee, and a Secretariat. Their relationship is graphi-
cally presented in Figure I below. The Steering Committee is the
Fund’s governance body and is responsible for endorsing HRF
policies and procedures, allocating resources, and approving
financial and progress reports. All proposals for consideration
by the Steering Committee must be endorsed and requested by
the IHRC. The Steering Committee is chaired by the Minister of
Finance of the GoH and consists of decision-making representa-
tives from the GoH and major donors who are contributing at
least US$30 million. Representatives of the Partner Entities and
the Trustee constitute non-decision making members. Observ-
ers include representatives of Haitian civil society, the private
sector, the diaspora, local government, and international NGOs.

WHERE DO THE HRF’S RESOURCES COME FROM?

As of mid-December 2010, twelve donors have signed Adminis-
tration Agreements or Arrangements with the Trustee for a
total commitment to the HRF of US$267 million. US$265 mil-
lion of these funds have been transferred and received by the
Trustee. Brazil was the first donor to the Fund, signing an Ad-
ministration Agreement for a contribution of US$55 million
on May 11, 2010. The United States, with a contribution of
US$120 million, is the largest donor to the Fund. Each donor
contributing or committing to contribute (through the signing
of an Administration Agreement) a minimum of US$30 mil-
lion equivalent becomes a voting member of the IHRC Steering
Committee. To date, four donors - Brazil, Canada, Norway and
the United States – have contributed an amount equivalent to
US$30 million or more to the Fund. Smaller donors can pool
their resources to reach this threshold and obtain a seat on the
Steering Committee.

The Trustee is currently finalizing Administration Agreements/
Arrangements with six new donors for additional contributions
to the Fund totaling an estimated US$67 million. A number of
existing donors to the HRF, most notably Canada, France, Nor-
way and the United States, have also expressed their intention
to contribute additional funds.

70% of committed resources have already been allocated by
the Steering Committee for reconstruction activities. US$187
million was allocated for recipient executed activities, US$4.5
million was allocated in fees and US$1.6 million was approved
to cover the Trustee and Secretariat costs for the period of July
1, 2010 until June 30, 2011. Of the US$187 million in approved
recipient executed grants to date, 19 percent is being chan-
nelled to the DB as Partner Entity, 30 percent through the UN,
and 51 percent via the World Bank.

WHAT HAS THE HRF ACHIEVED SO FAR?

In the six months since its inception, the HRF has proven to
be an effective tool for rapid response to fill strategic financ-
ing needs. The Steering Committee has in six months allocat-
ed US$187 million for eleven projects in areas where there are
funding shortfalls. Allocations have been made for the following
areas: reconstruction (US$107 million for three projects), pub-
lic administration (US$25 million for budget support), disaster
risk reduction (US$24 million for three projects), financial and
economic recovery (US$18 million for two projects), education
(US$10 million for one project), and urban development US$8
million for one project).

The speed of the HRF response reflects the Steering Commit-
tee and Secretariat’s adherence to high performance standards,
including:
- Rapid review and approval of projects, with a five working-
day turnaround for each step in the approval process
- Scheduling of HRF Steering Committee meetings the day of
or after IHRC Board meetings to allow immediate funding of
IHRC-approved projects.
- The use of Partner Entities own policies and procedures,
including simplified project designs, use of emergency ap-
proval procedures, and streamlined procurement and finan-
cial management procedures.

A number of improvements can be made to further improve
performance standards, such as closer collaboration with the
IHRC on the pipeline of projects to be funded from the HRF
and more rapid preparation of complete project proposals by
Partner Entities such that final Steering Committee and IHRC
approval can be granted more quickly and project implementa-
tion can start sooner.

One way to gauge the performance of the HRF is to compare it
to other post-disaster and post-conflict multi-donor funds. In
an uneven comparison of the performance of such funds after
one year with the HRF after six months, the HRF is performing
well in terms of: a) the rate of processing of funding requests
(70% of funds received have already been approved for recipi-
ent-executed activities); b) resource mobilization (donors have
committed and transferred US$165 million to the HRF which is
only surpassed by the Iraq Reconstruction Funds’ performance
over twelve months); and c) the speed of disbursement of ap-
proved project funds (the HRF ranks in the top half with a 13
percent disbursement rate).

The HRF has now transferred funds to enable each of the Part-
er Entities to implement activities. As these operations are in
their first few months of implementation, the results are mod-
est but include:
- A Partial Credit Guarantee Fund was launched on December 16,
2010 to assist small and medium-sized Haitian enter-
prises to recapitalize;
- A Debris Management Project: has selected its target zones,
contracted for heavy machinery and called for NGO propos-
tions to be financed through the project; and
- An Emergency Development Policy Operation has provided
critical budget support to help close the GoH financing gap in
FY10 and achieve modest policy reforms.

While it is still early days in the life of the Haiti Reconstruc-
tion Fund, some initial lessons can be identified. These include
lessons about the value of Haitian leadership, the provision of
strategic finance, the importance of a financing strategy, flex-
bility in decision-making, streamlining, and preferencing. The
second half of the HRF’s first year of operation should focus
on: a) responding to the IHRC’s requests for priority financing
needs; b) mobilizing additional contributions, including from
non-conventional donors; and c) monitoring how transferred
funds are being disbursed by Partner Entities.

FIGURE I: THE HRF GOVERNANCE STRUCTURE

*Other Partner Entities may be proposed subject to accreditation by the Trustee based on proposed minimum fiduciary and safeguard standards and ap-
proval by the Steering Committee.
**Partner Entities will work through one or more Implementing Agencies that are permitted under the Partner Entity’s rules and procedures to undertake
reconstruction and development activities.
1.1 The devastating January 12 earthquake in Haiti has generated an enormous outpouring of international support. Governments, private entities, non-governmental organizations (NGOs), creditors, and multilateral agencies around the world have mobilized substantial volumes of resources to support relief and recovery. Some of these contributors have the capacity and desire to manage their own resources on the ground with the Government of Haiti (GoH). Others prefer to combine some or all of their support in a multi-donor effort to help finance the reconstruction process and in particular to fill urgent and priority financing gaps.

1.2 In response to a March 2010 request from the GoH, the Inter-American Development Bank (IDB), the United Nations (UN) and the World Bank, along with contributing donors, established a multi-donor fund called the Haiti Reconstruction Fund (HRF or “the Fund”). The role of the HRF is to support the GoH’s post-earthquake Action Plan for National Recovery and Development of Haiti and related initiatives. At the GoH’s request, the International Development Association (IDA) of the World Bank Group serves as Trustee for the fund.

The advantages of this multi-donor approach are that it:
• Increases harmonization by pooling resources from many donors in support of the government’s recovery Plan;
• Draws on the comparative advantages of proven international (IDB, UN and World Bank) and locally-active partners that are eligible to implement according to a Partner Entity’s rules and procedures;
• Reduces transaction costs for the Government and donors by working through one funding facility using a common set of financing agreements and procedures;
• 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.

1.3 This report covers the first six months of HRF operations, from June 17, 2010 when the first HRF steering committee was held through December 16, 2010. It is organized as follows:
• The challenge of getting started (Chapter 2) – presents a brief history of the HRF, along with information on its objectives, overall structure and governance arrangements;
• Meeting the needs of strategic finance (Chapter 3) – outlines how the HRF provides strategic finance, the status of contributions and disbursements and the HRF’s performance;
• The emerging portfolio (Chapter 4) – details the HRF grant approval process and provides a description of the current portfolio which the Fund is supporting;
• Managing the HRF (Chapter 5) – covers the roles and responsibilities of HRF stakeholders, linkages with the GoH and the IHRC, costs, and the communications strategy;
• Identifying early results (Chapter 6) – provides an assessment of HRF performance, a comparison with other post-disaster and post-conflict funds, early results, lessons learned, and prospects.

1.4 More detailed information is provided in the annexes on the status of HRF financial resources, activities being financed, the structure of the HRF website, and the geographic location of HRF-funded activities.

... the recovery process needs to be shaped by the highest degree of coordination, transparency and collaboration between the Haitian people, their government and the international community.”

JEAN-MAX BELLERIVE, IHRC CO-CHAIR AND PRIME MINISTER
2.1 Discussions to establish a multi-donor fund in response to the earthquake began as early as January 2010 between the United Nations, the Inter-American Development Bank and the World Bank. These partners recognized the multiple benefits that such a pooled funding mechanism could bring based on experience in earlier post-disaster and post-conflict situations. During the first two months, a variety of approaches were reviewed by the partners and discussed with the GoH. The way forward was established on March 17th at a reconstruction conference in Santo Domingo when the GoH asked the World Bank to establish a single fund to mobilize, pool and allocate contributions of interested donors. Five days later, the World Bank established the HRF mechanism as a financial intermediary fund (FIF).

2.2 During the next three months (March 17 – June 16, 2010), the design of the Fund was further developed with stakeholders, donors pledged resources for the reconstruction, a first contribution of US$55 million was made to the HRF by the Government of Brazil, the Interim Haiti Recovery Commission (IHRC) was established, and the first HRF steering committee was planned in conjunction with the first IHRC board meeting. While the HRF could have started its funding activities as soon as the first donor commitment was received in mid-May, the Fund is structured to receive its guidance from the IHRC and consequently began operations as soon as the IHRC became operational in mid-June. A detailed chronology of early events leading up to this point is provided in Box 2.1.

2.3 OBJECTIVE AND ACTIVITIES
The objective of the Fund is to support the mobilization, coordination and allocation of resources in the form of contributions to improve basic living conditions in Haiti and assist in...
Building the capacity of the Government of Haiti in the longer term consistent with Haiti’s Action Plan for Reconstruction and Development.

2.4 To meet this objective, the HRF receives guidance from the IHRC and HRF-funded activities are coordinated with the Government of Haiti. The HRF is administered by the International Development Association (IDA) as Trustee, and constitutes pooled contributions and investment income earned on the undisbursed balance. The HRF provides grant financing for priority activities identified and/or endorsed by the IHRC within the GoH’s Recovery Plan, and as approved by the HRF Steering Committee. The HRF’s guiding principles, as set out in its Operations Manual and approved by its Steering Committee, are presented in Box 2.2.

2.5 The types of activities that can be financed to achieve the objective of the Fund, include: (a) technical assistance and capacity building; (b) infrastructure investments; (c) delivery of basic services; (d) community development; (e) environmental protection and clean-up; (f) income generation activities; and (g) budget support. This can include one or more facilities to make small grants that support these activities. Other activities may be agreed by the HRF Steering Committee when consistent with the overall mandate of the Trustee.

2.6 STRUCTURE

The HRF is a financial intermediary fund that receives resources from multiple donors, pools the funds and then transfers financing to Partner Entities. A Partner Entity has fiduciary responsibility for all transferred funds; it appraises and supervises the realization of activities through Implementing Agencies. Currently, the Partner Entities are the Inter-American Development Bank, the United Nations (through the United Nations Development Program (UNDP), representing the members of the United Nations Development Group (UNDG)) and the World Bank Group. Implementing Agencies that can work with these partners include GoH entities, UN organizations, NGOs, and others, such as private sector enterprises.

2.7 GOVERNANCE

The HRF governance structure consists of: a Steering Committee, Partner Entities, a Trustee, and a Secretariat. The Steering Committee is the HRF’s governance body and is responsible for endorsing HRF policies and procedures, allocating resources, and approving financial and progress reports. All proposals for consideration by the Steering Committee must be endorsed and requested by the IHRC. The Steering Committee is chaired by the GoH Minister of Finance and consists of decision-making representatives from the GoH and major donors who are contributing at least US$10 million. Smaller donors can pool their contributions to reach the threshold and gain a shared seat on the Steering Committee. Representatives of the Partner Entities and the Trustee constitute non-decision making members. Observers include representatives of Haitian civil society, the private sector, the diaspora, local government, and international NGOs. The relationship of each part of the governance structure is graphically presented in Figure 2.1 and some of the highlights of the first four Steering Committee meetings are presented in Box 2.3.

**BOX 2.3: HRF Steering Committee Meeting Highlights**

First meeting (June 17, 2010)
- Allocation of US$30 million for budget support to the GoH at the request of the IHRC on the same day
- Approval of annual budgets for Trustee and Secretariat

Second meeting (August 17, 2010)
- Setting aside US$29.5 million for two proposals (debris management and partial credit guarantee) requested by the IHRC on the same day
- Approval of criteria and process for selecting new partner entities
- Amendment and approval of Operations Manual

Third meeting (October 7, 2010)
- Setting aside US$30 million for three proposals (an integrated package of disaster mitigation and reconstruction activities for southern Haiti) requested by the IHRC on the previous day
- Setting aside US$440 million for forthcoming Artibonite 4c Dam proposal
- Update and approval of a simplified fee structure note

Fourth meeting (December 15, 2010)
- Setting aside US$102 million for four proposals (debris removal, education, housing reconstruction and disaster risk management)
- Discussion of IHRC Strategy for the HRF and strategy against donor preferencing
- Presentation of the draft HRF Six-month Progress Report

*Other Partner Entities may be proposed subject to accreditation by the Trustee based on proposed minimum fiduciary and safeguard standards and approval by the Steering Committee.

**Partner Entities will work through one or more Implementing Agencies that are permitted under the Partner Entity’s rules and procedures to undertake reconstruction and development activities.

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**FIGURE 2.2: THE HRF GOVERNANCE STRUCTURE**

**BOX 2.2: THE HRF’S GUIDING PRINCIPLES**

- Government leadership – the governance structure and the process for approving grants will be led by the Government of Haiti as chair of the HRF’s governing body
- Strategic finance – the HRF resources can increase flexibility by providing reconstruction finance that is not being furnished through earmarked funding from other sources
- Standards – the HRF and its financed activities will adhere to international standards and good practice in key areas such as financial management, procurement, poverty alleviation, good governance, environmental sustainability, and gender equity
- Build on existing capacity – the HRF will seek to work with and finance existing successful programs including those building social capital, e.g. through community-driven development programs, and enhancing the capacity of line ministries, local governments, private enterprise, and NGOs with a proven track record
- Good governance – the HRF and its financed activities will enable the participation of different levels of government, civil society, the private sector, the diaspora, and development partners and promote a transparent, accountable reconstruction process
- Speed and risk management – the HRF will ensure the speedy and efficient delivery of its activities while managing risks in order to produce high-quality results.

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**FIGURE 2.1: THE HRF’S FINANCING STRUCTURE**
3.1 STRATEGIC FINANCE IN SUPPORT OF THE ACTION PLAN
The Haiti Reconstruction Fund provides strategic financing in support of the Government of Haiti’s Action Plan for National Recovery and Development of Haiti. The Action Plan, which was presented by the Government of Haiti (GoH) at the New York pledging conference in March, 2010, presents a multisectoral framework for the rebuilding of Haiti based on the Post Disaster Needs Assessment (PDNA) and consultations with stakeholders. The vision outlined in the Action Plan goes beyond the immediate response to the damage and losses caused by the January 12 earthquake and aims to use the reconstruction process to address and rectify some of the structural causes of Haiti’s underdevelopment.

3.2 FINANCIAL STATUS
At the request of the Government of Haiti, the International Development Association (IDA) of the World Bank Group acts as Trustee for the Haiti Reconstruction Fund (HRF). The Trustee receives contributions from donors to the Trust Fund and administers the funds, assets and receipts that constitute the HRF. The following sections of the report provide an overview of the financial status of the Fund; total donor contributions to the Fund and the current Fund balance. The Trustee’s Financial Status Reports, prepared in advance of each Steering Committee meeting, are publicly available on the HRF website.

DONOR CONTRIBUTIONS
3.3 As of December 16, 2010, twelve donors have signed Administration Agreements with the Trustee for a total commitment to the HRF of US$267 million (Table 3.1: Status of Contributions). Out of the total funds committed by donors, US$265 million has been transferred and received by the Trustee. The US$2 million contribution from the World Bank’s State and Peace Building Fund is expected to be transferred to the Trustee by the end of December 2010.

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<td>EUR</td>
<td>5.00</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Norway</td>
<td>NOK</td>
<td>200.00</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Oman</td>
<td>USD</td>
<td>5.00</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>State and Peace Building Fund</td>
<td>USD</td>
<td>2.00</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Sweden</td>
<td>SEK</td>
<td>25.00</td>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>United States</td>
<td>USD</td>
<td>120.00</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td><strong>TOTAL USD EQUIVALENT</strong></td>
<td></td>
<td></td>
<td><strong>247</strong></td>
<td><strong>245</strong></td>
</tr>
</tbody>
</table>

* Represents contribution amount under countersigned Administration Agreements or Arrangements

1 www.haitireconstructionfund.org
3.4 Brazil was the first donor to the Fund, signing an Administration Agreement for a contribution of US$55 million on May 11, 2010. The United States, with a contribution of US$120 million, is the largest donor to the Fund. Each donor contributing or committing to contribute (through the signing of an Administration Agreement) a minimum of US$10 million equivalent is eligible to become a voting member of the HRF Steering Committee. To date, four donors - Brazil, Canada, Norway, and the United States - have contributed an amount equivalent to US$10 million or more to the Fund. Smaller donors can pool their resources to reach this threshold and obtain a voting seat on the Steering Committee.

3.5 Additional donor contributions are expected in the coming months. The Trustee is currently finalizing Administration Agreements/Arrangements with six new donors for additional contributions to the Fund totaling an estimated US$67.31 million (Table 3.2: Contributions pending conclusion of Administration Agreements or Arrangements). A number of the existing donors to the HRF, most notably Canada, Norway and the United States, have also expressed their intention to contribute additional funds.

**FUND BALANCE**

3.6 Of the total US$267 million in funds contributed to the HRF, the Steering Committee has made cumulative funding decisions totaling US$193.04 million; US$186.97 million was allocated for recipient executed activities; US$4.48 million was allocated in fees; and US$1.59 million was approved to cover the Trustee and Secretariat costs for the period of July 1, 2010 until June 30, 2011. (Table 3.3: Cumulative Funding Decisions). Of the total US$186.97 million in approved recipient executed grants to date, 30 percent of funding is being channeled through the UN as Partner Entity, 51 percent is channeled through the World Bank, and for 19 percent of the approved grants the IDB serves as the Partner Entity (Figure 3.1: Project Funding Decisions by Partner Entity).

### TABLE 3.2: HAITI RECONSTRUCTION FUND - CONTRIBUTIONS PENDING CONCLUSION OF ADMINISTRATION AGREEMENTS OR ARRANGEMENTS (IN MILLIONS)

<table>
<thead>
<tr>
<th>DONOR</th>
<th>CURRENCY</th>
<th>AMOUNT</th>
<th>USD EQ.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>EUR</td>
<td>0.70</td>
<td>0.93</td>
</tr>
<tr>
<td>Ireland</td>
<td>EUR</td>
<td>1.00</td>
<td>1.32</td>
</tr>
<tr>
<td>Japan</td>
<td>USD</td>
<td>10.00</td>
<td>0.66</td>
</tr>
<tr>
<td>Latvia a/</td>
<td>EUR</td>
<td>0.03</td>
<td>6</td>
</tr>
<tr>
<td>Nigeria</td>
<td>USD</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Spain</td>
<td>USD</td>
<td>10.00</td>
<td>10.00</td>
</tr>
</tbody>
</table>

TOTAL USD equivalent b/ 67.31

a/ Latvia countersigned the Agreement on December 17, 2010
b/ Valued on the basis of exchange rates of December 16, 2010

### TABLE 3.3: HAITI RECONSTRUCTION FUND - CUMULATIVE FUNDING DECISIONS (IN MILLIONS)

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>PROJECTS</th>
<th>TITLE</th>
<th>PARTNER ENTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Haiti Emergency Development Policy Operation</td>
<td>WB</td>
<td>25.00</td>
</tr>
<tr>
<td></td>
<td>Budget support</td>
<td>WB</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>Program to Establish a Partial Credit Guarantee Fund</td>
<td>IDB</td>
<td>12.50</td>
</tr>
<tr>
<td></td>
<td>Debris Management Project</td>
<td>UN</td>
<td>15.68</td>
</tr>
<tr>
<td></td>
<td>Haiti Southwest Sustainable Development Program a/</td>
<td>UN</td>
<td>1.62</td>
</tr>
<tr>
<td></td>
<td>Natural Disaster Mitigation in the South Department a/</td>
<td>UN</td>
<td>7.40</td>
</tr>
<tr>
<td></td>
<td>Reconstruction of the Education Sector a/</td>
<td>IDB</td>
<td>14.00</td>
</tr>
<tr>
<td></td>
<td>Capacity Building for Disaster Risk Management a/</td>
<td>UN</td>
<td>10.00</td>
</tr>
<tr>
<td></td>
<td>Demolition and Debris Removal with Heavy Equipment a/</td>
<td>UN</td>
<td>1.85</td>
</tr>
<tr>
<td></td>
<td>Port-au-Prince Neighborhood Housing Reconstruction Project a/</td>
<td>WB</td>
<td>23.13</td>
</tr>
<tr>
<td></td>
<td>Port-au-Prince Neighborhood Housing Reconstruction Project a/</td>
<td>WB</td>
<td>65.00</td>
</tr>
<tr>
<td></td>
<td>Port-au-Prince Neighborhood Housing Reconstruction Project a/</td>
<td>WB</td>
<td>55.00</td>
</tr>
<tr>
<td></td>
<td>Sub-Total</td>
<td></td>
<td>186.87</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>FEES</th>
<th>HAITI SOUTHWEST SUSTAINABLE DEVELOPMENT PROGRAM a/</th>
<th>UN</th>
<th>0.60</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Disaster Risk Reduction in the South Department a/</td>
<td>UN</td>
<td>0.60</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Capacity Building for Disaster Risk Management a/</td>
<td>UN</td>
<td>0.15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Demolition and Debris Removal with Heavy Equipment a/</td>
<td>UN</td>
<td>1.82</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td></td>
<td>4.48</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>ADMINISTRATIVE</th>
<th>FY 11 Secretariat</th>
<th>1.00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUDGETS</td>
<td>FY 11 Trustee</td>
<td>1.00</td>
</tr>
</tbody>
</table>

TOTAL 193.04

a/ The amounts have been set aside following approval by the HRF Steering Committee of the Project Concept Note and subject to the no-objection approval by the Steering Committee of the complete project document and the final approval of the DRE thereon.

### TABLE 3.4: HAITI RECONSTRUCTION FUND - SCHEDULE OF FUNDS AVAILABLE (IN USD MILLIONS)

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>AS OF DECEMBER 16, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cumulative Receipts</td>
<td>265.18</td>
</tr>
<tr>
<td>a. Cash receipts from Donors</td>
<td>266.89</td>
</tr>
<tr>
<td>b. Investment Income earned on undisbursed balances of HRF</td>
<td>0.19</td>
</tr>
<tr>
<td>2. Cumulative Cash Transfer</td>
<td>66.04</td>
</tr>
<tr>
<td>a. Projects</td>
<td>53.38</td>
</tr>
<tr>
<td>b. Fees</td>
<td>1.27</td>
</tr>
<tr>
<td>c. Administrative Budget</td>
<td>1.59</td>
</tr>
<tr>
<td>3. Funds held in Trust (3=1+2)</td>
<td>209.15</td>
</tr>
<tr>
<td>4. Financial Reserve a/</td>
<td>40.00</td>
</tr>
<tr>
<td>5. Funds held in Trust with no Restrictions (5+4-6)</td>
<td>169.15</td>
</tr>
<tr>
<td>6. Funding Decisions pending Cash Transfer</td>
<td>137.00</td>
</tr>
<tr>
<td>a. Projects</td>
<td>133.79</td>
</tr>
<tr>
<td>b. Fees</td>
<td>3.21</td>
</tr>
<tr>
<td>c. Administrative Budget</td>
<td>-</td>
</tr>
<tr>
<td>7. Funds available to support HRF Steering Committee Funding Decisions (7=5+6)</td>
<td>32.15</td>
</tr>
</tbody>
</table>

a/ Reflects the HRF Steering Committee’s decision to reserve resources for future funding decisions.

3.7 Table 3.4 presents the funding availability in the HRF, which refers to “Funds Held in Trust” with no restrictions, less cumulative funding decisions by the Steering Committee for which disbursements are pending. The total “Funds Held in Trust” amounted to US$209.15 million as of December 16, 2010, representing cumulative receipts and investment income (US$265.18 million) less cash transfers since inception of the HRF (US$6.04 million). The amount in respect of HRF funding decisions that are pending disbursement amounts to US$137.00 million. Investment income earned on the liquid cash balance in the HRF amounted to approximately US$190,000. Following a decision by the SC, US$40 million has been set aside as a financial reserve for future funding decisions. The net funding availability in the HRF as of December 16, 2010 therefore amounts to US$32.15 million.
4.1 THE GRANT APPROVAL PROCESS

The HRF provides grant funding for projects and programs in support of the GOH’s Action Plan for National Recovery and Development. Any proposals that meet the following eligibility criteria may be submitted for funding from the HRF:

• Be endorsed by the IHRC;
• Comply with the Government of Haiti’s Recovery Plan or a similar document for recovery, reconstruction and development approved by the Government of Haiti;
• Designed to meet a strategic financing need in the reconstruction;
• Consistent with the Fund’s policies and strategies (as amended from time to time);
• Enable the efficient, speedy and sustainable recovery of Haiti, and be completed within the life of the Fund (May 2010 - December 2017);
• Be prepared using the IHRC Project Concept Note template (referred to as the “PCN”) template; and
• Be fully compatible with the Partner Entity’s policies and procedures and the Trustee’s mandate, including those for emergency operations and follow the Partner Entity’s internal quality assurance processes.

4.2 The grant approval process consists of six simple steps, which are graphically depicted in Figure 4.1: Flow Chart for HRF Grant Approval Process. To request HRF funding, an implementing agency and Partner Entity jointly submit for IHRC approval either a project concept note (PCN) following the IHRC template or a full project document. The IHRC submits the PCN or full project document of approved projects to the HRF steering committee (SC) for review and funding consideration. The HRF SC approval of a PCN-stage proposal is on an in-principle basis with resources set aside pending submission of the complete project document for no-objection approval by the SC and final approval by the IHRC thereafter. For full project proposals, once the HRF SC and thereafter the IHRC approve the allocation, funds can be transferred to the Partner Entity for immediate implementation of the project.

4.3 To ensure a rapid response to the urgent needs on the ground, the HRF Secretariat applies strict performance standards throughout the project approval process (Figure 4.1: Flow Chart for HRF Grant Approval). Similarly, to facilitate swift disbursements from the Fund,
Recovery and Development of Haiti. The current HRF portfolio is both sectorally and geographically diverse, reflecting the multidimensional nature of the reconstruction effort and the broad range of financing needs. Additional details about each individual project can be found in the Project Summary Sheet under Annex 2 and a map with project locations is provided under Annex 4.

4.6 By channeling HRF funding to priorities identified in the Action Plan, the operations approved to date provide strategic financing to fill identified funding gaps for a number of key sectors. Figure 4.2 provides an overview of the financing gaps for selected priority sectors identified in the GoH’s Action Plan and the funding provided by the HRF to fill these financing gaps. As shown in Figure 4.3, HRF funding has contributed significantly to reducing the financing gap for specific sectors, especially disaster risk reduction where HRF funding reduced the financing gap by 25 percent, urban development where the HRF funding provided 17 percent of outstanding funding and reconstruction where US$107 million in HRF resources reduced the US$752 million financing gap by 14 percent.

* Date of first Steering Committee approval of the PSN or full proposal

Each Partner Entity applies its own procedures, including simplified project design, use of emergency approval procedures, streamlined procurement and financial management procedures, and flexible project start-up support. For example, the Haiti Emergency Development Policy Operation, which provided budget support, was approved by the SC on June 17, project and legal agreements were concluded and, following internal World Bank approval, the operation was fully disbursed by August 24, just two months after approval. Under normal circumstances such an operation would take at least 6 months to prepare, approve and disburse.

4.4 THE PORTFOLIO

In the six months since the HRF’s inception, the Steering Committee has approved funding for eleven operations1 for a total of US$191 million (project costs including fees) (Table 4.1: The HRF Portfolio). All approved projects are in line with the priorities set out in the Government’s Action Plan for National

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1. The seven projects approved by the Steering Committee on October 21 and December 15 have been approved in-principle subject to submission and no-objection approval of the full project document by the Steering Committee and final approval from the IHRC thereafter.

2. Financing gaps as identified in Recovery and Development Grant Activities by Sector for 2010 and Beyond from the Office of the Special Envoy for Haiti (November, 2010).
5.1 ROLES AND RESPONSIBILITIES
Several key actors play critical roles in the management of the HRF: the Steering Committee is its governance body; Partner Entities appraise and supervise activities; the Trustee manages contributions and fund transfers; the Secretariat organizes day-to-day operations; and Implementing Agencies execute activities on the ground with HRF financing. These roles and responsibilities are fully spelled out in the HRF Operations Manual and summarized as follows:

- **Steering Committee** – strategic orientation; approval of policies and procedures; allocation of funds; approval of financial and progress reporting
- **Partner Entities** – responsible for use of funds transferred to them by the Trustee; appraising and supervising activities according to their own policies and procedures; monitoring and reporting
- **Trustee** – receiving, pooling and investing donor contributions; recording funding decisions; transferring resources to Partner Entities at request of the steering committee; financial reporting and auditing
- **Secretariat** – receiving funding requests from the IHRC; supporting the operation of the Steering Committee; drafting policies, procedures and reports; communications
- **Implementing Agencies** – implementing projects and programs in accordance with the rules and procedures of a Partner Entity; reporting on progress to the Partner Entity

5.2 Perhaps the most important actor is the Interim Haiti Recovery Commission which sets priorities for how HRF resources are used and is responsible for endorsing and forwarding all requests for financial support to the Fund.

5.3 LINKAGES WITH GOH AND IHRC
The Government of Haiti and the IHRC which it has established are very much in the driver’s seat when it comes to operating the HRF. The GoH chairs the governance body of the HRF and the IHRC establishes the financing priorities for the Fund. The many linkages between the GoH and IHRC with the HRF are summarized in Box 5.1.

5.4 COSTS
There are three distinct categories of fees and expenses that apply to the HRF:

- Trustee costs to administer the Trust Fund.
- Secretariat costs to serve the Steering Committee, and
- Partner Entity fees and expenses required for the entities to prepare, implement, supervise, and oversee projects and programs

ADMINISTRATIVE BUDGET AND EXPENDITURES
5.5 To defray the costs associated with the management and administration of the HRF, the HRF Trustee and Secretariat annually submit a proposed budget to the steering committee for approval containing an estimate of costs and expenses expected for the coming year. Expenditures for the Trustee and Secretariat are accounted on an actual basis; at the end of each fiscal year, the Trustee and Secretariat will return any unused administrative funds to the HRF Trust Fund.

5.6 The Steering Committee approved administrative budget for fiscal year 2011 (July 1, 2010 – June 30, 2011) for the Trustee is US$588,000 and for the Secretariat is US$997,000. The Trustee and Secretariat Administrative budgets together represent less than two percent (0.8%) of the total US$193.04 million in funds committed by the Steering Committee as of December 16, 2010 (Figure 5.1: Percentage of Total Allocated Funds per Cost Category).
PARTNER ENTITY FEES
5.7 Subject to Steering Committee approval, each Partner Entity may receive a project appraisal and supervision budget to cover costs related to the appraisal, preparation, supervision and oversight of a Steering Committee-approved project. For all Partner Entities, the fee guidelines subject to approval by the Steering Committee are:

- a) $50,000 for projects/programs under $1 million;
- b) sliding scale of $50,000 - $250,000 for projects/programs from $1 - $10 million; and
- c) $350,000 for projects/programs over $10 million.

5.8 For projects/programs where UNDP is the Partner Entity representing the UNDG organizations, the following fees apply:

- a) 1% of the project/program amount is set aside for the UNDP Multi-Donor Trust Fund Office to cover costs associated with reporting and other fund administration tasks done on behalf of the individual UN organizations participating.
- b) The individual participating UN organizations will charge 7% of the total project/program amount to cover their indirect costs when implementing projects approved by the HRF Steering Committee.

5.9 None of the Partner Entities have charged project preparation and supervision costs to the Trust Fund so far. In fact, the UN confirmed that they would not be charging any project preparation and supervision costs to the fund. The World Bank will not charge any project preparation and supervision costs to the Trust Fund in the World Bank’s current fiscal year (ending June 30, 2011), and thereafter will not charge preparation and supervision costs for HRF-financed projects that are co-financed with IDA funds. The IDB has also waived the requirement to charge preparation and supervision costs for projects that are jointly financed by the IDB and the HRF. The IDB will only charge preparation and supervision costs for stand-alone projects financed from the HRF for which the IDB will serve as the Partner Entity.

5.10 The Steering Committee has to date allocated US$44.48 million in Partner Entity fees to the UN which represents 2.3 percent of total allocated funds to date. The total of all three categories of fees charged to the Fund amounts to 2.3 percent of the US$265 million in contributions to the HRF as of December 16.

5.11 COMMUNICATIONS
The HRF Secretariat is implementing a communications strategy to share information with its management partners and beneficiaries. Communications activities during the first six months of operation have included:
- • Information dissemination through bilingual brochures and websites in English (www.haitireconstructionfund.org) and French (fondsredeconstructiondhaïti.org). The structure of the website is provided in Annex 3.
- • A competition among the schoolchildren of Haiti to design the logo, slogan and jingle for the HRF as well as expand awareness about the Fund (some of the logo designs submitted are reproduced in this publication).
- • A workshop for Haitian print and radio journalists to explain the role of the HRF in the reconstruction process and establish media relations.
- • A photo competition for citizens and professional photojournalists to document the reconstruction (participating photos are used in this publication).
- • Dissemination of the HRF Progress Report in advance of the one-year anniversary of the earthquake.

5.12 Looking forward the HRF will focus on communicating the results of the reconstruction through additional training as well as media programs and will enhance its identity as well as the visibility of its donors through logo-branded products such as calendars, stickers and t-shirts for project stakeholders. It will also develop a complaint tracking system to ensure that any complaints about problems related to HRF-financed activities are addressed in a timely fashion by the Partner Entities and their Implementing Agencies.

BOX 5.1: GoH and IHRC Linkages with the HRF
- • The IHRC reviews and approves all projects and programs for HRF financing
- • The IHRC can request that the HRF prioritize specific sectors, projects or regions
- • Most HRF Steering Committee members and observers are also members of the IHRC Board
- • The GoH through the Minister of Finance chairs the HRF Steering Committee and has an additional seat on the Committee
- • The HRF provides budget support to the GoH
- • IHRC Board and HRF Steering Committee meetings are synchronized to accelerate financing
- • The HRF Secretariat is co-located with the IHRC in Port-au-Prince
- • The HRF participates in IHRC Board and other meetings as an observer and resource
- • The HRF can be used to contribute to financing IHRC operational expenses
- • HRF-financed activities will adhere to quality, reporting and other standards established by the IHRC

Photo courtesy of Valter Mesquita
6.1 ASSESSMENT OF PERFORMANCE

In the six months since its inception, the HRF has proven to be an effective tool for rapid response to fill strategic financing needs. The Steering Committee has in six months allocated USD193.04 million for eleven projects. The speed of the HRF response reflects the Steering Committee and Secretariat’s adherence to high performance standards, including –

- Rapid review and approval of projects, with a 5 working day turnaround for each step in the approval process (Figure 4.1: Flow Chart for HRF Approval Process).
- Scheduling of HRF Steering Committee meetings the day of or after IHRc Board meetings to allow immediate funding of IHRc approved projects.
- The use of the Partner Entities’ own policies and procedures, including simplified project designs, use of emergency approval procedures, and streamlined procurement and financial management procedures.

6.2 A number of improvements can be made to improve performance standards further such as closer collaboration with the IHRc on the pipeline of projects to be funded from the HRF and more rapid preparation of complete project proposals by Partner Entities such that final steering committee and IHRc approval can be granted more quickly and project implementation can start sooner. The signing of the Transfer Agreements with the UN and the IDB on November 29 and December 1 respectively will also greatly increase the speed of disbursement of approved project funds; the HRF ranks in the top half with a 13 percent disbursement rate.

6.3 COMPARISON WITH OTHER MDFTS

One way to gauge the performance of the HRF is to compare its performance to that of other post-disaster and post-conflict multi-donor trust funds. Table 6.1 compares the performance of seven such funds after their first year of operation with the performance of the HRF after only six months of operation. Despite having been operational for only half the time of the other Funds, the HRF shows very good performance in terms of: a) the rate of processing of funding requests; 70% of funds received have already been approved for recipient-executed activities; b) resource mobilization; donors have committed and transferred USD265 million to the HRF, which is only surpassed by the Iraq Reconstruction Funds’ performance over twelve months; c) the speed of disbursement of approved project funds; the HRF ranks in the top half with a 13 percent disbursement rate.

6.4 EARLY RESULTS

The HRF has now transferred funds to each of the Partner Entities for the implementation of three operations. As these operations are in their first few months of implementation, the progress to date is modest but an attempt to summarize them has been made in Table 6.2.

“The Fund has enabled the pooling of resources resulting in a reduction of our transaction costs. However, the most important thing is that the Government now has access to the largest unallocated source of funds for reconstruction...”

RONALD BAUDIN, CHAIR OF THE HRF STEERING COMMITTEE AND MINISTER OF FINANCE
6.5 EARLY LESSONS LEARNED

While it is still early days in the life of the Haiti Reconstruction Fund, some initial lessons can be identified. These include:

- The value of Haitian leadership – the leadership role played by the Government and the iHRC have enabled the HRF to swiftly decide on financing Haitian priorities for the reconstruction.
- The provision of strategic finance – the HRF is the largest unallocated source of reconstruction finance and is best used to strategically meet unfulfilled needs in order to achieve recovery targets.
- Importance of a financing strategy – the HRF is increasingly used to strategically meet unfulfilled needs in order to achieve recovery targets.
- Flexibility in decision-making: while the HRF steering committee’s formal meetings are synchronized with the iHRC, the HRF can give maximum flexibility to use HRF resources to finance strategic priorities.
- Should the HRF, at the request of the iHRC, create a reserve of unallocated funds in order to respond to financing requests that arise during the second year of reconstruction and beyond?
- Can the HRF demonstrate its comparative advantage in reconstruction finance to attract more contributions from donors that are not able to disburse and/or implement on the ground as quickly as anticipated?

6.6 OPPORTUNITIES

The second half of the HRF’s first year of operation should focus on: a) responding to the iHRC’s requests for priority financing needs; b) mobilizing additional contributions, including through non-conventional donors; and c) monitoring how transferred funds are being disbursed by Partner Entities. During this period, the HRF will be challenged to respond to the following questions:

- How can the iHRC and HRF accelerate the use of available funds for reconstruction while ensuring their strategic allocation?
- Can existing and future HRF donors be dissuaded from preferencing their contributions so that the Government and iHRC are given maximum flexibility to use HRF resources to finance strategic priorities?
- Should the HRF, at the request of the iHRC, create a reserve of unallocated funds in order to respond to financing requests that arise during the second year of reconstruction and beyond?
- Can the HRF demonstrate its comparative advantage in reconstruction finance to attract more contributions from donors that are not able to disburse and/or implement on the ground as quickly as anticipated?
SINCE THE ESTABLISHMENT OF THE HAITI RECONSTRUCTION FUND, donors have committed US$267 million to the Fund, of which US$265 million has been received by the Trustee (Table A1: Financial Overview Table). Out of the US$265 million in cumulative receipts, the Steering Committee has made funding decisions totaling US$193.04 million and transferred US$56.04 million to Partner Entities for the implementation of projects and select fees. As of December 16, only US$32.15 million remains available to support future HRF Steering Committee funding decisions.

The flow of HRF funds, receipts, commitments and transfers, over time is graphically depicted in Figure A1: HRF Cumulative Receipts, Commitments, Disbursements and Unallocated Balances over Six Months. The speed of the HRF response is demonstrated by the strong correlation between funds received and committed, showing that the majority of funds received are committed at the first SC meeting following the transfer of the funds to the Trustee by the donor. As a result, after each SC meeting unallocated balances have never been above US$50 million. Current unallocated balances stand at only US$32.15 million. The transfer of funds from the Trustee to Partner Entities for the implementation of projects shows a steady increase over time.

TABLE A1: HAITI RECONSTRUCTION FUND - FINANCIAL OVERVIEW TABLE (IN US$ MILLIONS)
UPDATED AS OF DECEMBER 16, 2010

<table>
<thead>
<tr>
<th></th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Effective Contributions (based on countersigned Administration Agreement/Arrangement)</td>
<td>267</td>
</tr>
<tr>
<td>2. Cumulative Receipts</td>
<td>265.18</td>
</tr>
<tr>
<td>3. Funding Decisions</td>
<td>193.04</td>
</tr>
<tr>
<td>4. Cumulative Cash Transfers</td>
<td>56.04</td>
</tr>
<tr>
<td>5. Funding Decisions pending Cash Transfer</td>
<td>137.00</td>
</tr>
<tr>
<td>6. Financial Reserve a/</td>
<td>40.00</td>
</tr>
<tr>
<td>7. Funds available to support HRF Steering Committee Funding Decisions (6=1-2-5)</td>
<td>32.15</td>
</tr>
</tbody>
</table>

a/ Reflects the HRF Steering Committee’s decision to reserve resources for future funding decisions

FIGURE A1: HRF CUMULATIVE RECEIPTS, COMMITMENTS, DISBURSEMENTS AND UNALLOCATED BALANCES OVER SIX MONTHS
UPDATED AS OF DECEMBER 16, 2010

*Includes US$40 million set aside for a future funding decision.
**Program Objective:**

The objective of this program is to contribute to the rehabilitation of the Haitian productive sector by establishing a partial credit guarantee fund to allow viable enterprises to restructure bank-debt obligations if they are currently unable to meet.

The program has two components:

**Component 1:** Funding of partial credit guarantees issued by the Partial Credit Guarantee Fund to restructure viable loans affected by the earthquake; this entails the issuing of guarantees to restructure eligible smaller and larger loans. Small loans are those below US$1 million dollars and larger loans are above US$1 million.

**Component 2:** Technical assistance to strengthen the Executing Agency and to run the Program. Such assistance will consist on hiring an independent advisor or advisory firm that will help the Executing Agency to adjust its operational processes, systems and organizational structure in order to ensure an appropriate administration of the Program and the transfer of knowledge. This component will also fund the costs of the auditing, the technical consultancies, and any other expense needed to properly run the Fund, including an impact evaluation at the end of the Program execution. It is expected that the restructuring process will facilitate firms to keep operating and subsequently help to reactivate economic activity and preserve employment.

**Area-Based Recovery and Debris Removal in Port-au-Prince**

### Program Objective

The overall objective of this project is to contribute to the rehabilitation of urban areas of Port-au-Prince devastated by the earthquake, by setting up a recycling system, and removing and recycling debris in at least six districts of the city of Port-au-Prince. The project aims to manage the debris at the neighborhood level by focusing on options for reuse and recycling in situ by and bringing Transportation to a rest area and treatment of debris to protect the public interest by reducing the risks associated with discharge of uncontrolled debris.

The project objectives are in line with the Government’s Action Plan for Reconstruction and Development of Haiti. The project responds to the highest priorities identified by the HDC, the removal of debris is a prerequisite for most of the rehabilitation and reconstruction.

**Targeted Thematic Outcomes %**

- Reconstruction: 75
- Economic Rebuilding: 25

**Haiti Emergency Development Policy Operation**

<table>
<thead>
<tr>
<th>AMOUNT</th>
<th>$US$ 55 Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOURCES</td>
<td>World Bank ($10 M) and HRF ($5 M)</td>
</tr>
<tr>
<td>APPROVAL DATE</td>
<td>August 5, 2010</td>
</tr>
<tr>
<td>SECTOR</td>
<td>General Public Administration (80%) and General Energy Sector (20%)</td>
</tr>
<tr>
<td>PARTNER ENTITY</td>
<td>World Bank</td>
</tr>
<tr>
<td>IMPLEMENTING AGENCY</td>
<td>Ministry of Finance and Commerce</td>
</tr>
</tbody>
</table>

**Program Objective**

The objective of the activity is to strengthen the legal and regulatory frameworks and systems to create the conditions for accountability and transparency in the management of public resources in the context of the reconstruction. The operation directly supports the Government’s Action Plan for National Recovery and Development of Haiti and the governance program presented by the Government at the pledging conference in New York in March 2010. These funds have been matched by the government with donor support following the earthquake in February 2010. The main pillars of these programs are in line with those of the Government’s priority reduction strategy, namely building state capacity and improving management of public resources.

**Targeted Thematic Outcomes %**

- Other Economic Management: 20
- Public Expenditure, Financial Management and Procurement: 60
- Other Accountability and Anti-Corruption: 20

**Haiti Southwest Sustainable Development Programme 2010 - 11**

<table>
<thead>
<tr>
<th>AMOUNT</th>
<th>$US$ 14 Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOURCES</td>
<td>UNEP, Earth Institute, Catholic Relief Services ($6 M) and HRF ($8 M)</td>
</tr>
<tr>
<td>APPROVAL DATE</td>
<td>October 21, 2010</td>
</tr>
<tr>
<td>SECTOR</td>
<td>Natural Resource Management (40%), Social Services (30%), Economic Development and Infrastructure (12%), Governance and Disaster Risk Reduction (8%), and General (16%)</td>
</tr>
<tr>
<td>PARTNER ENTITY</td>
<td>UN</td>
</tr>
<tr>
<td>IMPLEMENTING AGENCY</td>
<td>UNEP, IEP, CRS, Ministry of Planning</td>
</tr>
</tbody>
</table>

**Program Objective**

This project represents the first phase of a 20 year recovery and sustainable development program for the southwest region of the southern peninsula of Haiti. The objective of the first phase is to rapidly deliver practical benefits and develop the longer term program. Over time the project aims to impact the entire 600 km area of Tiburon-Port Salut and the Ile à Vache, reaching an estimated 200,000 beneficiaries.

The project addresses in an integrated manner multiple priorities of the Haiti Recovery and Development Action Plan, including amongst others, disaster risk management, national planning and local development, watershed management, education, health care, sanitation, food security and nutrition, agricultural production, and access to electricity.

**Targeted Thematic Outcomes %**

- Poverty Reduction: 40
- Reduction of Disaster Vulnerability: 20
- Restoration and Sustainable Management of Natural Resources: 40
### DISASTER RISK REDUCTION IN THE SOUTH DEPARTMENT

**AMOUNT**: US$ 11 Million  
**SOURCES**: WFP ($2 M), UNDP ($14 M) and HRF ($8 M)  
**APPROVAL DATE**: October 21, 2010  
**SECTOR**: Agriculture, Farming and Fishing, Disaster Management, and Prevention, and Watershed Management and Local Development  
**PARTNER ENTITY**: UN  
**IMPLEMENTING AGENCY**: UNDP, WFP and FAO  
**MORE INFORMATION AT**: UNDP’s Website  

#### DESCRIPTION

The objective of this project is to contribute to disaster risk reduction through the development and management of watershed basins, employment generation and agricultural development in the Southern Department. In addition, the project will have an economic impact by creating 200,000 man-days of high-intensity work and improving value chains and opening up national markets for rice and corn. The project objectives are in line with the territorial and economic rebuilding, and agricultural production priorities identified in the Government’s Action Plan for Reconstruction and Development of Haiti. The project activities will focus on the areas of Cavaillon, Titanyon – Port Salut, Les Cayes, and Aquin – Saint Louis du Sud.

#### TARGETED THEMATIC OUTCOMES %

<table>
<thead>
<tr>
<th>Agricultural Development</th>
<th>Economic Rebuilding</th>
<th>Territorial Rebuilding</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>20%</td>
<td>60%</td>
</tr>
</tbody>
</table>

### NATURAL DISASTER MITIGATION IN THE SOUTH DEPARTMENT

**AMOUNT**: US$ 34 Million  
**SOURCES**: IDB ($20 M) and HRF ($14 M)  
**APPROVAL DATE**: October 21, 2010  
**SECTOR**: Budget Support (20%), Agriculture, Farming and Fishing (30%), Disaster Management and Prevention (30%), and Watershed Management and Local Development (20%)  
**PARTNER ENTITY**: IDB  
**IMPLEMENTING AGENCY**: Ministry of Agriculture, Natural Resources, and Rural Development  
**MORE INFORMATION AT**: IDB’s Website  

#### DESCRIPTION

The project activities will focus on reducing environmental and socio-economic vulnerability to natural disasters for the population living in the Rivine du Sud and Cavallion watersheds (100,000 ha, 4% of the national territory) through three main components:  

- **(i) Protective Infrastructure**, including feasibility studies and substantial public works in particular re-profiling of rivers, strengthening riverbanks and building micro-dams. This component aims to prevent excessive flooding in particularly vulnerable sites of the Les Cayes and Camp Perrin urban areas. Such flooding contributed substantially to impoverish the region.  
- **(ii) Support to sustainable agriculture on the slopes**, including financial support to legally address the socio-economic vulnerability and food insecurity of the population through environmental protection, employment generation and sustainable agriculture, including the development of agricultural value chains.  
- **(iii) Capacity building at the national, regional and local levels through workshops on disaster risk and watershed management.**  

Every year Haiti is exposed to the devastating impact of the hurricane season. The means available to the general population to deal with these natural forces are always insufficient, making disaster preparedness of the Government’s key priorities. The project objectives are in line with the territorial and economic rebuilding, and agricultural production priorities identified in the Government’s Action Plan for Reconstruction and the Government’s National Agriculture Investment Plan. Les Cayes is one of the three development poles identified as priority target in the Action Plan for Reconstruction.

#### TARGETED THEMATIC OUTCOMES %

<table>
<thead>
<tr>
<th>Budget Support</th>
<th>Economic Rebuilding</th>
<th>Territorial Rebuilding</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>20%</td>
<td>60%</td>
</tr>
</tbody>
</table>

### RECONSTRUCTION OF HAITI’S EDUCATION SECTOR

**AMOUNT**: US$10 Million  
**SOURCES**: 1DB ($US10 M)  
**APPROVAL DATE**: December 15, 2010  
**SECTOR**: Education  
**PARTNER ENTITY**: IDB  
**IMPLEMENTING AGENCY**: Social and Economic Investment Fund (FAES)  
**MORE INFORMATION AT**: IDB’s Website  

#### DESCRIPTION

Program objective: The objective is to support the reconstruction of schools in Haiti, expanding access to quality pre-school and basic education by providing superior education facilities. The project has two components:  

- **Component 1: Educational infrastructure** – The component will finance the construction of new schools where over 50 percent of school buildings have been destroyed. Each school will serve 450 primary students and 50 pre-school children for a total of 6000 beneficiaries.  
- **Component 2: Education infrastructure** – The component will focus on the rehabilitation of existing educational infrastructure and the introduction of computer and information technology into schools as well as the Ministry of Education.

#### TARGETED THEMATIC OUTCOMES %

| Education | 100 |

### CAPACITY BUILDING FOR DISASTER RISK MANAGEMENT

**AMOUNT**: US$ 2 Million  
**SOURCES**: HRF ($2 M)  
**APPROVAL DATE**: N/A  
**SECTOR**: Disaster Management and Prevention  
**PARTNER ENTITY**: UN  
**IMPLEMENTING AGENCY**: 2DM, Department of Civil Protection of the Ministry of the Interior, Ministry of Public Works, Transport, and Communications  
**MORE INFORMATION AT**: 2DM’s Website  

#### DESCRIPTION

Every year Haiti is exposed to the devastating impact of the hurricane season. The means available to the general population to deal with these natural forces are always insufficient, making disaster preparedness one of the Government’s key priorities. The project objectives are in line with the territorial and economic rebuilding, and agricultural production priorities identified in the Government’s Action Plan for Reconstruction and the Government’s National Agriculture Investment Plan. Les Cayes is one of the three development poles identified as priority target in the Action Plan for Reconstruction.

#### TARGETED THEMATIC OUTCOMES %

<table>
<thead>
<tr>
<th>Budget Support</th>
<th>Economic Rebuilding</th>
<th>Territorial Rebuilding</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>20%</td>
<td>60%</td>
</tr>
</tbody>
</table>
DEMOLITION AND DEBRIS REMOVAL WITH HEAVY EQUIPMENT

**PROGRAM OBJECTIVE**

The overall objective of this project is to expedite the construction of shelters and houses and facilitate the relocation of Internally Displaced Persons (IDPs) by facilitating the demolition of buildings and the removal of debris with heavy equipment. The project objectives are in line with the Government’s Action Plan for Reconstruction and Development of Haiti and the Plans of the Ministry of Public Work. The project responds to the highest priorities identified by the IHRC, the removal of debris is a prerequisite for most of the rehabilitation and reconstruction phases.

**TARGETED THEMATIC OUTCOMES %**

Social Rebuilding 100

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PORT-AU-PRINCE NEIGHBORHOOD HOUSING RECONSTRUCTION PROJECT

**PROGRAM OBJECTIVE**

The objective of the proposed project is to help residents of some of the most severely affected areas in the metropolitan area of Port-au-Prince to return to their communities in safe conditions and start repairing and/or rebuilding their permanent homes and livelihoods in improved neighborhoods. 10,000 individuals (10,000 households) are expected to benefit from housing repairs or new housing construction and 210,000 people are expected to benefit from community-wide upgrading activities.

The project is consistent with the Haiti Action Plan for National Recovery and Development, especially its section 4.3.1 on Housing for the population and the Neighborhood Return and Housing Reconstruction Framework prepared by the Government of Haiti and the DRC in October 2010.

**TARGETED THEMATIC OUTCOMES %**

Social Rebuilding 87

Territorial Rebuilding 13

The primary target areas for the project activities will be neighborhoods where an already strong community organization is in place and is functioning.
PROJECT AMOUNT (US$ MILLION)

1. Haiti Emergency Development Policy Operation (Budget Support) 25
2. Budget Support 5
3. Program to establish a Partial Credit Guarantee fund 12.5
4. Debris Management Project 16.95
5. Disaster Risk Reduction in the South Department 8
6. Natural Disaster Mitigation in the South Department 14
7. Haiti Southwest Sustainable Development Programme 8
8. Reconstruction of the Education Sector 10
9. Demolition and Debris Removal with Heavy Equipment 25
10. Capacity Building for Disaster Risk Management 2
11. Port-au-Prince Neighborhood Housing Reconstruction Project 65

Photo courtesy of Oscar Emerson