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IMPLEMENTATION COMPLETION REPORT
(IDA-26910)

ON A

CREDIT

IN THE AMOUNT OF US$50.0 MILLION EQUIVALENT

TO THE REPUBLIC OF HAITI

FOR A ROAD MAINTENANCE AND REHABILITATION PROJECT

September 26, 2002

Finance, Private Sector and Infrastructure Department
Country Management Unit LCC3C
Latin America and Caribbean Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective Augusut 28, 2002)

Currency Unit	=	Gourde
0.03677	=	US$ 1
US$ 1	=	28.20 G

FISCAL YEAR

October 1 September 30

ABBREVIATIONS AND ACRONYMS

AGETIP	-	Agence pour l'Exécution de Travaux d'Intérêt Public contre le Sous-emploi
EU	-	European Union
FAC	-	French Fonds d'Aide et de Coopération
HIMO	-	Highly Labor Intensive
HDM	-	Highway Design and Maintenance Standards Model
ICR	-	Implementation Completion Report
IDA	-	International Development Association
IDB	-	Inter-American Development Bank
KfW	-	Kreditanstalt fur Wiederaufbau
MTPTC	-	Ministere des Travaux Publics, Transports et Communications
NGO	-	Non-Governmental Organization
OED	-	Operations Evaluation Department
PPF	-	Project Preparation Facility
SDR	-	Special Drawing Right
SMG	-	Saint Marc Gonaives
UNDP	-	United Nations Development Program

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HAITI

ROAD MAINTENANCE AND REHABILITATION PROJECT

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Project ID: P007318	*Project Name:* RD MAINT & RHB
Team Leader: Abdelghani Inal	*TL Unit:* AFTTR
ICR Type: Core ICR	*Report Date: September 26, 2002*

1. Project Data

Name:	RD MAINT & RHB	*L/C/TF Number:*	IDA-26910
Country/Department:	HAITI	*Region:*	Latin America and Caribbean Region
Sector/subsector:	Roads & highways (90%); Central government administration (10%)		

KEY DATES

			Original	*Revised/Actual*
PCD: 10/27/1989		*Effective:*	07/13/1995	
Appraisal: 06/01/1991		*MTR:*	06/01/1998	01/18/1998
Approval: 03/23/1995		*Closing:*	12/31/2001	12/31/2001

Borrower/Implementing Agency: GOVERNMENT OF HAITI/MTPTC
Other Partners: Inter American Development Bank (IDB), European Union (EU), Kreditanstalt fur Wiederaufbau (KfW)

STAFF	Current	At Appraisal
Vice President:	David De Ferranti	Shahid Javed Burki
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2. Principal Performance Ratings

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HL=Highly Likely, L=Likely, UN=Unlikely, HUN=Highly Unlikely, HU=Highly Unsatisfactory, H=High, SU=Substantial, M=Modest, N=Negligible)

Outcome: HU
Sustainability: UN
Institutional Development Impact: N
Bank Performance: U
Borrower Performance: HU

	QAG (if available)	ICR
Quality at Entry:		U
Project at Risk at Any Time:	Yes	

3. Assessment of Development Objective and Design, and of Quality at Entry

3.1 Original Objective:
The project was designed to help address inefficiencies in intercity and urban road transport in Haiti and remained relatively unchanged through two appraisals despite dramatic changes in political and social conditions over four years. The project had the following objectives: (i) assist the Government in implementing a comprehensive five-year road maintenance and rehabilitation program on the intercity road network and in Port au Prince; (ii) strengthen road sub-sector management within a comprehensive restructuring program of the Ministry; (iii) foster private sector and community participation in road works; and (iv) assist the Government in increasing its financing of road maintenance over time.

The Project was first identified in 1989 and was appraised in July 1991 to reflect the priorities of the then recently elected government. Project preparation stopped after the ouster of President Jean Bertrand Aristide in September 1991 by a military coup, and a 3-year embargo was imposed on Haiti. These events led to a dramatic deterioration in the economy. GDP fell by 30 percent, the national currency depreciated markedly, and more than half of industrial jobs were lost. Even after the restoration of the constitutional regime, the political environment remained unsettled, with at least 14 changes in government during the project period. Following the lifting of the embargo in 1994, the project was reappraised in collaboration with the Inter-American Development Bank (IDB) and was negotiated in January 1995. An OED report noted that during the three years following the *coup d'etat*, Haiti had the characteristics of a complex emergency due to the political, social, and economic collapse. In this manner, the Credit was responding to the severe need in the sector, as main and secondary roads had deteriorated significantly due to years of maintenance neglect. The project was also intended to support economic recovery, growth, and poverty alleviation objectives.

Project objectives were consistent with the 1991 Country Assistance Strategy (CAS) and with a provisional IDA assistance strategy that accompanied the resumption of international assistance to Haiti after the embargo was lifted. Under the provisional IDA strategy, existing and planned interventions across several sectors were rapidly resumed to immediately respond to the urgent needs in the country. The CAS objectives included the following: (i) providing basic goods and services to meet urgent needs; (ii) rehabilitating priority social and economic infrastructure; (iii) establishing the context for an adequate macroeconomic and incentive framework; (iv) initiating medium term reforms with an emphasis on public sector modernization, poverty alleviation and environmental restoration; and (v) coordinating the efforts of the international donor community to ensure adequate financing with an appropriate focus on Haiti's priority needs. Resumption of the lending program delayed the preparation of a new CAS until 1996.

3.2 Revised Objective:
Although there were four amendments to this Credit, including some revisions to the components in 1997, project objectives were not formally revised but remained consistent with the 1996 CAS report for Haiti, which was prepared after the project was made effective. The 1996 CAS focused on these objectives: (i) redirecting the public sector to deliver basic social services; (ii) assisting the government in implementing its economic reform program; and (iii) developing a workable system of safety nets.

3.3 Original Components:
The project was cofinanced by the Government, the IDB, the European Union (EU), and the Kreditanstalt fur Wiederaufbau (KfW) in support of a five-year road program of the Haitian Ministry of Public Works, Transport and Communications (MTPTC) to restore badly deteriorated main roads and improve transport efficiency. Project design attempted to provide flexibility while tightening supervision in response to prevailing conditions in the country. Approval of future year programs was agreed to be carried out

annually following completion of project studies, implementation experience of the previous year, and satisfactory progress on agreed actions. The interurban program was based on a detailed inventory of road conditions, traffic surveys of the main roads carried out in 1990, and economic analyses based on the HDM (Highway Design and Maintenance Standards) model. The Port-au-Prince urban road program focused on the main, high-traffic roads in the city taking into account other major infrastructure programs, in particular a major drainage project financed by the IDB and a water distribution project financed by IDA and the French *Fonds d'Aide et de Coopération* (FAC). The project was also intended to support road maintenance carried out by local contractors, communities and force account. While building on this investment program, the project also financed an institutional component to strengthen MTPTC capacity in all key sector management areas.

Even though reappraised in early 1995, the program was based on data and road conditions found in 1990 and the implementation arrangements were for a normal project, not an emergency situation. The project components and their financing costs are shown below with the original amounts, including contingencies, with SDR 1 = US$1.44509 = HG20.2.

Road Rehabilitation Program - US$80.7 million (IDA financing US$33.6 million equivalent or SDR 23.3 million). The initial road rehabilitation program expected to rehabilitate: (i) 250 km of the basic skeleton of the intercity roads network including periodic maintenance, along the National Roads (RN) 1, 2 and 3 (US$65.87 million of which IDA financing US$27.7 million equivalent or SDRs 19.17 million for the 164 km along RN 1 from Port-au-Prince to Cap Haitien, starting with the 50 km section of Saint Marc to Gonaïves); and (ii) 31 km of Port-au-Prince streets (about US$11.9 million of which IDA financing US$5.9 million equivalent or SDR 4.1 million for the rehabilitation of 14 km). In the city, the average base rehabilitation cost per km was estimated at about US$440,000, including the rehabilitation cost of water pipes and drainage.

Road Maintenance Program - US$18.2 million (IDA financing US$ 4.4 million equivalent or SDR 3.1 million). This component included: (a) an intercity maintenance program covering about 2,000 km of roads, about 1,000 km maintained by contract with private firms; 750 km by local communities; and about 250 km by force account (US$12.7 million of which IDA financing US$2.8 million equivalent or SDR 1.9 million); and (b) The Port-au-Prince street network program (US$5.5 million equivalent of which IDA financing US$1.6 million equivalent or SDR 1.1 million) expected to cover the routine maintenance of 150 km of roads and periodic maintenance of 17 km.

Equipment and Tools for Road Maintenance, Traffic Control and Project Implementation - US$2.4 million (IDA financing US$1.9 million equivalent or SDR 1.4 million). The project planned to fund the repair of existing traffic signals, the acquisition of approximately 20 new traffic signals for the city of Port-au-Prince (US$0.8 million), and limited equipment for maintenance and for logistical support (US$1.6 million).

Institutional Support Program - US$19.4 million (IDA financing US$9.0 million equivalent or SDR 6.3). The project planned to fund: (i) consultants to strengthen the capacity of the Ministry of Public Works and Transports (US$9.1 million of which IDA financing US$4.9 million equivalent); (ii) consultants services for engineering, works supervision and specific studies, mainly a National Transport Master Plan, a Traffic Master Plan for Port-au-Prince, the set-up of a road-fund, and restructuring of the MTPTC (US$8.4 million of which IDA financing US$3.9 million equivalent); (iii) works administration (US$1.3 million equivalent, not IDA financed); and (iv) training (US$1.2 million of which IDA financing US$0.2 million). Under a previous Credit, IDA and FAC had jointly financed the establishment of the UC-HIMO within the MTPTC, which was responsible for the implementation of small scale, labor-intensive works. The project implementing agency was also within MTPTC.

The project also intended to refinance a PPF (Project Preparation Facility) advance granted in early 1991 (approximately US$1 million) and included a provision for financial charges on the IDB project, in line with that agency's practices. It was also decided that remaining funds under this Credit would be used to cover unreimbursed expenses incurred prior to the embargo and works carried out by the UC-HIMO unit.

3.4 Revised Components:
The Credit was amended on four occasions. The first amendment to the Credit was prepared on July 12, 1995, which permitted the establishment and payments out of the Special Account, required annual audits of the Special Account, and required the retention of professional accountants and a procurement advisory services firm to assist the Ministry in complying with the financial covenants of the Credit Agreement and bidding process.

On February 26, 1997, the Credit Agreement was amended to reallocate approximately US$20.0 million equivalent to finance small infrastructure works (SDRs 19.0 million). In addition, the Credit Agreement was also amended to simplify disbursement procedures, to increase the amount allocated to the Special Account, and to finance (US$700,000 equivalent or SDRs 600,000) the operational expenditures of the UC-HIMO unit.

The Credit Agreement was amended a third time on May 29, 1997 and expanded the civil works category to include the maintenance of street infrastructure and related facilities in Port-au-Prince and other cities. The goal was to provide greater flexibility in providing immediate relief to congested and polluted Haiti population centers, spur economic recovery, and abate social unrest. Project civil works were subdivided into two subcategories —one for the maintenance of interurban roads and the second for street works. Through the UC-HIMO, the Borrower launched the construction of two marketplaces in Port-au-Prince in the slum area of La Saline, road rehabilitation in Cap Haitien, drain open sewers, and rebuild sewer drains, works not originally intended under the project.

The May 1997 amendment also modified procurement limits to facilitate the development of urban subprojects. New provisions included: (i) a reduction of the lower limit for civil works carried out by pre-qualified local contractors from US$1.0 million to US$600,000 equivalent per contract; and (ii) increased the aggregate amounts for lump-sum fixed price contracts awarded to domestic contractors on the basis of three quotations for the maintenance of interurban and urban roads to US$7.0 million and US$13.0 million equivalent, respectively.

The Project was suspended in October 1998 due to 19 counts of misprocurement and non provision of project audits. The suspension of disbursements was lifted in April 1999. At which point, implementation efforts emphasized the rehabilitation of the Saint Marc-Gonaïves road. Ongoing urban projects (including two marketplaces) were completed, but no additional urban projects could be taken on.

On March 14, 2000, the fourth amendment to the Credit Agreement increased the total amount for civil works to SDR 21.85 million and set specific limits for the civil works subcategories. Roughly SDRs 10.2 million was allocated for ongoing interurban roads networks, including maintenance activities and SDRs 11.65 million was set aside for the rehabilitation of the Saint Marc-Gonaïves road. The amendment also cancelled SDR 5.6 million of the Credit.

3.5 Quality at Entry:
Quality at entry is rated unsatisfactory. It should be noted that the project predates the Bank's quality

review process. This rating is based on the following factors: (i) consistency with and appropriateness of the CASs; (ii) sector strategic choice and its suitability in a post-conflict scenario; (iii) implementation arrangements; and (iv) compliance with IDA safeguard policies (e.g., environmental, social assessment, etc) in place at reappraisal. Although project design was acceptable on a technical basis and responded to the prevailing CAS, the project failed to take account of the necessary social and institutional trade-offs that are inherent in undertaking projects within a post-crisis context. In this manner, the project was overly ambitious and both the project and the overall country assistance strategy were mismatched with the severe needs and absorptive capacities in Haiti. Moreover, the development of the assistance strategy gave a higher priority to rapid response in an emergency situation over a measured approach that favored matching lending to the country needs and institutional capacity.

Consistency with CAS Objectives. Project objectives were consistent with the country objectives outlined in the 1991 CAS, especially in regard to infrastructure rehabilitation, encouraging economic growth, public sector modernization, poverty alleviation, and improved donor coordination. The project was also generally consistent with two of three of the strategic objectives listed in the 1996 CAS report for Haiti. Specifically, the CAS cited that on-going and future interventions should focus on: (i) redirecting the public sector to deliver basic social services; (ii) assisting the government in implementing its economic reform program; and (iii) developing a workable system of safety nets. It should be noted that the third CAS objective pertains to social sector initiatives and was covered under other ongoing operations. A recent OED report concluded that the relevance of the latter country strategy was "modest" in that it failed to deal first and foremost with political uncertainty and weak sector institutions.

Sector Strategic Choice. This project constituted the eighth project in the sector since 1956 with previous interventions demonstrating poor sustainability. Rehabilitation of the critical RN1 road was covered under all previous eight lending operations, but transport along the road corridor remains extremely difficult with some sections nearly impassable. After nearly four years under the embargo, the country was devastated economically, and as a result, the project sought to improve the basic transport infrastructure needed for economic growth. Primary and secondary roads were also in poor condition, largely from the increased deterioration due to the lack of maintenance. This poor condition of existing roads led to an underestimation of project costs.

Implementation Arrangements. Along these lines, project design and scope overestimated institutional capacity to implement many of the project activities and the reforms critical to its success and sustainability. Public administration at reappraisal was in ruins due to the upheavals and embargo. In addition, the government was barely able to deliver basic services and had a poor history in implementing multilateral projects, especially in the transport sector. Many of the public institutions that existed prior to the embargo had disappeared. New institutions needed to be developed. Although institutional and political risks were properly identified during the reappraisal, the extent of these risks was understated and the proposed mitigation mechanisms were insufficient. At the outset, IDA recommended having an international agency or an NGO oversee project implementation activities (e.g., planning, coordination, and procurement) to support this transition. This approach was not adopted due to GoH concerns regarding project ownership. Toward the final stages of the project, IDA contracted a third party to supervise the works related to the rehabilitation of the Saint-Marc Gonaïves road.

Safeguard Policies. The project was consistent with IDA safeguard policies in place at reappraisal. An environmental assessment was carried out during project preparation and few environmental risks were found. These risks were deemed to be typical for road construction projects and involved construction methods and possible slope erosion. The SAR required the creation of an environmental unit within the project implementation unit. Additional reviews conducted during preparation determined that none of the planned works within the original project design required population resettlement.

4. Achievement of Objective and Outputs

4.1 Outcome/achievement of objective:

The overall outcome of the project is rated highly unsatisfactory, as its objectives were not achieved. The project was implemented during an especially difficult period. A number of IDA projects in Haiti made effective after 1995 have been evaluated as being unsuccessful and nearly all projects have encountered major implementation delays. Project implementation in this case was also significantly impacted by the misprocurement of 19 contracts, discovered in 1998.

The Road Rehabilitation Program. Although IDA disbursed less than half the planned funds (US$15.9 million out of US$34.1 million) under this component, project co-financiers provided an additional US$91.7 million to improve the intercity road network. The US$102.3 million spent on this component exceeded the total amount anticipated at reappraisal. Despite the cost overrun, roughly 15 percent of planned works were completed, leaving the intercity road network in worse condition than at reappraisal. This outcome was linked to political and social instability, weak supervision during the first part of the project, and the allocation of project resources to carry out urban street maintenance and non-road related works. Although urban road rehabilitation works were covered under a 1997 amendment, the scope of activities was broadened to alleviate social pressures caused by abysmal urban conditions. There was also the misprocurement of 19 contracts and the subsequent cancellation of US$5.6 million in early 1999. During the final year of the project, the IDA portfolio was suspended due to arrears and the project implementation was halted. IDA cancelled SDR 10.0 million (US$12.5 million equivalent) of the remaining balance in June 2001 due to unsatisfactory implementation, and poor prospects for achieving development objectives.

Additional implementation difficulties were related to delays and cost overruns for road rehabilitation and maintenance works. This was linked to the following factors: (i) inadequate technical and economic feasibility studies based on outdated traffic and cost data; (ii) inadequate technical standards and controls; (iii) lack of competition among contractors and, in some cases, limited contractor capacity; (iv) lack of an adequate internal management system to track financial and project data; (v) delays in clearing customs for imported equipment and materials; (vi) difficulties in obtaining land permits for worksites; and (vii) problems obtaining fiscal exemptions for contractors. The poor quality of technical studies necessitated the participation of an external expert to review and audit bid tenders and completed technical reports. Later IDA supervision teams reviewed technical controls and provided greater clarity in the objectives and responsibilities for carrying out general oversight.

Further delays were caused by difficulties in the procurement process, conflicts among work supervision consultants, contractors and administration, and delayed contractor payments. Project staff did not receive sufficient training in IDA procedures, which created implementation and procurement difficulties. There was also the unforeseen resettlement of roughly 2,000 families (roughly 10,000 individuals) related to the La Saline bypass subproject. These works were not listed in the original project description nor in subsequent amendments, but were financed and approved by IDA with limited prior review. Once the extent of the resettlement became evident, IDA sent legal and technical staff to assist the Borrower in carrying out these works in accordance with IDA guidelines.

The circumstances and manner in which these works were carried out and the related resettlement pointed to weak implementation and lax supervision on this project. Additional concerns relating to project procurement also raised red flags. In response to these concerns, IDA management assigned a new task team to supervise the project and required a formal audit for the project and for the entire Haiti lending program. Based on this report, IDA management declared misprocurement on 19 contracts and suspended project disbursements in October 1998. Once the project was restarted, the new IDA supervision team decided to focus the remaining amount not yet committed solely to rehabilitate the badly deteriorated Saint Marc-Gonaïves (SMG) road, a key arterial highway of strategic economic importance. These works were carried out under a turnkey contract with heightened supervision and tight oversight mechanisms. Although some progress was achieved in executing these works, project activities were halted under the general suspension of disbursements to Haiti and the subsequent cancellation of project funds, and the closing of the project.

Road Sector Management and Road Maintenance. Very little progress was achieved regarding these objectives. Limited counterpart funds were provided for routine maintenance, but there is incomplete data on how these funds were spent. There has been no regular maintenance program and annual budgets were below US$2 million toward the end of the program (about 10 percent of the needed budget). Works were of low quality with repairs lasting a short time. It is estimated that only 20 percent of roads covered by the project were adequately maintained. The lack of routine and preventative maintenance has led to further deterioration of the road network. A study on the creation of a road fund for maintenance activities, possibly financed by gasoline taxes and other road user charges, was carried out. The supervision team also assisted the GoH in sketching out the financial arrangements, institutional structure and duties of the road fund. A draft law was agreed on with the MTPTC to secure maintenance financing for the fund, but the unstable political situation prevented additional consideration of this subject. The law has yet to be approved by the Parliament, leaving unfinished a critical component of the project.

Restructuring MTCPC: Most of the technical assistance that was provided will not be sustainable and weak sector institutions will continue to have a large impact on the delivery of road services. The study to restructure MTCPC took a number of years to develop with earlier consultant reports neither adequately linked to sector needs nor to country resources. The institutional reform study was completed in the latter part of the implementation period, but report recommendations were not instituted. Progress was halted due to political instability at the government level which precluded the passage of a sector law. Regional Directorates were not functioning at project end with almost no financial resources and demoralized staff. An achievement under this component was the establishment of an environmental unit to work along side the technical planning unit. A few staff also benefited from training as a result of the technical assistance program and some improvements were noted in the Central Directorate in charge of the road network. However, several engineers left the Ministry to work in the private sector.

Fostering the Private Sector. The project had a substantial impact on this objective. All rehabilitation contracts in urban areas, maintenance contracts, and their subsequent consultant services contracts were awarded to local contractors or communities, which had a large impact on private sector development. The project had particularly strong impact in using community participation as well as small and medium sized enterprises who carried out works on urban streets and related facilities. For the IDA Credit, all works (US$15.85 million) were executed by local contractors, with the exception of an amount of US$1.7 million executed by a foreign contractor. At least 2.5 million of person/days of job were created.

4.2 Outputs by components:

The project outputs were far below the expected results of the original program with little progress achieved in the physical components. The main road corridors in Haiti were not rehabilitated and are in worse condition than at appraisal. As a result, the intended macroeconomic impact of the project was not achieved. A brief description of the results achieved in the rehabilitation and maintenance of intercity and urban roads is listed below.

Intercity Network

Approximately 15 percent of planned works were completed and roughly 20 percent of roads covered by the project were adequately maintained, leaving the intercity road network in worse condition than at reappraisal. For the road rehabilitation and periodic maintenance component, the total amount disbursed by IDA in the intercity network was about SDR 10.3 million of the expected SDR 27.4 million. The 10 km RN1 bypass (La Saline - Bon Repos) in Port-au-Prince was not initially planned but was added to the project without prior review by IDA. The related works had an estimated total cost of about US$10 million (IDA financed only US$8.6M due to the misprocurement). The civil works contract (US$13.1 million) for the reconstruction of the Saint Marc Gonaïves section (50 km) started in October 2000 and a foreign firm was contracted to supervise construction. Execution of these works was halted due to the country suspension of disbursements by IDA and the subsequent cancellation of the Credit. Only US$1.7 million was spent on this section and the road rehabilitation works remained unfinished.

For the rehabilitation of RN2 (Jacmel road) financed by IDB, only about 45 km of the 180 km initially planned were rehabilitated due to cost overruns. The Port-au-Prince-Hinche section, financed by the EU, has not been completed. The project component achieved only 55 km of the 250 km of the intercity road (RN1, 2 and 3) initially planned. Regarding road maintenance, less than 10 percent of the planned 2,000 km works have been maintained.

Works in Urban Areas

About US$5.55M (planned US$6.7M) were disbursed from the IDA Credit for works executed in urban areas, mainly in Port-au-Prince. In the heavily populated Croix des Bossales area of Port-au-Prince, about 14 km of streets and drainage areas were rehabilitated, two marketplaces were built, and a drainage system and waste management system were maintained. Other works implemented in Cap Haitien (streets rehabilitation) and in rural areas involved the maintenance of roads, streets, and drainage facilities. All urban works were labor intensive

2. Equipment

IDA disbursed SDR 0.35 (SDR 1.7 million planned), mainly for the acquisition of a steel bridge used in the construction of the bypass as well as for equipment for the project unit. IDB financed the planed equipment for maintenance and traffic lights

3. Institutional Program

IDA disbursed SDR 6.3 million (out of SDR 8.1 million planned). Disbursements under this component covered not only the consultant services for the technical studies and work supervision, but the financial technical assistance and audits. Project audits were frequently delayed and of poor quality. Long delays in receiving project audits was a factor in the misprocurement. Even afterward, the auditing firm hired to carry out project audits from 1996 to 1998 was required to withdraw from carrying out these activities, since it was also the GoH's auditor at the time. The supervision contract for the rehabilitation of Saint Marc Gonaïves Road, which was financed by KfW, was also part of the institutional program

Studies completed under the project include: (i) the Traffic Master Plan for Port-au-Prince; (ii) the creation of a road fund; and (iii) MTPTC reorganization and training. However, implementation of study results were generally not achieved. Efforts to restructure MTCPC were impeded by the preparation of consultant reports that were neither appropriate to sector needs nor existing conditions. A later study developed an action plan for institutional reform, but these recommendations were not instituted due to political uncertainties. A road maintenance fund, a critical institutional component, was not established, as the law for creating this mechanism was not approved by Parliament. Nevertheless, a few staff benefited from training provided through the technical assistance component which led to a slight increase in capacity at the sector level.

4.3 Net Present Value/Economic rate of return:
None of the road works planned under the intervention have been completed. Economic analyses were carried out only for the appraised program during supervision. Although no ex-post economic analysis was undertaken for the implemented works, the overall economic impact of the project is clearly far below expectations.

4.4 Financial rate of return:
Not Applicable.

4.5 Institutional development impact:
The overall institutional development impact was negligible. MTPTC was not reorganized and is still affected by weak administrative and managerial capacity. Road maintenance financing was not secured as the law creating the road fund was not approved by Parliament. Project management improved only slightly as a result of technical assistance and training financed by the project. The lack of financing caused the Regional Directorates to become practically non-functioning. However, the project supported greater private sector involvement in the road sector through community participation and small and medium-sized enterprises.

5. Major Factors Affecting Implementation and Outcome

5.1 Factors outside the control of government or implementing agency:
The Project was strongly affected by political events and uncertainty in Haiti:

(i) The entire Haiti portfolio was strongly affected by instability, civil unrest, and political crises. Project implementation was brought to a halt following the military coup of September 1991, the subsequent embargo, and the suspension of the IDA program. These events had a detrimental impact on the economy, overall investment and business environment with critical repercussions throughout society. As a result, badly needed road rehabilitation and maintenance activities funded under this project were delayed for six years.

(ii) The resignation of the Prime Minister in June 1997, delayed elections, and the subsequent absence of a functioning parliament increased political tensions. Due to this instability, there was a significant reduction in new external assistance, particularly from international financial institutions whose credits and loans must be ratified by parliament. In May 2000, long awaited parliamentary and local elections were held. However, election results were contested by national and international election observers, opposition parties, and the international community, triggering a political stalemate that has compounded the weak economic situation in the country.

(iii) Bad weather conditions, including several hurricanes, increased road deterioration.

(iv) Security conditions limited IDA supervision missions.

5.2 Factors generally subject to government control:
Several issues under the control of the Government had a negative impact on project implementation:

(i) Despite the potentially positive social impact, the development of labor intensive subprojects that were unrelated to the rehabilitation and maintenance of the intercity road network, (such as the market places in Port-au-Prince) diverted project resources away from its initial goals.

(ii) Government interference with the procurement process delayed the contract award for the Saint Marc Gonaïves road rehabilitation.

(iii) Delays in clearing customs for imported equipment and materials, problems related to the fiscal exemption of contractors and delays in contractor payments, increased the coefficient of risks for the country and prices of works;

(iv) Delays and problems in availability of land for worksites, recruitment of labor, demonstrations and insecurity increased the contractor risks;

(v) Non-payment of debt service to IDA resulted in the suspension and cancellation of the Credit;

(vi) Government refusal at inception to have the project implemented by a UN executing Agency;

(vii) Limited sector budgets, which prevented or severely impeded the implementation of key project objectives, including MTPTC reorganization, and adequate funds for road maintenance; and

(viii) Non-passage of the law governing the creation of the road fund.

5.3 Factors generally subject to implementing agency control:
After four years of economic embargo and the departure of experienced staff from MTPTC to the private sector, management and implementation capacity of MTPTC was very low even with technical assistance. Although capacity was insufficient for managing a multi-donor emergency program, the intercity road network had deteriorated to reach critical levels. Thus, there was tremendous urgency in carrying out the rehabilitation and maintenance works anticipated during project preparation and appraisal, while attempting to build capacity over the medium-term. In this context, the main factors that affected the project under the control of the implementation agency were:

(i) slow procurement process and misprocurement resulting in delay of implementation and Credit cancellation;

(ii) conflicts between supervising consultants, contractors, and administration leading to delays in the execution of works;

(iii) inadequate studies, technical standards, and controls resulting on low quality of works, cost increase and implementation problems;

(iv) underestimation of rehabilitation and maintenance costs due to further degradation of the road network than initially anticipated, inadequate studies, and high contractor prices;

(v) inadequate project accounting system, and consultant support for accounting, leading to misprocurement and Credit cancellation;

(vi) significant delays in the preparation and submission of project audits;

(vii) delays in submitting mid-year reports on program implementation;

(viii) the absence of rigorous controls in project and program monitoring; and

(ix) conflicts between the project coordinating unit and the UC-HIMO unit implementing the labor intensive works.

5.4 Costs and financing:
Operational expenditures of SDR 0.05 million were based on payments that had already been made. After IDA suspension of disbursements to Haiti in January 2001, an additional amount of SDR 10 million was cancelled in June 2001, leaving only SDR 1.9 million for the payment of works already executed on the Saint Marc Gonaïves road, and SDR 0.09 million for the project audit. The Credit was officially closed on December 31, 2001 and a final amount of SDR 778,573.35 (US$974,579.19) was cancelled. The total amount disbursed reached SDR 18,177,330.76 (US$25.12 million), or 52.53% of the initial Credit.

Additional funding was made available by project co-financiers which partially ameliorated the shortfall caused by the lack of counterpart funds and the limited amount remaining in the Credit at the time the civil works along the Saint Marc-Gonaïves road (SMG) were started. IDA signed a cofinancing agreement with KfW to jointly finance the rehabilitation of the SMG. The financing split was roughly 90 percent, IDA and 10 percent, KfW. KfW also financed the supervision contract undertaken by an external consultant. Additional cofinanciers included the IDB which financed the rehabilitation of RN2.

6. Sustainability

6.1 Rationale for sustainability rating:
The sustainability of the project is rated as unlikely, due to the political, social and economic situation of Haiti. Long-term sustainability requires political stability, transparent and safe business environment, economic recovery, and the development of institutional, technical and financial capacity of the road sector at the central and local government levels.

6.2 Transition arrangement to regular operations:
The project aimed to support the economic recovery of the country after the embargo and to improve road transport efficiency. These objectives were not achieved, as the physical condition of road network deteriorated further due to the lack of maintenance, weak sector institutions, and political uncertainty. Transport efficiency and mobility have decreased while poverty has increased. The poor project outcome, the continued physical deterioration in the sector, and the abrupt cancellation of the Credit when Haiti entered into arrears did not permit the formulation of an operational plan for future interventions. Once lending to Haiti is reestablished, it will first be necessary to prioritize the sectors needing IDA assistance and to assess the type and the level of assistance needed. To ensure that the difficulties encountered during this project are not repeated, project design should match the political, economic, and social conditions and the pace of implementation should be commensurate to absorptive and institutional capacity.

Along these lines, the lessons learned provide a general framework for future assistance to Haiti that extend beyond the transport sector. This framework is not limited to the road sector. Notably, some type of a transition mechanism will be needed. One possible approach would be having a third party (e.g., UN executive agency, NGO, private contractor, etc.) to manage and supervise general project activities or to oversee specific project works and studies. Future interventions in Haiti should also: (i) provide adequate training to government sector staff; (ii) require tight supervision; and (iii) develop an effective monitoring and evaluation system with defined performance indicators to evaluate progress achieved.

7. Bank and Borrower Performance

Bank

7.1 Lending:

IDA performance during lending preparation is rated unsatisfactory. In 1995, IDA management responded quickly to the international imperative of supporting Haiti with a quick resumption of international aid and technical support to quickly address the abysmal state of the infrastructure network. In the interest of speed and expediency, it was decided at the time to go ahead with the reappraisal of the roads project that had been previously appraised in 1990. Despite the deterioration of conditions, the project was prepared using the previous CAS developed in 1991. Although project identification was thorough on a technical basis and the IDA staff provided a good analysis of past performance, trends and sector needs, project implementation arrangements were not adequately redesigned to correspond with prevailing institutions, governance structure, and absorptive capacity. The IDA lending team also underestimated the impact of political and operational risks, e.g., implementation delays, cost overruns, insufficient budget appropriations. Although IDA proposed bringing in NGOs to complement the weak institutional capacity in the public sector, IDA did not insist on this arrangement when faced with government resistance.

7.2 Supervision:

Overall supervision effort is rated unsatisfactory. This rating reflects the three distinct phases in the supervision effort: (i) highly lax supervision characterized by early implementation delays, limited civil works execution, and the restructuring of the project in 1997; (ii) intensified supervision and the comprehensive review of project activities and the declaration of misprocurement in 1998; and (iii) exemplary and tight supervision from 1998 until project end. Project supervision was carried out under difficult country circumstances with security conditions limiting and sometimes preventing consistent field visits.

During the first phase, general implementation and administrative difficulties, limited institutional capacity, the unsettled political environment, the lack of a project implementation manual, and inadequate training in procurement delayed implementation of the works program. The launch of project works and job creation were urgently needed, especially in Port-au-Prince where most of the maintenance of road and drainage works started in 1996. Based on the experience in using community participation to carry out small scale infrastructure works piloted under the Seventh Transport Project (1756-HA), IDA management decided to pursue and expand this strategy under this Credit. The bulk of project funds, SDR 20 million, was merged within a single category. To reflect this approach, an amendment to the Credit Agreement was prepared in May 1997 allowing the Borrower to maintain "street infrastructure and facilities of the metropolitan area of Port-au-Prince and other cities." An advantage of this revised approach was that it was more closely aligned with existing implementation arrangements.

Despite the significant redirection of the project to cover street works and related activities, this revision to the Credit was not followed up with a comprehensive work plan. With IDA support, greater emphasis was placed on carrying out urban works tangential to the original project objectives, such as the marketplaces, while giving insufficient priority to the intercity road network. The open-ended clause in the amendment gave the Borrower the mistaken impression that it had implicit IDA approval to carry out additional urban projects, since these works were approved in packages of subprojects. The Borrower also did not properly notify IDA regarding project activities, failed to follow IDA procurement guidelines, and carried out projects without formal IDA review. The La Saline bypass that resulted in the resettlement of up to 2,000 families is an important example. Upon learning about the full extent of the relocation, IDA management assisted the Borrower in carrying out the resettlement in accordance with IDA guidelines. Project audit reports were frequently delayed and there was not enough follow-up by IDA in obtaining these reports. IDA also placed a great deal of trust in the local accounting firm in charge of finance management and the audit reports without providing adequate monitoring and oversight.

The second phase in supervision coincided with the completion of a management restructuring within IDA and the naming of a new management overseeing the Haiti portfolio. Based on the unanticipated resettlement, the lack of project audits, and the poor preparation of a proposed follow-on project, IDA management proactively commissioned a formal review of the project, the entire country portfolio, and the Resident Mission. A new task team was assigned to the project and supervision was intensified significantly with five supervision missions during that year. The formal procurement audit identified two civil works contracts that violated IDA procurement procedures specified in the Credit Agreement and another 17 approved contracts that lacked prior IDA review. The review also noted that the Borrower lacked adequate internal controls and formal procurement training and there was no evidence of procurement planning by IDA or the Borrower. As a result of this report, IDA management formally declared misprocurement of 19 contracts.

The declaration of misprocurement was followed by a suspension of disbursements in October 1998, partial cancellation of the Credit, and implementation of an action plan by the Borrower to clean up accounting for the project. Although IDA considered canceling the Credit entirely, it opted to restart the project putting in place stronger oversight measures and ensuring compliance with specific lending conditions. These actions included: (i) updating project accounts and accounting systems; (ii) submitting satisfactory audit and project audit reports for 1995-98; (iii) preparation of economic studies and revised bidding documents for works and supervision of works for the Saint Marc-Gonaïves road segment; (iv) detailed action plan for carrying out institutional reforms; and (v) acceptable road maintenance programs. At that time, it was also decided to refocus and limit the project to the rehabilitation of the badly deteriorated Saint Marc-Gonaïves (SMG) road segment, complemented by necessary training and audit arrangements. The road itself was to be constructed by a private contractor and supervised by an independent consulting firm financed by KfW. IDA's performance in this phase was highly proactive and decisive in the face of difficult decisions and country dialogue.

The final phase of the project corresponded to the supervision of these limited activities. Given the previous implementation difficulties, it was reasonable and necessary for IDA to require a restrictive interpretation of project objectives and refocus project activities. IDA performance during this phase was intensive and exemplary. The task team was commended for improving project conditions, tightening supervision, and achieving progress on the remaining project activities despite difficult implementation conditions. A new Credit Amendment closed the Special Account and allowed only direct payments for all project disbursements. After a long and arduous process, the team was successful in securing the award of the civil works contract for the SMG, recruiting the consultant for supervising the contractor, and getting the works started in January 2001. During this time, Haiti continued to experience civil strife and supervision missions were sometimes cancelled due to security concerns. Work on the construction of the St. Marc-Gonaives highway continued, since these activities were covered under a turnkey construction contract. In January 30, 2001, IDA was compelled to suspend Haiti's rights of withdrawal under IDA credits due to non-payment of outstanding IDA payments. This implied that IDA was no longer able to honor payments to the construction contractor, leading to a stoppage of work by the contractor due to non-payment. As it became clear that project objectives would not be met during the project period, IDA cancelled all but SDRs 778,573 on June, 29 2001. The project was closed on December 31, 2001.

7.3 Overall Bank performance:
Overall IDA performance is rated <u>unsatisfactory</u> largely due to inadequacies in the initial project design in

addressing the institutional constraints within the country and the weak supervision of project activities in the initial stages that led to a broadening of its scope, poor record of implementation, and several cases of misprocurement. Since 1997, IDA performance has been highly proactive and decisive in restructuring the project to a limited set of activities, putting in place implementation arrangements that bypassed the weak and fragile implementation capacity within the government and in ensuring compliance with IDA's fiduciary guidelines. Supervision was intense despite difficult security conditions. However, the pro-activity of the later phase could not overcome the earlier design and supervision failures.

Borrower

7.4 Preparation:

The initial components were appropriate given the urgent needs in the country. Borrower participation could be rated satisfactory, especially given the conditions in which the project was prepared.

7.5 Government implementation performance:

Government performance has been given an highly unsatisfactory rating due to the introduction of subprojects not connected to project objectives, interference in project implementation, extensive delays in resolving administrative matters which delayed the implementation of civil works, and the lack of positive results relating to the institutional development component. More seriously, delays in preparing and submitting project audits was a factor in the misprocurement. The request to correct the 1995-96 audits and to hire a qualified external auditor to perform the 1996-97 audits were not complied with until after the suspension of disbursements in 1998. All of these issues were largely under the control of the Borrower. Approximately US$5.6 million and US$10.0 million were cancelled due to misprocurement and non-compliance of project conditions relating to the suspension of disbursements to Haiti, respectively.

7.6 Implementing Agency:

The performance of the implementing agency is rated as highly unsatisfactory. This rating is based on the procurement, accounting and monitoring problems, severe implementation delays, and the lack of overall progress in the execution of the physical and institutional components. MTPTC also experienced difficulties in applying different donor procedures for procurement and lacked adequate procurement training. Inadequate financing of road maintenance compromised sustainability and the road network is in worse condition than at the start of the project. More seriously, the executing agency failed to follow IDA procurement guidelines and carried out works not covered in the Credit Agreement nor in subsequent amendments. In regard to the misprocurement the Borrower argued that it had received task manager approval in the field to undertake these works and de facto approval since the Special Account was regularly replenished. The project audit determined that IDA received only partial assistance from the Borrower in conducting this review. Specifically, the audit stated that "the (audit)Team received access to some, but not all of the Ministry's work files." Although some progress was achieved in implementing the works relating to restoring the SMG, but these activities were halted once disbursements were suspended when Haiti fell into arrears.

7.7 Overall Borrower performance:

Based on the numerous difficulties encountered during project and the poor implementation outcome, overall Borrower performance is considered highly unsatisfactory.

8. Lessons Learned

Achieving a Balance among Implementation, Sector Objectives and Social Impacts. Post-conflict situations involve important trade-offs among these three aspects in project design, and intervention readiness means understanding the related costs and benefits and mitigating risks. Sector priorities should be determined, reassessed, and revised as necessary against the ability to: (i) put in place an effective implementation arrangement sufficiently protected from the political turmoil and weak governance normally present in countries coming out of conflict situations. In the design of new interventions, this will likely translate into more modest project objectives, gradual interventions that can be scaled up, and appropriate instruments linked to meaningful outcomes; and (ii) accommodate social needs to maximize project impact while achieving measurable and sizeable benefits that are evident to all of the stakeholders involved.

During reappraisal, social objectives took on high importance due to the poor living conditions and security concerns. Concurrently, sector needs were also extremely pressing and widespread after the embargo as a result of inadequate rehabilitation and maintenance neglect throughout the entire road system. In an attempt to balance these objectives, project design focused on the serviceability of the intercity network, particularly RN1 and RN2, and bridges in order to promote economic growth. Although this objective was appropriate given the then (and current) needs in the country, it likely exceeded implementation capacity and did not fully address social conditions. It became increasingly difficult to harmonize social, sector, and implementation objectives as conditions in Haiti continued to deteriorate.

In an attempt to better align the project to meet social objectives and implementation arrangements, IDA restructured the project in mid-stream to allow for small scale street and related urban works using community participation and SMEs. However, this restructuring was undertaken in a haphazard manner, lacking a detailed and comprehensive work program, detailed procurement schemes, and rigid oversight. The amendment to the Credit Agreement was also somewhat open-ended, giving the GoH ample scope in undertaking projects through its UC-HIMO unit. If a significant restructuring is necessary in a future project, it should be well designed and comprehensive and matched to existing conditions within the government.

Future interventions in Haiti must, therefore, strike a better balance to ensure that project goals are appropriate to the implementation conditions in the country as well as achieve maximum sector and social impact. These goals can be balanced through an integrated project design that focuses on implementation efficiencies. Project selection would require placing greater weight on the probability for success in addition to social and sector objectives and internal rate of return criteria. This approach may result in passing over possibly high return, but riskier projects in favor of initiatives that are less difficult to implement. Projects with implementation arrangements already in place, government commitment, stakeholder interest, and appropriate technologies will likely have a higher likelihood for success. For example, the maintenance of urban streets relied on local contractors, an area of the private sector that was relatively advanced. This approach built upon existing capacity to effectively implement the assigned works. Effective implementation was also aided by the fact that the contractors were one step removed from the political situation. Microenterprises can also be used to undertake these activities, but must be held to strict performance standards to ensure that this arrangement is more than a job creation program.

Achieving Implementation Objectives while Gradually Building Institutional Capacity in the Sector. When governance and the institutional base are so weak, it may be necessary to rely on well-defined implementation shortcuts that bypass traditional government channels, are tailored to implementation capacity, and are carried out within a strong accountable framework to produce early results. Again, this will call for more modest interventions that avoid complexity, which can be expanded later once implementation proves successful. Through its demonstration effect, this is an appropriate strategy to start building an accountability framework and strengthening institutions for achieving sustainable results.

The project was designed and implemented during a period during which a number of IDA projects in Haiti failed to satisfactorily achieve appraisal objectives. A recent OED report (Haiti: Country Assistance Evaluation, February 12, 2002) noted that the ability to implement and achieve sustainability in development assistance programs were hindered by continuous turmoil due to frequent changes in governments and sector authorities. In the transport sector, the weak institutional capacity of MTPTC, support for increased private sector participation, increasing funding for road maintenance, and the establishment of a road fund were correctly identified as key areas for sector reform during appraisal. However these project components were not satisfactorily implemented due to weak capacity within the implementation agency and sector institutions.

During the project period, it was evident that implementation could not adequately be achieved while strengthening the administrative capacity of the executing agency at the same time. To achieve these potentially conflicting objectives, private, international agencies (e.g., UNDP, AGETIP) or an NGO could be contracted to undertake project implementation in future interventions to Haiti. The OED report noted that projects or components (in any sector) that had positive outcomes bypassed traditional government channels, by using NGOs or autonomous agencies to distribute services and administer funds. Sector institutions would be limited to strategic planning and general oversight Although contracting out a private entity or a NGO to manage the project was considered during reappraisal and during the latter stages of project implementation, this approach was not adopted as it was not consistent with GoH policy for the project.

Moreover, successful execution of project activities by an external agency would have a considerable demonstration effect and support institution building. In this manner, government institutions would have an opportunity to draw lessons from experience and adopt effective practices to build managerial and administrative capacity. Contracting out project activities would require performance-based contracts with clear measurement indicators. Future lending arrangements might also consider recruiting external contractors to operate administrative systems and oversee satisfactory application of IDA procedures.

Need to reformulate managerial and administrative practices for asset management to maximize existing capabilities, ensure greater transparency, and permit tighter monitoring and supervision. Rather than reestablishing past practices, the institutional effort should focus on choosing management practices and delivery mechanisms that are less demanding from an administrative perspective, easier to evaluate by stakeholders, and conducive to transparent accountability. The lack of administrative capacity undermined the project, created severe implementation difficulties, and led to considerable delays. Less than 15 percent of all road rehabilitation works were completed at project end and IDA procurement procedures were violated, leading to the misprocurement of 19 contracts. The situation was exacerbated by considerable delays in obtaining project audits that could have identified procurement difficulties at an earlier stage. The audit information that was received relied on accountants and auditors who advised on procurement and disbursement matters, but failed to follow accepted rules. In this manner, project results highlight the need to ensure that there is sufficient administrative capacity, so that project financial and technical audits are carried out in a timely matter by trusted firms (and staff). Future IDA projects in Haiti require extreme rigor in the selection and monitoring of procurement advisors to ensure that procurement procedures are correctly followed.

Although the project correctly highlighted the need for greater private sector participation, this objective must be accompanied by stronger oversight and, ideally by, performance based contracts that have equally strong incentives and penalties for timeliness, quality, and safety for the works to be sustainable. Haiti has sufficient base of small and medium contractors that use labor-intensive technologies who can carry out nearly all but the largest rehabilitation and maintenance works. International experience has proven that this approach is cost-effective and can provide acceptable quality of output. This mechanism has been used throughout the region, particularly for low-traffic and rural roads. For heavy traffic roads, private sector participation could entail multi-year contracts for rehabilitation and maintenance. These contracts can comprise either a sub-network system or individual roads and can be adapted to local conditions. However, all outsourcing arrangements require a reliable and highly professional system of contract monitoring, supervision and enforcement, which is currently not in place in Haiti. During project implementation, an estimated 60 percent of maintenance activities were undertaken by contractors, but roughly 20 percent of these roads were adequately maintained. Multi-year, performance-based contracts would be ideal for addressing this situation This approach would require using reputable international consultants to undertake monitoring and supervision until adequate administrative capacity within sector institutions has been developed.

Road infrastructure has deteriorated to reach critical levels. This situation has resulted from inadequate maintenance, stemming from lack of central government funding for these activities. As a result, upkeep costs have increased exponentially. To address this problem, it is essential to develop mechanisms to ensure that the government protect road infrastructure by providing adequate and continuous funding for road maintenance. Projects with road maintenance components could have declining amounts from donors with gradual increases in counterpart funds. However, this approach requires that the government establish a funding mechanism that is well-capitalized and separate from other accounts to be sustainable once donor funds are phased out. Past experience in the region suggests that this may be difficult to achieve. To make up for the potential shortfall to finance road maintenance activities, additional funds could be generated from road user charges. Moreover, a dedicated road fund financed by user fees could be established as means of institutionalizing this financing mechanism. A draft law for a road fund was prepared under the project, but was not enacted. Passage of this law should be an important priority for future operations in Haiti.

Need to Improve Aid Coordination. The importance of effective coordination has become more evident after the launching of the Comprehensive Development Framework concept. This coordination effort should build on common objectives, a shared strategy for the development of the institutional framework and basic capabilities, and a joint evaluation mechanism to track implementation progress and promptly agree on adjustments needed to better respond to evolving issues. Moreover, aid coordination should aim at harmonizing and simplifying administrative procedures and implementation arrangements for more effective use of scarce implementation capacity in the field.

Although aid coordination among the various donors was an important objective and was achieved in the early part of the project, it tended to breakdown somewhat as implementation progressed. Strong donor coordination is essential in roads, a sector requiring a large amount of capital investment, absorbs a large volume of international aid, and is fundamental to economic growth. To be effective, aid coordination must coordinate planning, design, and financing activities to ensure that investments are cost-effective and meet the scale, absorptive capacity, and development objectives of the country.

Project design for roads in all categories (main, secondary, rural) needing improvement should incorporate an integrated approach that focuses on economic and social priorities. The focus on rehabilitating main roads left behind very poor, rural areas. Donor-financed investments, including infrastructure works and equipment, should also be of appropriate scale and their maintenance and operation costs commensurate with domestic financial resources and implementation arrangements. Another important concern was the multiplicity of donors with different rules and procurement guidelines, which may have played a role in the improper application of procurement procedures. Thus, an effort should be made to provide extensive staff training in procurement and disbursement matters, and to the extent possible, harmonize administrative procedures to facilitate project implementation.

9. Partner Comments

(a) Borrower/implementing agency:

IDA has not received comments from the Borrower.

(b) Cofinanciers:

KfW

During our appraisal for a program of improving bridges, culverts and other drainage works on the National Roads No. 1 and 2, it was considered to rehabilitate such works with priority given to the section Saint Marc-Gonaïves and to seek the cooperation preferably with IDA in order to support Haiti in reducing the risks of an accelerated deterioration of the section and to safeguard the investment of the road. As you know, in 2001 the Haitian Government did not cooperate with the international community in an appropriate manner so that the new development funds were postponed and many existing funds suspended. With regard to the commonly established objectives for the National Road No.1 we regret that due to this development the technical condition of the road remains since mid-2001 the same as before starting the program and none of the objectives has been attained.

The funds of German Financial Cooperation disbursed so far for the section Saint Marc-Gonaïves amount to EUR 1.337.585,18 and did not contribute to attain the established objectives. However, the reports of the consultant submitted until September 2001 show that the Haitian side has technical options for road protection works for a transitional period and that it could be an option for donors to restart disbursement of funds for the road section in the moment the Haitian side would have solved the pending questions. We consider it favorable to maintain the options. For the time being, the remaining funds of the German financial contribution 1992 65 646 FZ are transitionally being suspended for disbursements but disbursement could be restarted: (a) if other funds (preferably IDA-funds) would be available for disbursements to finance the main rehabilitation works in accordance to an appropriate pari-pasu-clause; and (b) if the Haitian parliament would pass a law to establish a road maintenance fund.

Swiss Cooperation

IDA has not received comments.

The Japanese Cooperation

IDA has not received comments.

(c) Other partners (NGOs/private sector):

10. Additional Information

Annex 1. Key Performance Indicators/Log Frame Matrix

Outcome / Impact Indicators:

Indicator/Matrix	Projected in last PSR[1]	Actual/Latest Estimate
(i) Gov. counterparts funds: For the Project For Maintenance	NA US$ 3.5 M for 1999 planned in the SAR	NA for the Project About US$ 3 M
(ii) Road Network rehabilitated	Planned in the SAR: (IDA + others) - intercity roads: 164 km + 86 km - urban: 14 km +17 km	Rehabilitated - 10 km + 45 km - 14 km + NA
Road Network Maintained Interurban roads Urban roads	SAR - 2000 km - 200 km	Not Available, probably less than 20% Idem
(iii) Contract maintenance (% of total) - by contractors - by CAC - Force Account	SAR 50% 30 20%	Estimate 60% 20% 20%
(v) MTPTC's institut. strengthening - No of staff in MTPTC - Fill ratio key staff - Staff receiving training	1400 100 Total of 119	Not available Not available About 110

Output Indicators:

Indicator/Matrix	Projected in last PSR[1]	Actual/Latest Estimate
See Impact Indicators above		

[1] End of project

Annex 2. Project Costs and Financing

Project Cost by Component (in US$ million equivalent)

Project Cost By Component	Appraisal Estimate US$ million	Actual/Latest Estimate US$ million	Percentage of Appraisal
Inter-City Network (rehabilitation and maintenance)	80.20	102.00	36
Urban Network (Port-au-Prince)	16.80	5.55	40
Equipment	2.20	0.50	77
Institutional Support	17.35	8.58	47
Other	3.15	0.19	0
Total Baseline Cost	119.70	116.82	
Physical Contingencies	5.30	0.00	
Total Project Costs	125.00	116.82	
Total Financing Required	125.00	116.82	

Project Costs by Procurement Arrangements (Appraisal Estimate) (US$ million equivalent)

Expenditure Category	Procurement Method[1]				Total Cost
	ICB	NCB	Other[2]	N.B.F.	
1. Works	31.00 (31.00)	4.00 (4.00)	5.50 (4.40)	61.80 (0.00)	102.30 (39.40)
2. Goods	1.20 (1.20)	0.20 (0.20)	0.30 (0.30)	0.50 (0.00)	2.20 (1.70)
3. Services	0.00 (0.00)	0.00 (0.00)	8.10 (8.10)	9.20 (0.00)	17.30 (8.10)
5. Miscellaneous PPF Refinancing Operating costs	0.00 (0.00)	0.00 (0.00)	0.80 (0.80)	0.00 (0.00)	0.80 (0.80)
6. Miscellaneous IDB Financing Charges	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	2.40 (0.00)	2.40 (0.00)
Total	32.20 (32.20)	4.20 (4.20)	14.70 (13.60)	73.90 (0.00)	125.00 (50.00)

Project Costs by Procurement Arrangements (Actual/Latest Estimate) (US$ million equivalent)

Expenditure Category	Procurement Method[1] ICB	NCB	Other[2]	N.B.F.	Total Cost
1. Works	1.70 (1.70)	14.15 (14.15)	0.00 (0.00)	91.70 (0.00)	107.55 (15.85)
2. Goods	0.00 (0.00)	0.50 (0.50)	0.00 (0.00)	0.00 (0.00)	0.50 (0.50)
3. Services	0.00 (0.00)	0.00 (0.00)	8.61 (8.61)	0.00 (0.00)	8.61 (8.61)
5. Miscellaneous PPF Refinancing Operating costs	0.00 (0.00)	0.00 (0.00)	0.16 (0.16)	0.00 (0.00)	0.16 (0.16)
6. Miscellaneous IDB Financing Charges	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Total	1.70 (1.70)	14.65 (14.65)	8.77 (8.77)	91.70 (0.00)	116.82 (25.12)

1/ Figures in parenthesis are the amounts to be financed by the Bank Loan. All costs include contingencies.

2/ Includes civil works and goods to be procured through national shopping, consulting services, services of contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to (i) managing the project, and (ii) re-lending project funds to local government units.

Project Financing by Component (in US$ million equivalent)

Component	Appraisal Estimate			Actual/Latest Estimate			Percentage of Appraisal		
	IDA	Govt.	CoF.	IDA	Govt.	CoF.	IDA	Govt.	CoF.
1. Civil works	34.10	4.00	58.90	15.85	0.00	91.70	46.5	0.0	155.7
a. Rehabilitation interurban	24.80		44.00	10.30			41.5		0.0
b. Rehabilitation Urban (Port-au-Prince and others)	5.30		6.60	5.55			104.7		0.0
c. Maintenance Interurban	2.60	3.00	5.80				0.0	0.0	0.0
d. Maintenance urban	1.40	1.00	2.50				0.0	0.0	0.0
2. Equipment	1.70		0.50	0.50			29.4		0.0
3. Institutional support	8.10	0.65	8.60	8.58			105.9	0.0	0.0
4. Operating costs	0.00			0.06			0.0		
5. Audit and training	0.00			0.03			0.0		
6. Other	0.00	0.35	2.00	0.00			0.0	0.0	0.0
7. Contingencies	5.30			0.00			0.0		
8. PPF refund	0.80			0.10			12.5		
Total	50.00	5.00	70.00	25.12	0.00	91.70	50.2	0.0	131.0

Annex 3. Economic Costs and Benefits

NA

Annex 4. Bank Inputs

(a) Missions:

Stage of Project Cycle Month/Year	No. of Persons and Specialty (e.g. 2 Economists, 1 FMS, etc.) Count	Specialty	Performance Rating Implementation Progress	Development Objective
Identification/Preparation				
08/1990	2	Financial Analyst, Consultant		
06/1990	2	Financial Analyst, Consultant		
01/1990	1	Principal Financial Analyst		
11/1990	3	Financial Analyst, Consultant, Engineer		
03/1991	3	Financial Analyst, Consultant, Engineer		
10/1991	1	Consultant		
Appraisal/Negotiation				
06/1991	2	Financial Analyst, Consultant		
Supervision				
09/1995	2	Urban Transport Engineer Sr. Highway Engineer	S	S
03/1996	1	Urban Transport Engineer	S	S
06/1996	3	Urban Transport Eng. Division Chief Sr. Municipal Eng.	S	U
09/1996	2	Urban Transport Eng. Sr. Municipal Eng.	S	U
05/1997	2	Task Manager, Consultant	S	S
01/1998	4	Highway Eng. TM Transport Econ. Sector Leader FPSI Country Officer	U	U
05/1998	2	TTL Sr. Highway Engine Sr. Transport Econ.	U	U
08/1998	3	TTL; Transport Economist; Disbursement Officer	U	U
10/1998	2	Sr. Highway Econ. Country Officer	S	S
11/1998	1	Sr. Transport Econ.	S	S
10/1999	1	TTL Highway Engineer	U	S
10/1999	1	Sr. Highway Engineer		
10/1999	2	TTL/ S. Highway Engine Country Officer		
ICR				

(b) Staff:

Stage of Project Cycle	Actual/Latest Estimate	
	No. Staff weeks	US$ ('000)
Identification/Preparation	67.9	167.4
Appraisal/Negotiation	63.1	147.7
Supervision	106.6	390.6
ICR	2.5	11.2
Total	240.1	716.9

Annex 5. Ratings for Achievement of Objectives/Outputs of Components

(H=High, SU=Substantial, M=Modest, N=Negligible, NA=Not Applicable)

	Rating
☒ *Macro policies*	○ *H* ○ *SU* ○ *M* ○ *N* ● *NA*
☒ *Sector Policies*	○ *H* ○ *SU* ○ *M* ● *N* ○ *NA*
☒ *Physical*	○ *H* ○ *SU* ○ *M* ● *N* ○ *NA*
☒ *Financial*	○ *H* ○ *SU* ○ *M* ● *N* ○ *NA*
☒ *Institutional Development*	○ *H* ○ *SU* ○ *M* ● *N* ○ *NA*
☒ *Environmental*	○ *H* ○ *SU* ○ *M* ● *N* ○ *NA*
Social	
☒ *Poverty Reduction*	○ *H* ○ *SU* ○ *M* ● *N* ○ *NA*
☒ *Gender*	○ *H* ○ *SU* ○ *M* ○ *N* ● *NA*
☐ *Other (Please specify)*	○ *H* ○ *SU* ○ *M* ○ *N* ○ *NA*
☒ *Private sector development*	○ *H* ○ *SU* ● *M* ○ *N* ○ *NA*
☒ *Public sector management*	○ *H* ○ *SU* ○ *M* ● *N* ○ *NA*
☐ *Other (Please specify)*	○ *H* ○ *SU* ○ *M* ○ *N* ○ *NA*

Annex 6. Ratings of Bank and Borrower Performance

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HU=Highly Unsatisfactory)

6.1 Bank performance	*Rating*
☒ *Lending*	○ *HS* ○ *S* ● *U* ○ *HU*
☒ *Supervision*	○ *HS* ○ *S* ● *U* ○ *HU*
☒ *Overall*	○ *HS* ○ *S* ● *U* ○ *HU*

6.2 Borrower performance	*Rating*
☒ *Preparation*	○ *HS* ● *S* ○ *U* ○ *HU*
☒ *Government implementation performance*	○ *HS* ○ *S* ○ *U* ● *HU*
☒ *Implementation agency performance*	○ *HS* ○ *S* ○ *U* ● *HU*
☒ *Overall*	○ *HS* ○ *S* ○ *U* ● *HU*

Annex 7. List of Supporting Documents

Staff Appraisal Report, Haiti: Road Maintenance and Rehabilitation Project, February, 28, 1995

Development Credit Agreement, (Road Maintenance and Rehabilitation Project) between Republic of Haiti and the International Development Association (IDA), April 14, 1995

Amendment 1 to the Development Credit Agreement, (Road Maintenance and Rehabilitation Project) between Republic of Haiti and the International Development Association (IDA), July 12, 1995

Amendment 2 to the Development Credit Agreement, (Road Maintenance and Rehabilitation Project) between Republic of Haiti and the International Development Association (IDA), February 26 ,1997

Amendment 3 to the Development Credit Agreement, (Road Maintenance and Rehabilitation Project) between Republic of Haiti and the International Development Association (IDA), May 29 ,1997

Haiti: Road Rehabilitation and Maintenance Project. Final Procurement Audit, August 1998.

Amendment 4 to the Development Credit Agreement, (Road Maintenance and Rehabilitation Project) between Republic of Haiti and the International Development Association (IDA), March 14, 2000

The World Bank, Haiti: Country Assistance Evaluation, Operations Evaluation Department, The World Bank, February 12, 2002

OED Reach, "Lessons for Low Income Countries Under Stress (LICUS)," The World Bank Operations Evaluation Department, July 25, 2002

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