

CARIBBEAN DEVELOPMENT BANK

TWO HUNDRED AND FIFTY-SIXTH MEETING OF THE BOARD OF DIRECTORS

TO BE HELD IN SAINT LUCIA

MAY 20, 2013

PAPER BD 36/13

COUNTRY STRATEGY PAPER 2013-16 – HAITI

1. The attached Country Strategy Paper outlines the assistance strategy of the Caribbean Development Bank (CDB) for Haiti over the period 2013-16. CDB supports the country's plan to turn the disaster of January 10, 2010 into an opportunity to transform the country into an emerging economy by the year 2030. However, without significant donor assistance it will take Haiti a lot longer to address deep-seated poverty and human suffering. It is proposed that CDB continue to work with partners to help Haiti address these challenges.

2. During the recently concluded negotiations on the eighth Special Development Fund (SDF) cycle (SDF 8), Contributors agreed to a further Set-aside of forty-six million United States dollars to support CDB's intervention in Haiti through grants. Contributors and the Bank agreed on a programme that would be focused on two sectors, education and training and community-driven development and agriculture, with more limited interventions to support capacity building and the strengthening of the country's resilience to future natural hazards. Interventions are intended to have a limited number of targeted objectives. The proposed new intervention strategy for Haiti reflects grant-financed projects aimed at achieving outcomes associated with these broad areas.

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CARIBBEAN DEVELOPMENT BANK

STAFF REPORT

**COUNTRY STRATEGY PAPER 2013-16
HAITI**

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MAY 2013

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CURRENCY EQUIVALENT

Dollars (\$) throughout refer to United States dollars (USD) unless otherwise stated.

ABBREVIATIONS

APD	-	Agriculture Policy Document
BMCs	-	Borrowing Member Countries
BOD	-	Board of Directors
bn	-	billion
BNTF	-	Basic Needs Trust Fund
CARICOM	-	Caribbean Community
CBOs	-	Community-based Organisations
CCRIF	-	Caribbean Catastrophe Risk Insurance Fund
CDB	-	Caribbean Development Bank
CDD	-	Community-Driven Development
CSP	-	Country Strategy Paper
CTCS	-	Caribbean Technological Consultancy Services
DRM	-	Disaster Risk Management
ECD	-	Early Childhood Development
ECF	-	Extended Credit Facility
EFA	-	Education for All
ENAF	-	L'Ecole Nationale d'Administration Financière
EPA	-	Economic Partnership Agreement
FY	-	Fiscal Year
GDP	-	Gross Domestic Product
GE	-	Gender Equality
GOH	-	Government of Haiti
HDI	-	Human Development Index
HDR	-	Human Development Report
IDB	-	Inter-American Development Bank
IFC	-	International Finance Corporation
IMF	-	International Monetary Fund
M&E	-	Monitoring and Evaluation
MFI	-	Microfinance Institutions
mn	-	million
MENFP	-	Ministry of National Education and Vocational Training
MOE	-	Ministry of Education
MOF	-	Ministry of Finance
MSMEs	-	Micro, Small and Medium-sized Enterprises
NAIP	-	National Agriculture Investment Plan
NGOs	-	Non-Governmental Organisations
%	-	per cent
OCR	-	Ordinary Capital Resources
OP	-	Operational Plan
PARDH	-	The Action Plan for National Recovery and Development of Haiti
PBG	-	Policy-Based Grant
PF	-	Partnership Framework
PRGP	-	Poverty Reduction Growth Programme
PRGS	-	Poverty Reduction Growth Strategy
PRODEPUR	-	Urban Community-Driven Development Project

PSDH	-	The Strategic Plan for the Development of Haiti
SDF	-	Special Development Funds
SDF (U)	-	Special Development Funds (Unified)
SMEs	-	Small and Medium-sized Enterprises
TA	-	Technical Assistance
TST	-	Sectoral Thematic Tables
TVET	-	Technical Vocational Education and Training
UNDP	-	United Nations Development Programme
UNICEF	-	United Nations Children's Education Fund
US	-	United States
UWI	-	University of the West Indies
WB	-	World Bank

TABLE OF CONTENTS

COUNTRY DATA: HAITI

EXECUTIVE SUMMARY

SUMMARY MATRIX OF RESULTS FRAMEWORK

1. DEVELOPMENT CONTEXT: KEY ISSUES AND DEVELOPMENT CHALLENGES

Background and Overview
Recent Economic Performance
Social Setting
Governance
Education
Community-Driven Development and Agriculture
Employment and Private Sector Development
Environment and Disaster Risk Management

2. GOVERNMENT'S DEVELOPMENT STRATEGY

Policy Agenda
Analysis of Government Strategy, Challenges and Risks

3. CARIBBEAN DEVELOPMENT BANK'S ASSISTANCE STRATEGY: 2013-16

Review of Caribbean Development Bank's Past Implementation Strategy
Summary of Results Achieved
Lessons Learnt
Strategic Focus of the Country Strategy
Expected Outcomes
Resource Envelope
Working with Partners in Haiti

4. RISKS, MONITORING AND EVALUATION

Risks
Monitoring and Evaluation

APPENDICES

APPENDIX 1 RECOVERY GRANT ACTIVITIES BY SECTOR AS OF DECEMBER 2012

APPENDIX 2 NEW FRAMEWORK FOR THE COORDINATION OF EXTERNAL AID FOR THE DEVELOPMENT OF HAITI

FIGURE 1

MAP OF HAITI

COUNTRY DATA: HAITI

	2008	2009	2010	2011	2012
PER CAPITA GDP (current market prices; \$)	31,187.2	26,670.6	...	...	...
GROSS DOMESTIC PRODUCT (GDP)					
GDP at Current Market Prices (\$mn)	271,971.0	264,039.0	308,335.0	328,807.0	368,630.0
Demand Components:					
Consumption Expenditure	277,410.0	...	...	...	...
Gross Domestic Investment	70,712.5	...	...	...	...
Exports of goods and non-factor services	32,092.6	...	...	...	...
Imports of goods and non-factors erVICES	108,244.1	...	...	...	...
Gross domestic savings ratio (%)	(2.0)	...	...	...	...
Sectoral distribution of constant GDP (%)					
Primary sector	23.3	...	...	...	...
Manufacturing	7.5	...	...	...	...
Utilities	0.4	...	...	...	...
Construction	8.0	...	...	...	...
Transport & Communication	7.1	...	...	...	...
Commerce	28.4	...	...	...	...
Government Services	11.1	...	...	...	...
Other Services	6.7	...	...	...	...
Indirect and import taxes	7.5	...	...	...	...
GDP at constant 1986-87 Prices (\$mn)	13,692.7	12,994.0	14,111.5	14,746.5	15,705.0
Annual rate of growth in GDP (%)	1.2	(5.1)	8.6	4.5	6.5
MONEY AND PRICES (\$ mn)					
Consumer prices (av. annual % change)	19.9	4.1	7.0	6.8	5.9
Money supply (M1; annual % change)	...	28.5	13.8	12.0	11.0
Total domestic credit(net)	62,210.0	33,942.0	64,953.0	60,615.0	62,779.0
Private sector (net)	43,002.0	40,585.0	49,370.0	59,028.0	70,705.0
Public sector (net)	16,575.0	(3,745.0)	(352.0)	912.0	(11,528.0)
Other items net (incl. special accounts)	2,633.0	(2,898.0)	15,935.0	675.0	3,602.0
Estimated Tourism Expenditure (USD mn)	...	...	...	...	...
CENTRAL GOVERNMENT FINANCES (\$ mn)					
Current Revenues	29,881.0	31,425.0	36,459.0	44,516.0	51,411.0
Current Expenditures	30,640.0	29,849.0	33,997.0	37,089.0	38,537.0
Current Account Surplus/ (Deficit)	(759.0)	1,576.0	2,462.0	7,427.0	12,874.0
Capital Revenue and Grants	17,836.0	43,579.0	50,335.0	47,270.0	47,975.0
Capital Expenditure and Net Lending	28,894.0	38,855.0	70,103.0	66,588.0	78,324.0
Overall Surplus/ (Deficit)	(11,817.0)	6,300.0	(17,306.0)	(11,891.0)	(17,475.0)
BALANCE OF PAYMENTS (USD mn)					
Merchandise Exports (f.o.b)	551.0	565.0	626.0	691.0	943.0
Merchandise Imports (c.i.f)	2,032.0	2,809.0	3,010.0	3,382.0	3,376.0
Trade balance	(1,481.0)	(2,244.0)	(2,384.0)	(2,691.0)	(2,433.0)
Net Balance on services account	(394.0)	(1,030.0)	(793.0)	(755.0)	(813.0)
Income (net)	13.0	21.0	29.0	24.0	40.0
Transfers (net)	1,635.0	3,097.0	2,826.0	2,869.0	2,753.0
Current Account Balance	(227.0)	(156.0)	(322.0)	(553.0)	(453.0)
Capital and Financial Account	501.0	877.0	50.0	537.0	348.0
Net errors and omissions	(383.0)	320.0	0.0	0.0	0.0
Overall Balance	(109.0)	1,041.0	(272.0)	(16.0)	(105.0)
Change in Reserves () = Increase	109.0	(1,041.0)	272.0	16.0	105.0
TOTAL PUBLIC DEBT (USD mn)					
Total public debt	...	...	...	...	...
Domestic debt outstanding	...	...	...	...	...
Long term	...	...	...	...	...
Short term	...	...	...	...	...
External debt outstanding	1,249.6	856.3	670.0	1,035.4	1,399.0
Debt Service	68.8	18.8	9.0	6.1	21.0
Amortisation	43.8	7.6	5.2	0.6	11.8
Interest Payments	25.0	11.2	3.8	5.5	9.2
External debt service as % of exports of goods	5.1	5.2	4.1	5.5	5.0
AVERAGE EXCHANGE RATE					
Haitian Gourde(s) per US dollar	40.70	40.30	40.50	41.60	43.20

Data for 2012 are provisional

COUNTRY DATA : HAITI

	2008	2009	2010	2011	2012
POPULATION					
Mid-Year Population ('000)	8,720.6	9,900.0	...	...	...
Population Growth Rate (%)	2.5	13.5	...	...	...
Crude Birth Rate	35.7	...	...	...	...
Crude Death Rate	10.1	...	...	...	...
Infant Mortality Rate	62.3	...	...	...	...
EDUCATION					
Net School Enrollment Ratio (%)					
Primary	...	...	76.0	...	...
Secondary	...	...	46.0	...	...
Pupil-Teacher Ratio					
Primary	...	...	45.8	...	...
Secondary	...	...	49.0	...	...
LABOUR FORCE					
Unemployment Rate (%)	37.1	...	...	...	...
Male	...	...	...	...	...
Female	...	...	...	...	...
Participation Rate (%)	...	...	...	...	...
Male	...	...	...	...	...
Female	...	...	...	...	...
	1970	1980	1990	2000	2010
INDICATORS OF HUMAN DEVELOPMENT					
HEALTH AND EDUCATION					
Life Expectancy at Birth (years)	48.5	...	...	51.5	...
Male	...	...	...	...	...
Female	...	...	...	...	...
Dependency Ratio	...	...	...	...	...
Male	...	...	...	...	...
Female	...	...	...	...	...
Adult Literacy Rate (%)	...	...	...	54.1*	...
Male	...	...	...	60.1*	...
Female	...	...	...	48.6*	...
Human Development Index	0.442	0.472	...	...	...
HOUSING AND ENVIRONMENT					
Households with piped water (%)	...	...	...	...	...
Households with access to flush toilets (%)	...	...	...	...	...
Households with electricity (%)	...	...	...	...	...

Environmental strategy or action plan (year prepared):

Source(s): Haitian Institute of Statistics; Bank of the Republic of Haiti
 ... not available
 *2001

Data as at May 3, 2013

EXECUTIVE SUMMARY

1. The Haitian economy is still recovering from the January 2010 earthquake albeit at a slower pace than anticipated. Prudent macroeconomic policies have helped keep inflation in the single digits and improved the external position. However, less than anticipated capital spending coupled with a series of disasters, including a cholera outbreak and tropical storms, has slowed down the reconstruction and economic recovery.

2. Prior to the earthquake about 78 per cent (%) of the population (estimated at 9.9 million in 2009) was poor, that is, living below the international threshold of \$2 a day. This situation was made worse by the earthquake with the level of unemployment rising to an estimated 41% in 2010, compared with an estimated 35% prior to the event. Overall, social and economic conditions are dire. Compounding and contributing to the poverty situation is limited access to education at all levels, with 40% of primary school-age children not enrolled in school and few children transitioning to the secondary level. This results mostly from high school fees which most poor parents are unable to pay; and the absence of school facilities especially in rural areas. As a consequence, 87% of household heads with no formal educational background are among the poor.

3. Haiti's population is largely rural-based with pre-earthquake estimates indicating that approximately 60% of persons live in rural communities. In general, rural communities are characterised by high levels of poverty, limited infrastructure and poor access to services resulting from decades of under-investment and environmental degradation. Overall, only 5% of residents in rural areas have access to electricity, less than 55% have access to improved drinking water sources and less than 10% to improved sanitation facilities. In addition, the rural road network is limited, with roads generally unpaved, making navigation difficult particularly during the rainy season. Agriculture is the dominant economic activity in rural areas providing employment for an estimated two-thirds of residents. However, over the past two decades the sector's output has been on the decline due to a combination of factors including under-investment in rural infrastructure and services; poor natural resource management; limited access by farmers to modern technology, credit, production and marketing support; and weak and poorly-governed rural institutions.

4. Addressing the poverty situation requires, among other strategies, making significant effort to reduce unemployment and improve factor productivity. Much of this will require addressing inefficiencies in the agricultural sector and providing the appropriate enabling environment and support for the development of the private sector.

5. In May 2012, the Government of Haiti (GOH) launched its long-term plan – the Strategic Plan for the Development of Haiti (Plan Stratégique de Développement d'Haïti [PSDH]). The Plan expands and details the long-term perspective that underpinned the Action Plan for National Recovery and Development of Haiti (Plan d'action pour le relèvement et le développement d'Haiti) PARDH. In the immediate aftermath of the January 2010 earthquake, GOH had put forward the 10-year PARDH to rebuild Haiti that went beyond a response to the losses and damage caused by the earthquake. PSDH is intended to define the path the country will take to reverse its situation of under-development. Consistent with PARDH, PSDH sets out four key strategic pillars – territorial rebuilding, economic rebuilding, social rebuilding and institutional rebuilding.

6. The Caribbean Development Bank (CDB) supports the country's plan to turn the disaster of January 10, 2010 into an opportunity to transform the country into an emerging economy by the year 2030. However, the attainment of the target will hinge heavily on support from the donor community and adherence to the principles of development effectiveness. In that regard, CDB welcomes the leadership of GOH in putting forward policies and strategies for its long-term economic development. It is necessary for

(ii)

donors to continue to support capacity building efforts to allow GOH to maintain ownership of its development strategies and policies and help the country put in place effective mechanisms for implementing these strategies. In that regard, weak administrative capacity and an inadequate public investment framework could lead to continued under-execution of capital projects, thus compromising the speed with which development objectives can be attained. Donors will need to provide development assistance that is consistent with PARDH and PSDH and improve coordination among themselves to further boost the chances of GOH attaining its development objectives.

7. To date, CDB's interventions in Haiti have been through grant financing under its Special Development Fund (SDF). Under the replenishment of the sixth cycle of SDF (Unified) [SDF (U)] funding for Haiti was separately earmarked. A Set-aside of \$27 mn was agreed to meet both programming and operational costs of initial operations in Haiti. During SDF 7, the Set-aside for Haiti was increased to \$46 mn in light of the persistent development deficits in the country and large assistance needs. In addition, there was the need to extend the period for 'ring fencing' the Bank's Haiti programme to allow sufficient time for integrating Haiti into the Bank's regular operations.

8. With regards to the recently concluded negotiations on the eighth SDF cycle (SDF 8), Contributors agreed to a further Set-aside of \$46 mn to support CDB's intervention in Haiti through grants. Contributors and the Bank agreed on a programme that would be focused on two sectors, education and training and community-driven development (CDD) and agriculture, with more limited interventions to support capacity building and the strengthening of the country's resilience to future natural hazards. Interventions are intended to have a limited number of targeted objectives and will continue to be undertaken in cooperation with existing partners or with other appropriate international donor partners.

9. It is proposed that a resource envelope of \$42 mn be made available to finance interventions in Haiti. The remaining \$4 mn of the Haiti Set-aside under SDF 8 will be used for logistical and administrative operations. Table 3.2 shows the indicative intervention programme and the Results Framework Matrix which summarises the proposed interventions and outcomes.

10. CDB will work with major development partners involved in Haiti and who are committed to the new external aid coordination mechanism discussed in Appendix 2. Country Strategy Paper (CSP) implementation will be monitored by CDB with respect to progress towards the Borrowers' request for CDB's assistance. It is proposed that this be done on a formal annual basis through meetings between CDB, other donors with whom collaboration is proposed, the Ministry of Finance (MOF) and other relevant ministries. Informal and frequent consultations between CDB staff, staff of the other relevant donors and the staff in MOF and Ministry of Planning will continue as they currently do, as part of the effort to address issues as they arise and maintain a continuous dialogue on policy and operational matters. With respect to CDB staff, the monitoring of the implementation of the CSP will be the responsibility of the team involved in the preparation of the CSP with the lead role taken by the Economics Department.

SUMMARY MATRIX OF RESULTS FRAMEWORK

CDB Areas for Intervention aligned to Country Development Objectives	Issues and Obstacles	Expected Outcomes	Performance Indicators	Risks
<i>Area 1: Basic Education and Technical Vocational Education and Training: Increased and Equitable Access to Quality Basic Education and Training</i>				
(a) Enhancing participation and quality	<ul style="list-style-type: none"> Limited access to basic education. Absence of infrastructure to accommodate children of pre-school age. Limited access to quality early childhood development (ECD) services. 	<ul style="list-style-type: none"> Improved access to, and quality of, basic education for poor boys and girls 3-12 years old. Improved access to ECD infrastructure and integrated ECD services. 	<ul style="list-style-type: none"> Primary education completion rate grades 1-9 increase from 33% in 2003 to 85% in 2016, by sex. Net enrolment rate in secondary schools increase from 22% in 2010 to 28% in 2016, by sex. 5 percentage points increase in the gross enrolment rate of children 3-4 years, from 65% in 2003 to 70% in 2016, by sex. 	<ul style="list-style-type: none"> Natural disasters could result in a change in the priorities and/or implementation timing. Changes in plans of donors with whom CDB proposes to work could affect the speed of interventions.
(b) Enhancing teacher development	<ul style="list-style-type: none"> Limited physical infrastructure of teacher training institutions. Insufficiently trained teachers. Absence of national curriculum for training. 	<ul style="list-style-type: none"> Accelerated model of teacher training, including a national teacher training curriculum that includes gender training. Gender training institutionalised in teacher training institutions. Improved quality of pedagogical instruction at the classroom level. Increased male and female student enrolment as a result of availability of additional newly trained teachers. 	<ul style="list-style-type: none"> An increase in the percentage of teachers trained from 20% in 2003 to 30% in 2016. 5% of teachers trained to deliver gender responsive curriculum. 	<ul style="list-style-type: none"> Limited private sector implementation capacity could influence speed of implementation.
(c) Enhancing and expanding skills development training	<ul style="list-style-type: none"> Dearth of skilled labour. Limited access to technical vocational education and training (TVET), especially by at-risk groups, women and youth. Non-alignment of TVET programmes with needs of the economy. 	<ul style="list-style-type: none"> Enhanced and decentralised TVET system with strong linkages to private sector and with capacity to provide appropriate and effective training to both male and female youth. 	<ul style="list-style-type: none"> Percentage of Haitian male and female youth with skills to meet job market requirements. Baseline (2012): 13% (male/female) Target (2025): 20% (male/female) Percentage increase in females involved in non-traditional skills training. Baseline (2011): 15% Target: (2020): 20% 	
(d) Developing leadership capacity across the system	<ul style="list-style-type: none"> Limited harmonisation of institutional strengthening efforts. Inadequate human resource capacity in central and departmental offices. 	<ul style="list-style-type: none"> Enhanced governance of the sector and capacity building of systems for leadership of the sector. 	<ul style="list-style-type: none"> Integrated education management information system established and functional by 2016. Central and departmental offices adequately staffed and fully functional by 2016. Sector data collected disaggregated by sex and disseminated by 2016. 	

			<ul style="list-style-type: none"> Operationalisation of 'Office National pour la Promotion de l'Emploi. by 2016. 	
CDB Areas for Intervention aligned to Country Development Objectives	Issues and Obstacles	Expected Outcomes	Performance Indicators	Risks
Area 2: Community-Driven Development and Agriculture				
Agri-based CDD	<ul style="list-style-type: none"> Limited production infrastructure. Low and inefficient agricultural production methods. Gender segmentation of labour. 	<ul style="list-style-type: none"> Increased access to public infrastructure facilities, services and production technology for women and men farmers. 	<ul style="list-style-type: none"> Percentage increase in productivity and profitability (by sex of farmer/enterprise owner) 	
Area 3: Capacity Building and Resilience				
<i>Regional Integration and Public Sector Capacity Building</i>				
(a) Capacity Building	<ul style="list-style-type: none"> Weak public sector capacity contributes to a slow pace of project implementation and less than optimal achievement of development results. 	<ul style="list-style-type: none"> Enhanced effectiveness of the public sector. 	<ul style="list-style-type: none"> The specific results indicators will be specified during project design. 	
(b) Regional Integration	<ul style="list-style-type: none"> Haiti's integration into the Caribbean Community (CARICOM) lags that of other member countries. 	<ul style="list-style-type: none"> Improved ability to trade and otherwise engage with CARICOM countries 	<ul style="list-style-type: none"> The specific results indicators will be specified during project design. 	
MSME Development	<ul style="list-style-type: none"> Limited utilisation of modern production practices and techniques. Low productivity and lack of competitiveness. Low access of female-run businesses to trade opportunities. 	<ul style="list-style-type: none"> Improved management and overall operational capacities of male/female run businesses. 	<ul style="list-style-type: none"> Approximately 100 micro, small and medium-sized enterprises (MSMEs) receiving Caribbean Technological Consultancy Services (CTCS) technical assistance (TA); Approximately 300 MSME employees benefiting from CTCS training, by sex; Based on surveys, 75% of beneficiaries report enhanced management capacity within six months of receiving training. 	
<i>Resilience</i>				
(a) CCRIF	<ul style="list-style-type: none"> Limited resource available for disaster recovery and hence usefulness of an insurance facility to facilitate quick response in the event of natural hazards. 	<ul style="list-style-type: none"> Quicker recovery from the effects of natural disasters 	<ul style="list-style-type: none"> Insurance coverage remains effective. 	

DEVELOPMENT CONTEXT: KEY ISSUES AND DEVELOPMENT CHALLENGES

Background and Overview

1.01 For decades Haiti had experienced a steady decline in economic and social development culminating in very high levels of poverty and indigence. The country's real Gross Domestic Product (GDP) per capita income declined by close to 45% between 1960 and 2005. During the period 2005-07, with the support of the international community, the Haitian economy witnessed some improvement with growth rates of 1.8, 2.3 and 3.3%, respectively. However, in 2008 severe internal and external shocks (hurricanes, high fuel and food prices and global financial and economic crises) led to a decline in economic growth to 0.8%. In 2009, real output growth rebounded to 2.9% despite the impact of the global economic crisis. The earthquake of January 2010 significantly set back Haiti in the strides it was making towards reversing economic and social decline. Damage and losses from the earthquake were estimated at 120% of GDP (2009) or \$7.8 billion (bn). The Port-au-Prince metropolitan area, where the impact of the earthquake was most severe, accounted for 25% of the population and a significant share of Haiti's economic activity. Haiti's Human Development Index (HDI) for 2012 was 0.456. However, when the value is discounted for inequality, the HDI falls to 0.273, a loss of 40.2% due to inequality in the distribution of the dimension indices.^{1/}

1.02 Haiti is a highly fragile state with a large segment of the population dependent on the agricultural sector which accounts for over 25% of GDP. Agriculture consists of mainly small-scale subsistence farming and remains susceptible to frequent weather-related natural disasters. Remittances are the primary source of foreign exchange earnings estimated to be close to 20% of GDP and more than twice the earnings from exports. Exports are dominated by apparel exports which have been facilitated by duty-free access to the United States (US) market since 2006. The export of apparel accounts for about 90% of the country's exports and access to the US market is expected to be in place at least until 2020.

1.03 Given its fragility, Haiti currently relies heavily on international assistance and, following the earthquake, donors pledged about \$10 bn for reconstruction activity of which about \$6.4 mn had been received by the end of December 2012. Having benefited from debt forgiveness over the last five years, public debt is currently low at less than 20% of GDP. The country currently has a three-year Extended Credit Facility (ECF) with the International Monetary Fund (IMF). The ECF arrangement, which was approved in July 2010 and amounts to approximately \$60 mn, was provided to support Haiti's earthquake recovery efforts. The IMF reported^{2/} that the country's performance under the ECF-supported programme continues to be broadly satisfactory.

1.04 There are several factors that impede social and economic development and make the country unattractive to investors, among these are: (i) weak educational attainment by the majority of citizens; (ii) poor infrastructure; (iii) environmental degradation; (iv) deep domestic institutional and structural weaknesses; and (v) weak governance, political instability and insecurity. Though there has been some progress over the last decade, these challenges remain daunting and, in some cases, have been exacerbated by the January 2010 earthquake and frequent natural disasters.

^{1/} The United Nations Development Programme (UNDP), 2013. Haiti: HDI values and rank changes in the 2013 Human Development Report (HDR). In: HDR 2013. The Rise of the South: Human Progress in a Diverse World. Explanatory note on 2013 HDR composite indices.

^{2/} 2012 Article IV Consultation and Fifth Review under the ECF.

Recent Economic Performance

1.05 The Haitian economy is still recovering from the January 2010 earthquake albeit at a slower pace than anticipated.^{3/} Prudent macroeconomic policies have helped keep inflation in the single digits and improved the external position. However, less than anticipated capital spending coupled with a series of disasters, including a cholera outbreak and tropical storms, has slowed down the reconstruction and economic recovery.

1.06 Growth in economic activity in Haiti over the last two years has to be understood within the context of the earthquake of January 2010 which severely disrupted economic activity. Consequently, in contrast to the 2.9% growth registered in 2008/09 (Fiscal Year^{4/} [FY] 2009), GDP was estimated to have declined by 5.4% in FY 2010 (October 2009 to September 2010). Agriculture, which accounts for the largest share of economic activity, was not severely affected by the earthquake given that the impact was largely in the Port-au-Prince metropolitan area and hence during FY 2010 production remained largely unchanged after growing by 5.2% in FY 2009. On account of reconstruction activity, construction and public works activity grew by 4.3% in FY 2010, compared with growth of 3.1% during the previous year. Other areas of activity more directly impacted by the earthquake during FY 2010 included: manufacturing (14.7%); commercial hotel and restaurant activity (7.9%); and transport and communications (2.8%).

1.07 Real GDP output rose by 5.6% during FY 2011 as economic activity rebounded from the damage caused by the earthquake. Notably, construction and public works activity grew by 9.1% and manufacturing rebounded by 18%, electricity and water production expanded by 27%. All other sectors registered growth. The country continued to recover from the earthquake in FY 2012, however, the rate of real GDP growth slowed to 2.8%. The slower growth of GDP was largely due to drought and the impact of Hurricane Isaac which contributed to a 2.1% decline in agriculture output which accounted for 25.7% of real output during FY 2011. Output grew in all other sectors including: (i) manufacturing – 7.1%; (ii) electricity and water production – 15.9%; and (iii) transport and communications – 4.9%. Notwithstanding the continued growth in construction and public works activity of 5.3%, this was below potential as a result of the low execution of public capital projects. Agricultural output was further adversely impacted by the passage of Hurricane Sandy during the first quarter of FY 2013 (October to December 2012),

1.08 Inflation in Haiti, as measured by the Consumer Price Index, moderated to 7.5% during the 12-month period to November 2012, compared with 9.7% during the corresponding period to November 2011. Average prices for the sub-category “food, drinks and tobacco” which carries a weight of 50.4% in the overall basket, grew by 8.8% in 2012 compared with 11.1% during the corresponding period in 2011, reflecting primarily higher international food prices and reduced domestic food supply because of the drought and Hurricanes Isaac and Sandy.

1.09 With a decline in budget support, Government ended FY 2012 with an overall deficit of 5.9% of GDP against a programmed deficit of 3.6%. Higher emergency spending associated with Hurricane Isaac; outlays for new ministries; and higher transfers to the electricity company increased current spending above target and outstripped growth in revenue (though slightly below target) thus contributing to the higher overall deficit in FY 2012. By contrast, Government had ended FY 2011 with a lower deficit of 3.7% of GDP against a programmed deficit of 6.2%.

1.10 Fiscal performance during the first quarter of FY 2013 (last quarter of calendar year 2012) deteriorated on account of lower fiscal revenue and the passage of Hurricane Sandy which led to a decline

^{3/} IMF fifth review of the ECF concluded December 2012.

^{4/} The fiscal year runs from October of one year to September of the following year.

in imports during the period. Consequently, the overall deficit for the first quarter of FY 2013 was 628.8 mn gourdes compared to 515.8 mn gourdes during the corresponding period in FY 2012.

1.11 Haiti's external position strengthened during FY 2012 with the current account declining to 4% of GDP compared with 4.6% during FY 2011. Though there was a significant drop in official transfers from 19.6% to 12.5% of GDP, due in part to the completion of the immediate post-earthquake disaster phase, this was partly counterbalanced by an 11.1% decline in imports. Meanwhile, capital inflows including foreign direct investment continued to be strong. The overall balance of payments recorded a small surplus and gross international reserves increased to \$2.2 bn at the end of December 2012, equivalent to six months of imports, well above the commonly used benchmark of three months.

1.12 Monetary policy in Haiti aims to maintain price stability and the exchange rate. During FY 2012 a slight upward trend was observed in the evolution of the exchange rate despite interventions by the monetary authorities to ease tensions on the foreign exchange market. Thus, by the end of November 2011 the end of the period exchange rate was 42.58 gourdes to one United States dollar against 42.32 at the end of September and 41.1 at the end of November 2011. The banking sector remained sound and profitable during FY 2012. Banks had an average capital adequacy ratio of 16.8% at the end of September 2012, above the regulatory minimum of 12%. Non-performing loans were low and stood at 2.4% of total loans at the end of September 2012.

1.13 During FY 2013, growth is expected to accelerate to 6.5% premised on a pickup in reconstruction activity and a rebound in agriculture. Inflation should remain stable in the mid-single digits. Greater expected inflows of external development assistance will help sustain growth and improve the external account position. Downside risks are largely associated with the potential worsening of global economic conditions and natural disasters. Social unrest, fuelled by high poverty and public impatience with the slow rate of progress especially with respect to earthquake recovery activity, could also adversely affect the country.

Social Setting

1.14 Prior to the earthquake about 78% of the population (estimated at 9.9 mn in 2009) was poor, that is, living below the international threshold of \$2 a day; among these 54% were extremely poor, living below \$1 a day, with poverty being predominantly in the rural area affecting 77% of the population. It was also very high among children, affecting about 70% of those below the age of 18 years. Many of these children came from female-headed, single parent homes where their basic needs for food and clothing were hardly met. A large number known as Restavecs^{5/} are sent off to live with other family members or loaned to other households as a source of free labour. It was estimated before the earthquake that as many as 300,000 boys and girls between the ages of 8-18 years made up this group.

1.15 This situation was worsened by the earthquake, with the level of unemployment rising to an estimated 41% in 2010, compared with an estimated 35% prior to the event. In addition to the high levels of unemployment a large proportion of men and women who are employed are among the working poor being engaged in subsistence level activities in the informal sector. Overall social and economic conditions are dire for both men and women, but women are particularly disadvantaged as they suffer from higher levels of unemployment, lower educational levels, poorer overall living conditions and greater vulnerability

^{5/} A Restavek (from the French language *reste avec*, "one who stays with") is a child who is sent or sold by their parents to work for a host household as a domestic servant because the parents lack the resources required to support the child. *Restavek* also refers to a child staying with a host family but usually it pertains specifically to those who are abused. The homes of many of the "host families" were destroyed by the earthquake and as a consequence many of these children were left to fend for themselves – roaming and sleeping on the streets – and as such adding to the already large number of out of school street children in Port-au-Prince.

to exploitation. The impact of sexual violence has been exacerbated by the lack of access to emergency care for victims.

1.16 Unequal gender relations in Haiti contribute to the lower status of women and girls in the public and economic spheres, leading to high vulnerability to sexual and gender-based violence; low literacy rates for men and women; the concentration of women in lower paid and often informal jobs; and low female participation in political leadership. Haiti has a Gender Inequality Index value of 0.592, ranking it 127 out of 148 countries in the 2012 Index. Four percent of parliamentary seats are held by women. Twenty-two point five per cent of adult women have reached a secondary or higher level of education compared to 36.3% for their male counterparts. For every 100,000 live births, 350 women die from pregnancy-related causes; and the adolescent fertility rate is 41.3 births per 1,000 live births. Female participation in the labour market is 60.1% compared to 70.6% for men.^{6/}

1.17 Already poor access to health, education and housing among other social services, was exacerbated by the earthquake and new challenges emerged. Among the new challenges is the need to provide housing for the displaced persons and rebuild capacity in the public sector. The widespread destruction of houses in the Port-au-Prince metropolitan area, which resulted in the massive displacement of people, gave rise to the erection of makeshift shelters and the establishment of about 1,000 camps all over the city and the Quest Department. In addition, many persons moved in with friends and relatives whose houses were still in a habitable state after the earthquake, while large numbers also moved back to the rural areas or other urban centers. The number of persons still living in tents/makeshift shelters declined to about 300,000 by March 2013 from 1,600,000 in the immediate aftermath of the crisis. Much of this has occurred as a result of repairs to homes that were damaged and the provision of some new housing, but the great need still remains.

1.18 Compounding and contributing to the poverty situation is limited access to education at all levels, with 40% of primary school-age children (representing approximately 500,000 children) not enrolled in school and few children transitioning to the secondary level. This results mostly from high school fees, which most poor parents are unable to pay; and the absence of school facilities especially in rural areas. As a consequence, 87% of poor household heads have had no formal education. In addition, due to stereotypical gender roles, the cost of education and an unequal division of labour, low-income girls and women often have fewer opportunities to receive good quality education.^{7/} Prior to 2010, access to basic health services in Haiti was not available to the majority of the population. Only 28% of the population had access to health care institutions which were primarily owned and operated by non-governmental organisations (NGOs). Haiti also suffered from severe environmental degradation which had significant and wide-reaching social and economic impacts.

Governance

1.19 There are significant governance challenges confronting Haiti and the poor economic performance prior to 2005 can, in part, be attributed to poor governance. Over the years, persistent social inequity, concentration of power and weakness in law enforcement has repeatedly led to eruptions of violence. Haiti has scored very low on the Worldwide Governance Indicators (compiled by the World Bank [WB]) over the period 1996-2010 and has had very unfavourable comparisons with the Caribbean and the rest of the world. However, GOH and the donor community has made the strengthening of governance a major priority and indications are that, while governance indicators generally remain very weak, there has been some progress since 2005 and this provides hope that with commitment and persistence Haiti can eventually achieve the level of good governance critical to its economic and social development.

^{6/} UNDP, 2013, cit.

^{7/} Haiti Equality Collective, 2010. The Haiti Gender Shadow Report: Ensuring Haitian Women's Participation and Leadership in All Stages of National Relief and Reconstruction. A Coalition Gender Shadow Report of the 2010 Haiti Post-Disaster Needs Assessment.

1.20 As a result of the earthquake public administration suffered major losses in terms of human life and material damage and this has decreased the ability of government to perform its designated role, thus contributing to a decline in government effectiveness which, though weak, had improved in the years leading up to 2010. Further, the political stalemate with respect to the election of a President, which was set for November 2010 but culminated in May 2011 and the five-month run-up to the selection of a Prime Minister in October 2011 distracted GOH from the optimal management of the crisis and tackling development challenges in general. Though tumultuous, the presidential elections led to the first peaceful handover of power to a President from the Opposition in Haiti's history. Though President Martelly received a strong majority of cast votes, the former governing party retained a majority in both houses of Parliament. However, in February 2012, Prime Minister Gary Conille resigned after four months in office placing additional strain on governance. A new Prime Minister – former Foreign Minister Laurent Lamothe, was installed in May 2012. Additionally there was another setback in April 2013 with the resignation of the Minister of Finance and Economy.

Education

1.21 The education sector in Haiti prior to the earthquake was under-resourced and of low quality. There was limited access at all levels and education services were provided mainly by the private sector with the State providing less than 20% at the primary level. A large percentage of the non-public schools, about 75%, lacked accreditation or licensing with the result that their output was of questionable quality. The system was also characterised by low enrolment rates with approximately 40% of primary school-age children not enrolled. The low and inequitable access resulted from the high cost of school fees and the absence of appropriate infrastructure, especially in the rural areas. Dropout rates were high and few children transitioned to the secondary level. Poor quality was also reflected in the low performance on national examinations and high repetition rates; poorly trained and unqualified teachers; insufficient teaching and learning materials; outdated curricula; weak school management systems; and insufficient supervision of the large non-public education sector. Malnutrition and poor health also contributed to low participation and underperformance as many children were simply too hungry and/or lacked the energy needed to focus on learning.

1.22 The impact of the earthquake was severe. All sub-sectors were severely affected by property damage, loss of life and psychological trauma. Most of the infrastructure in Port-au-Prince and the surrounding areas was significantly damaged and it is estimated that about 38,000 students and almost 1,350 teachers perished. Although the rest of the country was not physically impacted, direct consequences were observed in the migration of a large percentage of the population. This migration of more than 500,000 people has placed an additional burden on previously stressed educational services in other areas. In these circumstances, the efforts of GOH to expand the education net were severely affected and there was even greater dependence on the Education for All (EFA) project to assist in the normalisation of the delivery of education services.

1.23 Currently, alongside CDB and WB, many international organisations and NGOs are working in the education sector. These include: the United Nations Educational Scientific and Cultural Organisation; the Inter-American Development Bank (IDB); the European Union; the World Food Programme; the United Nations Children's Fund (UNICEF); and a number of other agencies. There is evidence of collaboration as demonstrated through partnerships like that of CDB and WB in EFA. Activities revolve around the improvement of access and quality and include: (i) tuition support; (ii) school feeding; (iii) teacher training; (iv) curriculum development; (v) literacy; and (vi) TVET. The organisations active in education have established a sector grouping which attempts to coordinate discussion among themselves, as well as with Government, in an attempt to ensure that there is coordination of the activities being planned and implemented. The result is that there is movement towards greater donor coordination in the sector.

1.24 GOH, under its “Sou Ban Lekol” programme has also articulated a goal of providing free education to every child in Haiti and the 2010 education census of the Ministry of Education (MOE) (undertaken with CDB support) indicates that since the earthquake 142,000 additional students have been enrolled. Notwithstanding this, there are still in excess of 500,000 children for whom access must be provided. This has significant implications since high unemployment means parents may not be able to pay fees and currently Government is only able to support approximately 20% of the provision of education. It also means that Haiti will not, in the foreseeable future, approach the achievement of universal primary education. Many other challenges and needs still exist, including:

- (a) rehabilitation of infrastructure and provision of associated equipment;
- (b) construction of new facilities;
- (c) teacher training;
- (d) curriculum development;
- (e) continuation of support for school feeding;
- (f) development and implementation of literacy programmes;
- (g) continuation of school subsidies;
- (h) collection and utilisation of educational data; and
- (i) capacity building for leadership of the system at both central and departmental levels.

Community-Driven Development and Agriculture

1.25 Haiti’s population is largely rural-based with pre-earthquake estimates indicating that approximately 60% of persons live in rural communities. This percentage is likely to have increased, given the urban to rural migration following the January 2010 devastation of Port-au-Prince – the main urban center.

1.26 In general rural communities are characterised by high levels of poverty, limited infrastructure and poor access to services resulting from decades of under-investment and environmental degradation. Overall, only 5% of residents in rural areas have access to electricity, less than 55% have access to acceptable drinking water sources and less than 10% to adequate sanitation facilities.^{8/} In addition, the rural road network is limited, with roads generally unpaved, making navigation difficult particularly during the rainy season.

1.27 Agriculture is the dominant economic activity in rural areas, providing employment for an estimated two-thirds of residents. Women operate mostly within local staple crop markets and use these earnings to feed their families and meet some of their most basic needs. Men have more access to export crops such as mango and cacao and facilities/structures that can help generate more income in country.^{9/} Overall, the agricultural sector accounts for an estimated 25% of the country’s GDP and 50% of total employment. However, over the past two decades the sector’s output has been on the decline due to a combination of factors, including:

^{8/} United Nations Millenium Development Goals Statistics. <http://mdgs.un.org/unsd/mdg/Data.aspx>

^{9/} Haiti Equality Collective, 2010. Cit.

- (a) under-investment in rural infrastructure and services (for example, rural road infrastructure, drainage and irrigation systems and extension services);
- (b) poor natural resource management, including intensive deforestation. Farming on sloping lands, without the benefit of soil conservation measures, has led to excessive soil erosion and deforestation to near catastrophic conditions. The situation is further compounded by the widespread use of fire as a means of land preparation leaving the land exposed to the elements and devoid of organic matter. This further increases erosion and flood risks and reduces fertility, due to the loss of top soil;
- (c) limited access by farmers and fishermen to modern technologies, credit, production and marketing support. It is estimated that less than 5% of farms use efficient production systems, planting material and fertilisers; and
- (d) weak and poorly-governed rural institutions (including municipalities and farmer associations).

1.28 On the upside, the country enjoys diverse agro-ecological zones conducive to the production of a wide range of crops for both domestic consumption and export. Investment in the agriculture sector is a key component of the country's growth and development agenda.

Employment and Private Sector Development

1.29 Addressing poverty in Haiti requires, among other strategies, making significant effort to reduce unemployment and improve productivity of factor markets. Much of this will require providing the appropriate enabling environment and support for the development of the private sector. This notwithstanding, the private sector remains weak and a number of constraints impede its development. These include: (i) high cost and inadequate access to finance; (ii) the lack of infrastructure, which makes it costly to open and conduct business in Haiti; (iii) lack of technical expertise for establishing and developing businesses; (iv) substantial migration of skilled labour; (v) high security costs associated with business operations; (vi) a complicated tax system; (vii) onerous requirements for opening businesses; and (viii) land tenure issues. Moreover, the earthquake inflicted substantial damage to the already inadequate production capacity and infrastructure and led to a massive reduction in employment.

1.30 The manufacturing sector and the tourism industry have the potential to generate significant new jobs given low labour cost and the potential to market several attractions. However, developing the tourism industry will require substantial investments, both public and private, to address infrastructure needs, product development, marketing and other related constraints, such as waste management, security and human resource capacity.

Environment and Disaster Risk Management

1.31 Prior to the earthquake, Haiti already suffered from severe environmental degradation which had significant and wide-reaching social and economic impacts. The acute poverty, rapid and unplanned urbanisation, food insecurity, critical environmental health problems and vulnerability to natural disasters are strongly interlinked with severe environmental issues. These include: (i) inadequate solid waste management services and an absence of waste-water management systems; (ii) water scarcity due to the lack of integrated management of water resources; (iii) extensive deforestation directly related to the high energy demands, with forest cover estimated at less than 2% of the total land area; (iv) degraded water catchment areas in the main watersheds leading to soil erosion and increased potential for floods; and (v) coastal zone degradation. The environmental deterioration has been compounded by weak institutional capacity for environmental governance. The massive damage from the earthquake exacerbated these

problems by adding considerably to pollution, placing additional stresses on the environment and natural resources and exposing some people to disaster prone areas. The ability of the National Environmental Management System to guide the integration of environmental aspects into the recovery and reconstruction efforts was further weakened due to the substantial loss of their technical capacities and physical capital. GOH's capabilities to address the country's vulnerability to disaster and support the mitigation of risks continue to be limited having been further set back by the earthquake.

2. GOVERNMENT'S DEVELOPMENT STRATEGY

Policy Agenda

2.01 Prior to the earthquake, the Government's development strategy was outlined in a Poverty Reduction Growth Strategy (PRGS) which was formulated and implemented in partnership with the private sector, other stakeholders and the international community. In the immediate aftermath of the January 2010 earthquake, GOH put forward a 10-year plan to rebuild Haiti that went beyond a response to the losses and damage caused by the earthquake. The Plan – PARDH – aimed to launch a number of key initiatives to be implemented over the short-to-medium term, while creating the conditions to tackle the structural causes of Haiti's underdevelopment. It was intended that emergency needs would be addressed during the first 18-month phase of the Plan. Activities launched during the first phase of PARDH were expected to provide the foundation for Haiti to improve long-term growth and reduce poverty. In 2010, the IMF noted that the priorities identified in PARDH were consistent with the Poverty Reduction and Growth Programme (PRGP) in place at the time, although the Plan gave greater prominence to addressing housing and territorial development issues, which have been heightened by the earthquake. The PRGS was being supported by an IMF Poverty Reduction Growth Facility (2007-09). Donors pledged approximately \$10 mn in support of PARDH. In addition to other support, the IMF approved a three-year ECF in July 2010.

2.02 The priorities set out in PARDH were to:

- (a) respond to the urgent situation immediately;
- (b) relaunch and strengthen economic activity;
- (c) rebuild social infrastructure to meet the demands of economic modernisation;
- (d) rebuild and strengthen governance institutions; and
- (e) reduce Haiti's vulnerability to natural disasters.

2.03 Haiti recognises that the earthquake presented an opportunity to rebuild and transform the country. Indeed, Haiti understood that the toll of the disaster was not only due to the force of the earthquake but the outcome of an excessively dense population; lack of adequate building standards; the disastrous state of the environment; disorganised land use; and unbalanced division of economic activity. Box 2.1 captures the four pillars of Haiti's Development Vision.

2.04 The pace of reconstruction has been slow. Progress was made in relocating people housed in temporary shelters, rebuilding schools and restoring state functions. About 80% of the debris generated by the earthquake has been removed, however much is left to be done and the main challenge remains that of building capacity; accelerating reconstruction; and sustaining the recovery while safeguarding macroeconomic stability.

BOX 2.1: FOUR KEY PILLARS FOR DEVELOPMENT REFLECTED IN THE ACTION PLAN FOR NATIONAL RECOVERY AND DEVELOPMENT OF HAITI

Territorial Rebuilding: including identifying, planning and managing new development centers; stimulating local development; rebuilding affected areas; implementing economic infrastructure required for growth (roads, energy and communication); managing land tenure, in order to protect property; and facilitating the advancement of large projects.

Economic Rebuilding: which, along with developing key sectors, will aim to modernise the various components of the agricultural sector – providing export potential in terms of fruits and tubers; livestock farming and fishing, in the interests of food security; developing the professional construction sector with laws and regulations relating to earthquake-resistant and hurricane-resistant materials and implementation and control structures; promoting manufacturing industries; and organising the development of tourism.

Social Rebuilding: to prioritise a system of education guaranteeing access to quality education for all children; offering vocational and university education to meet the demands of economic modernisation and entrepreneurial development; a health system ensuring minimum coverage throughout the country; and social protection for the most vulnerable workers.

Institutional Rebuilding: will immediately focus on making state institutions operational by prioritising the most essential functions; redefining the legal and regulatory framework to better adapt to our requirements; implementing a structure that will have the power to manage reconstruction; and establishing a culture of transparency and accountability that deters corruption in our country.

2.05 In May 2012, GOH launched its long-term plan – PSDH. The Plan expands and details the long-term perspective that underpinned PARDH. PSDH is intended to define the path the country will take to reverse its situation of underdevelopment, with the vision being the reshaping of Haiti and transforming the earthquake of January 10, 2010 into an opportunity to make the country into an emerging state by 2030. The long-term plan will also serve to mobilise support and encourage more coherence between the various initiatives for the development of the country. Consistent with PARDH, PSDH sets out four key strategic pillars – territorial rebuilding, economic rebuilding, social rebuilding and institutional rebuilding. Each pillar consists of seven to nine programmes and each programme is divided into 150 sub-programmes.

2.06 Territorial rebuilding contemplates work towards better organising rural and urban zones and putting in place the infrastructure necessary for economic and social development at the local regional and national levels. It envisages the protection of the environment and the rehabilitation of watersheds; expansion of access to potable water; improved solid waste management; implementing a transportation network; electrification of the country; and the expansion of digital communications network.

2.07 Economic rebuilding incorporates implementing macroeconomic policies which facilitate development. It also contemplates support for private sector investment and programmes towards the modernisation and revitalisation of agriculture, husbandry and fishing. Efforts are expected to focus on enhancing the competitiveness of the Haitian economy with particular emphasis on manufacturing and tourism. Programmes to strengthen the construction and the services sector will be pursued, as well as projects for the exploration of geological resources. Projects that target employment creation will be particularly important.

2.08 Social rebuilding will involve the creation of a modern health and education network that covers the whole country, including ECD, higher education TVET, particularly in underserved rural areas. The protection of cultural goods and support for creative industries are also on the agenda. Improved access to housing; support for civic initiatives; provision of more and improved opportunities for leisure and sports; the implementation of a system for social insurance for workers; and the promotion of gender equality (GE) are also highlighted.

2.09 Institutional rebuilding envisages the revision of the legal framework, the reinforcement of the powers of the legislature and the judiciary and the independence of these institutions. In addition, the modernisation of public administration, especially the administration of justice and security, increased decentralisation of public functions; and the strengthening of local authority and civil society will be prioritised.

Analysis of Government Strategy, Challenges and Risks

2.10 Haiti's intention to turn the disaster of January 10, 2010 into an opportunity to transform the country into an emerging economy by the year 2030 is an appropriate objective. However, the attainment of the target will hinge heavily on support from the donor community and adherence to the principles of development effectiveness. In that regard, GOH's leadership in putting forward policies and strategies for its long-term economic development is a step in the right direction. It is necessary for donors to continue to support capacity building efforts to allow GOH to maintain ownership of its development strategies and policies and help the country put in place effective mechanisms for implementing these strategies. In that regard, weak administrative capacity and an inadequate public investment framework could lead to continued under-execution of planned or necessary capital projects, thus compromising the speed with which development objectives can be attained. Donors will need to provide development assistance that is consistent with PARDH and PSDH and improve coordination among themselves to further boost the chances of GOH attaining its development objectives.

2.11 Without significant donor assistance it will take Haiti a lot longer to address deep-seated poverty and human suffering. Development partners in Haiti will have to consider doing more, working faster and more efficiently to attain the objective of PSDH. In that regard it is good that the Plan reflects priorities related to employment creation, the development of agriculture and tourism and the overall enhancement of industry competitiveness, alongside the priorities that donors have paid more attention to in the past, including improving education and health which continue to be clear priorities. Indeed, several priorities have been identified by GOH but they have not been ranked, understandably so, given that there are great needs in every area. This underscores the importance of effective donor coordination to ensure that the needs in each important area are being addressed. Efforts being made by GOH to improve donor coordination are appropriate. Appendix 1 highlights a new and robust approach for donor coordination.

3. CARIBBEAN DEVELOPMENT BANK'S ASSISTANCE STRATEGY

3.01 Haiti formally became a member of CDB in January 2007, setting the stage for full engagement by the Bank in support of the country's development agenda. CDB's early engagement in Haiti would be an opportunity for the Bank to learn quickly, thereby building its capacity to assist Haiti in confronting its development challenges. Further, the reach and effectiveness of the Bank's assistance programme in Haiti would hinge critically on a number of factors. These include the need for a dedicated set of financial resources which would not be contingent on the funding requirements of other Borrowing Member Countries (BMCs); the need to build both internal capacity, as well as in-country presence, including establishing strong partnerships with key development partners; and the need to avoid intervention dispersion in an effort to sharpen development impact and focus on results.

3.02 Within that context, CDB's interventions in Haiti have been through grant financing under its SDF. In that regard, funding for Haiti was separately earmarked within the replenishment for the SDF (U) sixth cycle. Under SDF 6, a Set-aside of \$27 mn was agreed to meet both programming and operational costs of initial operations in Haiti. During SDF 7, the Set-aside for Haiti was increased to \$46 mn in light of the development deficit in the country and large assistance needs as the country continued to be saddled with vast growth challenges and social and economic fragility. In addition, there was the need to extend the period for 'ring fencing' the Bank's Haiti programme to allow sufficient time for imbedding the process of integrating Haiti into the Bank's regular operations.

3.03 CDB's core areas of operations in Haiti are consistent with the Bank's strategic focus and as such interventions supported efforts to promote inclusive social development, support environmental sustainability and promote good governance, as well as initiatives geared towards fostering regional cooperation and integration. Emphasis has been on selected interventions in sectors where the Bank has significant experience and has been able to work collaboratively with other donor agencies with ongoing programmes and capacity in Haiti. Resources approved under the SDF 6th and 7th cycles have been fully committed.

Review of Caribbean Development Bank's Past Implementation Strategy

3.04 Table 3.1 captures the main interventions over the period 2007-2012. The first capital project approved by CDB (May 2007) was the EFA Project in the amount of \$10 mn. Given the strong need to strengthen governance, CDB, in March 2008, provided a TA grant of \$1.2 mn for Project Cycle Training for public sector officials. Subsequently, two other capital projects were approved, namely, the TVET Project for \$5 mn, approved in May 2008 and the Urban Community-Driven Development Project (PRODEPUR) for \$4 mn, approved in July 2008. Current operations were guided by the intervention strategy for Haiti which covers the period 2009-2012, as outlined in CDB Board Paper – BD 50/09 and amended to reflect the reordered priorities post the 2010 earthquake. These operations included a Policy-Based Grant (PBG) which was disbursed in 2009 to support macroeconomic adjustments and enable GOH to continue to provide basic services and implement critical infrastructure under the PRGS. This PBG was provided parallel to similar support advanced by IDB and WB.

3.05 Judging from interventions already undertaken by CDB, local project professionals value dialogue with CDB staff and seek relationships with the Bank's BMCs to share Caribbean solutions, especially in the area of TVET. With respect to CDD initiatives, CDB's experiences under the Basic Needs Trust Fund (BNTF) can be shared with Haiti. Further, CDB has already begun to expose representatives from Haiti to conferences and meetings that will assist the country in forging closer ties with CARICOM countries and institutions.

Summary of Results Achieved

(a) Technical Vocational Education and Training

3.06 Since 2007 CDB has partnered with WB to implement the EFA project in an attempt to increase access to primary education and improve the quality and governance of the sector. Feedback from school administrators, students and parents point to the significant impact of the EFA project, co-funded with WB, the objective of which is to increase access to primary education for poor children and improve the quality and governance of the education sector. By the end of 2012, key outputs included:

- (i) 180,000 students were supported with tuition waivers in 1,206 participating schools;
- (ii) 85,387 students benefitted from school lunches in 217 schools;
- (iii) 3,066 teachers are pursuing training in 12 colleges through three-year programmes and a further 1,500 were recruited for the third cohort in October 2012;
- (iv) 9,000 students in 100 schools participated in literacy programmes; 245 teachers were trained and 150 are in training; 50 new principals were trained; teachers' manuals were developed; and 300 school libraries supplied; and
- (v) school Management Committees were established and functioning in 1,236 of EFA project schools.

3.07 Since most families spend more than 45% of their annual income on sending their children to school, the provision of subsidies has removed a significant burden on the finances of the families affected. The hot meals, snacks and de-worming medication help to improve the students' health and alertness and so they benefit more from the instructions delivered. Disbursements for the EFA project amounted to \$7.5 mn in 2012.

3.08 After interruptions caused by the January 12, 2010 earthquake, work began on the construction of two TVET institutions located at Cap Haitien and Jeremie. They are scheduled to be completed by the fourth quarter of 2013. Over 1,500 persons (20% of whom are anticipated to be females) are expected to benefit annually from training programmes offered by these institutions. A third TVET institution, with the capacity to train 500 persons annually, will be constructed under an additional grant approved by CDB's Board of Directors in December 2012.

TABLE 3.1: COMMITMENTS TO PROGRAMME AND OPERATIONS: 2007-APRIL2013

(USD mn)

Interventions	Amount Approved	Disbursements to March 31, 2013	Balance to be Disbursed	Partner	Status
Promote Broad-Based Economic Growth and Inclusive Social Development					
EFA	20.00	18.29	1.71	WB	Under implementation.
TVET Project	9.00	1.64	7.36	IDB	Under implementation following some interruption due to earthquake.
Urban CDD Project (two grants)	9.00	3.50	5.50	WB	Under implementation.
Rural CDD Project	10.00	1.44	8.56	WB	Under implementation.
Supporting Environmental Sustainability and Disaster Risk Management					
Disaster/Emergency Relief Grant/Response	1.37	1.37	0.00		Completed.
CCRIF premium payments	4.12	4.12	0.00		Completed.
Earthquake Restoration Efforts - Offices for Ministry of Public Works	0.15	0.15	0.00		Completed.
University of the West Indies (UWI) external scholarship for final year Haitian students following the earthquake	0.15	0.15	0.00		Students completed course of study.
Promoting Good Governance					
PBG in collaboration with WB and IDB	10.00	10.00	0.00	IDB and WB	Disbursed in 2009.
Project Cycle Training for Public Officials with L'Ecole Nationale d'Administration Financière (ENAF)	1.82	1.20	0.62		Training under implementation. Disaster recovery assistance was completed.
Enhanced Management Capacity in Small and Medium Enterprises – Branded training programme – Business Edge	0.39	0.39	0.00	International Finance Corporation (IFC)	Under implementation following some interruption due to earthquake.
Preparation of the CSP	0.09	0.09	0.00		Completed.
Fostering Regional Cooperation and Integration					
A joint CDB/Caribbean Association of Industry and Commerce planning mission to Haiti to discuss the hosting of a Haitian Private Sector Forum	0.03	0.03	0.00		Completed.
Total	66.12	40.64	23.75		

Source: CDB

(b) Community-Driven Development

3.09 CDD initiatives financed by CDB, jointly with WB, have been an effective mechanism for fostering social inclusion, community participation and public/private sector partnerships, while improving community access to basic social and economic infrastructure and services. As at 2012, CDB was financing sub-projects in all four targeted towns under PRODEPUR.

3.10 Implementation was rated as highly satisfactory, with 14 planned Community Development Councils operational. There were approximately 300 sub-projects representing a sub-project approval rate of 82%. They were at various stages of implementation, with the majority in the area of basic infrastructure as follows:

- (a) sanitation and potable water supply systems – 51;
- (b) drainage sub-projects and spot improvements to approximately 60 kilometers of community roads – 127;
- (c) community lighting – 21; and
- (d) social infrastructure – 57.

(c) Other Areas

3.11 Other interventions included support for ENAF to conduct public sector training in Project Cycle Management, Investment Appraisal and Risk Analysis. CDB's intervention prior to the earthquake had resulted in 37 trained public sector officials, 14 of which are equipped to serve as trainers. However, training services were disrupted by the earthquake and additional CDB support facilitated the supply and installation of a secure, furnished air-conditioned container computer laboratory of approximately 1,120 square feet and computer equipment to replace what was destroyed in the earthquake. Since completion in November 2011, this additional support has assisted GOH/ENAF in restoring essential public sector training services.

3.12 Under CTCS, CDB has provided TA to approximately 80 MSMEs in Haiti through workshops and direct TA in areas related to agro-processing, hotel operations, project management and product costing and pricing. These activities have benefitted approximately 200 persons. Under the Business Edge Programme implemented in partnership with IFC, to date 2,571 people have been trained through a total of 160 workshops. The participation of women in the workshops has been a particular focus and has led to 1,142 trained women. The programme provides practical managerial training tailored to meet local market needs.

3.13 Commendable results were achieved in relation to several other small interventions including those in relation to emergency disaster relief and disaster management response, support for the payment of CCRIF premiums and for students to continue their education at UWI in the aftermath of the January 2010 earthquake.

Lessons Learnt

3.14 Through the financing and supervision of interventions jointly with WB and IDB, CDB has enhanced the capacity of its staff to engage in Haiti. CDB had gained greater familiarity with the governmental apparatus, as well as the political, institutional and cultural peculiarities that are likely to influence the design of interventions in Haiti.

3.15 Evidence obtained during the implementation of CDD projects in Haiti suggests that strong institutions are important to ensuring that sub-project quality is of a high standard and in maintaining community cohesiveness and sustainability of interventions. Accordingly, a key feature of CDB interventions in Haiti will be capacity building of community-based and municipal governance structures. CDB has also recognised that in the post-disaster situation other mechanisms to channel resources to Haiti can often help fill temporary capacity gaps. Thus, the “use of funds” approach by CDB in responding to post-earthquake disaster needs for the restoration of office space has been effective.

Strategic Focus of the Country Strategy: 2013-16

3.16 At the recently concluded negotiations on the eighth SDF cycle (SDF 8), Contributors agreed to a further Set-aside of \$46 mn to support CDB’s intervention in Haiti through grants.^{10/} Contributors and the Bank agreed on a programme that would be focused on two sectors, education and training and CDD and agriculture, with more limited interventions to support capacity building and the strengthening of the country’s resilience to future natural hazards. Interventions are intended to have a limited number of targeted objectives and will continue to be undertaken in cooperation with existing partners or with other appropriate international donor partners.

3.17 CDB will ensure gender analysis elements and sex disaggregated data are incorporated in planning, implementation and monitoring and evaluation (M&E) and that consultative and participatory processes actively engage women and men representatives of the communities involved. The project budgets will ensure that sufficient resources for gender analysis throughout the project cycle are allocated. Whenever possible, gender analysis will also identify existing sector-specific initiatives on reducing gender-based violence and recommend synergies to be pursued by corresponding CDB projects.

3.18 The proposed new intervention strategy for Haiti for the period 2013-16 reflects grant financed projects aimed at achieving the outcomes discussed below, inclusive of GE outcomes, within the broad areas identified in paragraph 3.04.

Expected Outcomes

(a) Basic Education and Technical Vocational Education and Training

3.19 CDB proposed interventions in the area of education will aim to increase access to, and the quality of ECD and primary education by poor boys and girls aged 3-12; improve access to, and the quality of, technical and vocational education and training; and improve governance in the education sector, all in collaboration with other development partners already operating as part of the education development group in Haiti.

3.20 CDB proposes to continue its collaboration with WB and other partners in seeking to build on and expand specific elements of the ongoing EFA project aimed at increasing access to primary education. Special focus will be placed on the development of community schools, particularly in remote and underserved areas and the issues of multi-grade and multi-age teaching. While continuing to work with WB to provide subsidies and meals to increase participation at the primary level, CDB proposes to assist in improving the quality of education delivered. This includes enhancing the quality of teacher training programmes, as well as increasing the number of teachers trained. CDB and other development partners will also assist in revising and standardising the basic education curriculum and in developing and implementing basic literacy and numeracy programmes. Leadership training will also be developed and delivered to equip school leaders to manage schools and engage in effective instructional leadership and

^{10/} Resolution and Report of Contributors to SDF 8 adopted March 21, 2013.

teacher development. Interventions will also continue towards strengthening the Ministry's capacity to manage the system.

3.21 Cognisant of the critical importance of ECD to educational development, CDB proposes to work closely with partners, particularly UNICEF, to implement parent, community, volunteer and early childhood education programmes for 3-5 year olds, especially in remote and underserved areas. These programmes will focus significantly on early stimulation and will prepare children to enter primary school with prerequisites for formal schooling.

3.22 Finally, in order to provide youth with skills to contribute to the development of the economy, CDB proposes to work primarily with IDB to construct and rehabilitate facilities for TVET; develop appropriate skills-training programmes; set up mechanisms to ensure young men and women enjoy equitable access to all available training courses, including specific measures to encourage the participation by women and men in training for sectors with high labour demand; and provide the requisite training for instructors to deliver those programmes. The support to skills development will be pursued within a wider framework of modernising the sub-sector to enhance the relevance of programmes to meet existing and emerging labour market needs.

3.23 It is proposed that CDB maintain its commitment in education and continue to closely monitor the impacts of its interventions. Beyond the project outputs and immediate impacts (increased participation, increased number of trained teachers, higher levels of literacy), CDB will collaborate with WB and other partners to closely monitor the long-term impact of the ongoing EFA project and additional interventions on learning outcomes. CDB is well resourced to continue to intervene in the education sector in Haiti, having adequate specialist resources and extensive experience implementing education projects in its BMCs. The specific amounts (grants) proposed to address each area being contemplated is reflected in Table 3.2.

(b) Community-Driven Development and Agriculture

3.24 Proposed interventions in CDD and agriculture will aim to increase access to public infrastructure facilities and services, as well as to enhance the capacity for poor rural and urban communities to improve their economic well-being. These are expected to contribute to the reduction in localised poverty by improving the life chances of individuals. Special attention will also be given to the effective engagement of a critical mass of women and women's groups in the needs assessments, prioritisation processes, implementation and M&E of CDD and agriculture projects.

3.25 Interventions through CDD initiatives are valued for the direct impact they have on poverty reduction and employment creation. CDB has gained much experience in implementing BNTF projects in several of its BMCs. CDD sub-projects implemented by CDB in Haiti in collaboration with WB are similar to CDB's BNTF and have allowed the Bank to better understand the peculiarities of operations in Haiti. It is proposed that CDB build on these experiences to continue implementing CDD projects in Haiti and do so in close collaboration with major development partners operating in Haiti. There is a great need to extend coverage of these initiatives in several other rural and urban communities. It is also important to provide continued support to communities that have previously benefited from such CDD projects. Given the importance of agriculture to Haiti and the potential to increase its contribution to poverty reduction by enhancing the efficiency of the sector, it is proposed that CDB also consider interventions in small-scale irrigation systems or other small-scale agricultural infrastructure projects – through the CDD approach. It is further proposed that such initiatives be closely coordinated with other development partners, including the Food and Agriculture Organisation. The grant amount proposed to address this area is reflected in Table 3.2.

(c) Capacity Building and Resilience

3.26 Given the need to build governance capacity, amplified by the adverse impact the January 2010 earthquake on public administration, CDB had supported capacity building efforts in Haiti through various small grants. CDB has also supported efforts to build resilience and support Haiti's integration into CARICOM. Further, the Bank has contributed to capacity building in the private sector through the CTCS network – which is a well established programme under which many other BMCs have been benefiting. It is desirable that CDB continues to support ongoing and other similar initiatives in Haiti aimed at building capacity in the public and private sector, bolstering economic resilience, as well as efforts for fuller integration of Haiti into CARICOM. The following specific interventions could be considered:

(i) *Regional Integration and Public Sector Capacity Building*

3.27 CDB proposes to continue to provide assistance to help build institutional capacity within the public sector, given the success of the ENAF project, through similar interventions and critical small interventions where CDB can aptly respond. These interventions are intended to be small and very responsive to needs expressed by GOH. Further, CDB has a critically important role in supporting Haiti's integration into CARICOM. Haiti values its solidarity with CARICOM, given many cultural and historical similarities. This solidarity is in part expressed through Haiti's participation in regional institutions, organisations and related agencies such as CDB. The Bank could support Haiti through interventions that would allow the country to deepen its integration into CARICOM and learn from other Caribbean countries which have strong democratic traditions, strong rule of law and effective government and generally encourage the country to strengthen its commitment to improving governance systems. The grant amount proposed to address this area is reflected in Table 3.2.

3.28 CDB is also focusing on strengthening Haiti's capacity to implement the Caribbean Forum-European Union Economic Partnership Agreement (EPA) a trade and development agreement which, among other things, supports increased integration among CARICOM member countries. Capacity building interventions will include: (i) the sensitisation of decision-makers within the public sector, private sector and civil society on specific opportunities for women, particularly those in MSMEs and in the informal sector, in response to the trade, development and poverty reduction objectives of EPA; (ii) gender impact assessments of EPA to inform the design of interventions aimed at removing barriers to women's fruitful participation in trade activities; and (iii) integrating a gender dimension in the National EPA Implementation Plan with possible focus on strengthening enterprises owned by women and supporting the formalisation of women's businesses.

(ii) *Micro, Small and Medium-sized Enterprise Development*

3.29 CDB, through CTCS and in collaboration with major enterprise development agencies in Haiti, could continue providing TA to MSMEs, primarily those operating in key sectors which Government has identified for development, that is, agro-processing, craft and tourism-related activities. Targeted MSMEs will be educated and exposed to more modern production techniques and technologies with a view to assisting them in increasing efficiency and productivity. This will be achieved by facilitating their participation in workshops, providing direct in-plant assistance and facilitating training attachments/study tours to other MSMEs in CDB's BMCs.

3.30 Through CTCS, microfinance institutions (MFIs) and agencies in Haiti that provide financing and TA to MSMEs will be strengthened to enable them to better serve and respond to the needs of MSMEs. These will include providing relevant officers with industrial orientation through study tours in order to gain an understanding of the operational intricacies of various types of business operations. These enterprise development agencies and financial institutions will, therefore, be better equipped in assessing

proposals from MSMEs seeking access to funding and TA. The grant amount proposed for the provision of CTCS services is reflected in Table 3.2.

(iii) *Resilience*

3.31 It is proposed that CDB continue to provide assistance to Haiti to meet its CCRIF premiums. Further, CDB could continue to support efforts related to emergency disaster response and recovery and provide support to Haiti through other mechanisms aimed at building resilience to the impact of natural hazards. The grant amount proposed to address this area is reflected in Table 3.2.

Resource Envelope

3.32 It is proposed that a resource envelope of \$42 mn be made available to finance interventions in Haiti. The remaining \$4 mn of the Haiti Set-aside under SDF 8 will be used for logistical and administrative operations. Table 3.2 shows the indicative intervention programme.

TABLE 3.2: INDICATIVE INTERVENTION PROGRAMME, 2013-16
(USD mn)

Item	Amount	Operation Type
Basic Education and Technical and Vocational Education and Training	23.0	
(a) <i>Enhanced Participation and Quality</i> EFA 2 - provision of tuition subsidies, school feeding and institutional strengthening at basic education level; and provision of learning spaces and institutional strengthening for ECD.	12.0	Grant
(b) <i>Teacher Development</i> Upgrading of current teacher training programmes and development and delivery of new models of teacher training.	2.0	Grant
(c) <i>Developing Leadership Quality</i> Development and delivery of school leadership training programmes; and development and delivery of sector management capacity building training programmes.	1.0	Grant
(d) <i>Skills Development and Training</i> Provision of TVET infrastructure; development of labour market courseware; and delivery of training for enhancement of instructor quality	8.0	Grant
Community-Driven Development and Agriculture	10.0	Grant
Capacity Building and Resilience	9.0	
(a) <i>Regional Integration and Public Sector Capacity Building</i>		
(i) Capacity Building	1.0	Grant
(ii) Regional Integration	1.0	Grant
(b) <i>MSME Development</i>	0.8	Grant
(c) <i>Resilience</i>		
(i) CCRIF	5.2	Grant
(ii) Other	1.0	Grant
Total Resource Envelope	42	

Working with Partners in Haiti

3.33 All interventions within the two core areas are intended to be pursued through partnerships. In that way the partners will collaborate or share the cost with respect to the design of each intended intervention and each partner will prepare an Appraisal Report for their respective boards. The appraisal documents of each partner, who will provide financing, will be expected to be consistent with each other. Each intervention will be jointly supervised by CDB and the other partners involved as has been done with previous and ongoing interventions financed by CDB. These supervision arrangements have helped CDB build its knowledge of Haiti while allowing the Bank to contribute ideas to enhance the effectiveness of projects. In the case of the ongoing CDD projects, CDB and WB shared the cost of consultancy services contracted to assist with the design, implementation, supervision and review of the project. It is anticipated that these arrangements will continue where additional technical knowledge is required or other appropriate agreements will be reached with partners.

3.34 It is proposed that, where feasible, CDB participates in various coordination mechanisms such as Sector Tables.^{11/} With respect to the education sector, following the recommendations of the Working Group on Education and Training, the Ministry of National Education and Vocational Training (MENFP) developed an Operational Plan (OP) for the overall reform process of the education sector. In order to maximise the opportunity to achieve the desired results of the OP and improve aid effectiveness, GOH and donors have established a Partnership Framework (PF) to support the implementation, coordination and monitoring of the OP. The collaborative framework will be led by MENFP and a number of major donors to Haiti in the education sector, including WB and IDB, who are signatories to the PF. CDB has also formally signed the PF. The overall objective of the PF is to promote collaboration between signatories to ensure the implementation of effective, efficient and coordinated policies of GOH in the education sector. The PF shall remain in force for the duration of the OP or for a period of five years.

3.35 During the fourth quarter of 2012, GOH launched a proposal for a permanent mechanism of coordination of external assistance, under its leadership (see Appendix 2). The new mechanism, which aims at improving good governance of external assistance, reflects a consensus between GOH and the major technical and financial partners. This new framework draws on the lessons learned from previous experiences with the Interim Cooperation Framework – 2004; the Framework for the Implementation of the National Strategy Document for the Growth and the Reduction of Poverty – 2007; and the Interim Commission for the Reconstruction of Haiti and Haiti Reconstruction Fund – 2010. The mechanism requires regular consultations between Government and all its partners in order to avoid gaps between the development needs and priorities of Haiti and programmes underway within development agencies. Such plans, priorities and programmes are to revolve around three-year investment plans developed in the context of PSDH. In that regard, it is recognised that partners will need to show political commitment to the coordination mechanism and be committed to the strengthening of the institutional capacity for the management of the development of the country. CDB will work with major development partners working in Haiti who are in turn committed to the new external aid coordination mechanism. Appendix 1 highlights donor support for those sectors identified in PARDH.

4. RISKS, MONITORING AND EVALUATION

^{11/} Sector tables are meetings between the public sector, international donor organisations and other NGOs intended to guide the activities of actors in particular sectors in the direction of national development policy and strategy. There are a number of these tables, including the Education Sector Tables and the Agriculture Sector Tables.

Risks

4.01 Key risks that might affect the implementation of the proposed strategy are those related to effective donor coordination, implementation capacity of GOH and natural disasters. The gains to be derived from effective donor coordination both from an efficiency and efficacy perspective are well documented. The country's acute macroeconomic and political fragility make donor coordination extremely important. However, the large number of NGOs and Church-based Organisations (CBOs)^{12/} operating in Haiti, alongside bilateral donors and multilateral institutions within the context of a relatively weak institutional capacity at the country level, gives rise to a complex planning system and heightens the need for donor dialogue and shared approaches in an effort to avoid duplication of effort. Moreover, transaction costs tend on average to be high in light of security considerations. CDB will continue to harmonise its activities with that of other donors and will participate in donor coordinating arrangements in Haiti in order to mitigate risks related to effective donor coordination. CDB proposed to allocate some resources for institutional strengthening in recognition of the weak institutional capacity in Haiti.

4.02 Haiti remains vulnerable to a number of natural hazards including tropical storms and hurricanes, extreme rainfall events, droughts and seismic activity. The occurrence of any of these events can result in delayed implementation of the core proposal under the Strategy. CDB has therefore committed some resources to support the efforts of GOH to mitigate the effects of natural hazards. Other donors are expected to provide support to Haiti in that regard. These efforts notwithstanding, major hazard events could derail the development plans, reorder priorities, or delay project implementation.

Monitoring and Evaluation

4.03 The Bank will use a results monitoring framework to monitor sector outcomes of its country programme. For each intervention, the monitoring framework will identify the main issues and obstacles the interventions will seek to address; the sector outcomes to which the interventions are expected to contribute, including the gender dimension therein; and the gender-responsive performance indicators against which the results of the interventions will be measured. These proposed interventions are consistent with the country's development objectives. The Summary Matrix of Results Framework summarises the proposed interventions and outcomes. The project level result framework will be fully specified during project design. CDB will continue to consult with GOH concerning its development strategy. Effective implementation of the CSP requires monitoring to ensure that the projects indicated in the CSP are submitted for financing, are appraised by CDB and, once approved by CDB's Board of Directors (BOD), the funds will be disbursed expeditiously to facilitate implementation by GOH. In that regard, CDB will interface with GOH to ensure that once applications are submitted for the financing of projects identified in the CSP, they are appraised expeditiously using a results-based framework and when projects are approved, implementation is monitored by the appropriate government agencies and CDB's personnel (in collaboration with other donors with respect to joint financing) under the results-based framework.

4.04 Additionally, CDB will closely monitor the development context in Haiti, have regular dialogue with country officials and propose changes to the Strategy which may become necessary to reflect changing realities and priorities. At the end of the strategy period, CDB will evaluate the implementation of the CSP. This evaluation will not only discuss whether projects identified in the CSP were implemented as envisaged, but will discuss the circumstances surrounding departures from the original strategy and make recommendations for strengthening the strategy for the next period. An attempt will be made to evaluate the impact of the strategy on the country's development outcomes and/or point to the likely impacts, especially where it may be too soon for project impacts to be discerned or perceived. To assist in closely

^{12/} There are an estimated 7,000 NGOs and CBOs operating in Haiti.

monitoring whether the proposed interventions indicated in the CSP are submitted for financing and are appraised and implemented as envisaged, that is, with respect to timelines and activities undertaken towards those timelines and with a results focus, a CSP implementation schedule will be used, as shown in Table 4.1. The implementation schedule will be updated each time project interventions are determined specifically and timelines agreed to where they were not previously specifically determined or agreed on.

4.05 CSP implementation will be monitored by CDB with respect to progress towards the Borrowers' request for CDB assistance. It is proposed that this be done on a formal, annual basis through meetings between CDB, other donor with whom collaboration is proposed, MOF and other relevant ministries. Informal and frequent consultations between CDB staff, staff of the other relevant donors and the staff in MOF and Ministry of Planning will continue as they currently do, as part of the effort to address issues as they arise and maintain a continuous dialogue on policy and operational matters. With respect to CDB staff, the monitoring of the implementation of the CSP will be the responsibility of the team involved in the preparation of the CSP with the lead role taken by the Economics Department.

4.06 CDB's Evaluation and Oversight Division will engage in formal oversight of the strategy and its implementation, both to assist the Operations area of the Bank in improving the development effectiveness of its activities on an informal, ongoing basis and through a formal review of the interventions and processes to inform a more structured approach to improving Bank operations.

TABLE 4.1: COUNTRY STRATEGY PAPER IMPLEMENTATION SCHEDULE

CDB Proposed Interventions in Haiti	Date by which application for Project is expected to be received	Date/s by which appraisal is expected to be completed and approved by BOD	Date by which implementation of project is expected to commence	Date by which implementation of project is expected to be completed
<i>Area 1: Basic Education and Technical Vocational Education and Training: Increased and Equitable Access to Quality Basic Education and Training</i>				
Enhancing participation and quality	June 2013	July 2013	January 2014	January 2018
Enhancing teacher development	June 2013	July 2013	August 2014	January 2017
Enhancing and expanding skills development training	June 2014	August 2014	April 2015	March 2018
Developing leadership capacity across the system	June 2013	July 2013	March 2014	March 2016
<i>Area 2: Community-Driven Development and Agriculture</i>				
Agri-based CDD Projects	June 2014	December 2014	June 2015	June 2018
<i>Area 3: Capacity Building and Resilience</i>				
<i>Regional Integration and Public Sector Capacity Building</i>				
(a) Capacity Building	To be determined	To be determined	To be determined	To be determined
(b) Regional Integration	To be determined	To be determined	To be determined	To be determined
MSME Development	Continuous	Continuous	Continuous	Continuous
<i>Resilience</i>				
(a) CCRIF	June 2013; and March 2014	July 2013; and July 2014	July 2013; and July 2014	June 2014; and June 2015
(a) Other				

RECOVERY GRANT ACTIVITIES¹ BY SECTOR AS OF DECEMBER 2012

(Grants funded through the New York conference pledges - USD mn²)

Sector ³	GoH 18-month budget	Gap	Total allocation	Committed ⁴	Disbursed ⁵ 2010-12	Donors	Primary implementing partner ⁷
			4,457.1	2,168.6	2,157.9		
Territorial Rebuilding							
Disaster management and prevention reduction	130.0	(62.9)	192.9	109.3	83.6	CDB, Czech Republic, EC, France, IDB, Norway, Switzerland, Venezuela, WB	CERAH, GOH, IFRC, MARDN, MDE, MoI, NSP
Energy	157.0	(82.5)	239.5	176.0	63.5	Canada, Germany, IDB, Ireland, Korea, Norway, Spain, US, Venezuela, WB	EDH, MTPTC, NSP
Reconstruction	780.0	651.2	128.8	27.7	100.1	Finland, France, Germany, IDB, Luxembourg, Qatar, Spain, Switzerland	SDC, MPCE, NSP and UNDP, UNEP
Regional hubs and urban development	75.0	(215.1)	290.1	282.7	7.5	EC, France, IDB, Venezuela, WB	Local authorities, MPCE
Transport	180.0	(818.1)	998.1	485.3	512.8	Brazil, Canada, EC, France, IDB, Japan, US, Venezuela, WB	IDB, JICA, MEF, MTPCT, MINUSTAH, NSP
General	N/A	N/A	24.7	2.1	22.6	Japan, OAS, WB	GOH, NSP
Economic Rebuilding							
Agriculture	260.0	(38.2)	298.2	138.9	139.5	Canada, Czech Republic, EC, France, IDB, Ireland, Japan, Norway, Qatar, South Africa, Switzerland, US, WB	ADRA, CIAT, FAO, MDE, MARDN, MoI
Financial and economic recovery, jobs	200.0	135.1	64.9	52.0	12.8	Canada, IDB, Spain, Switzerland, US, WB	MEF
Job creation	N/A	N/A	24.2	13.1	11.0	Brazil, EC, IDB, Ireland, Japan, Mauritius	MENFP, NSP, UNDP
Industry and commerce	N/A	N/A	24.8	16.7	7.9	Canada, EC, OAS, Venezuela	GOH, NSP
General	N/A	N/A	12.3	0.4	10.7	Belgium, Canada, France, Germany	NSP

Sector ³	GOH 18-month budget	Gap	Total allocation	Committed ⁴	Disbursed ⁵ 2010-12	Donors	Primary implementing partner ⁷
Social Rebuilding							
Culture	N/A	N/A	8.2	2.8	5.4	Brazil, EC, Spain, US	NSP
Education	470.0	113.5	356.5	156.6	199.6	Belgium, Canada, CDB, Czech Republic, EC, Estonia, Finland, France, IDB, Ireland, Japan, Luxembourg, Mexico, Monaco, OAS, Qatar, Slovenia, Spain, Switzerland, Venezuela, WB	FAES, MENFP, NSP, UNDP, UNESCO, UNICEF
Food security	140.0	89.1	50.9	6.0	44.9	Belgium, Brazil, France, Ireland, Japan, Latvia, Russia, South Africa, Spain, Switzerland, Venezuela	MADRN, WFP
Health	390.0	70.6	319.4	170.4	142.0	Brazil, Canada, France, Germany, IDB, Japan, Luxembourg, Mexico, Monaco, Norway, Qatar, Russia, Spain, Switzerland, US, Venezuela, WB	Cuban Government, MSPP, NSP, PAHO, UNDP, UNFPA, UNICEF, WHO
Housing	-	(180.9)	180.9	110.0	69.8	Canada, EC, Germany, IDB, Ireland, Japan, Luxembourg, Spain, US, Venezuela, WB	NSP, MPCE, UN, Habitat
Social protection	70.0	68.5	1.5	1.2	0.3	WB	GOH
Water and sanitation	160.0	(101.4)	261.4	36.0	224.4	Australia, Brazil, Czech Republic, France IDB, Ireland, Japan, Norway, OAS, Spain, Switzerland, Venezuela, WB	ABC, DINEPA, IDB, IICA, MADRN, NSP, UNICEF
Women and children	N/A	N/A	45.3	1.2	44.0	Belgium, Canada, Ireland, Japan, Norway, WB	Civil society, NSP, UNDP
General	N/A	N/A	62.7	43.0	19.6	Brazil, CDB, OAS, WB	FAES, MYSCA, NSP, UN

Sector ³	GOH 18-month budget	Gap	Total allocation	Committed ⁴	Disbursed ⁵ 2010-12	Donors	Primary implementing partner ⁷
Institutional Rebuilding							
Strengthening the administration	372.0	258.7	113.3	67.1	46.3	Canada, CDB, EC, France, IDB, Qatar, Spain, US, Venezuela, WB	GOH, IHRC, MEF, NSP, Primateur, UNDP
Democratic institutions	155.0	84.9	70.1	45.9	23.9	Canada, EC, France, Japan, Norway, OAS, US	CARICOM, MoJ, NSP, OAS, UNDP
Justice and security	255.0	22.7	232.3	126.1	106.2	Brazil, Canada, France, Japan, US	HNPF, MoJ, NSP
National planning and local development	50.0	(126.0)	176.0	40.3	51.7	Australia, Canada, EC, France, Norway, OAS, US	MoJ, CARICOM, NSP, UN agencies
Support to parliament	20.0	15.3	4.7	2.5	2.2	US	NGO
Pillar not specified			275.1	55.1	205.6	Canada, EC, the Gambia, Ireland, Norway, Russia, Spain, Sweden	Multiple

Source: Office of the Special Envoy for Haiti

- (1) This analysis is based on funds disbursed to grants from the New York conference pledges. It does not include contributions to the HRF or budget support.
- (2) This analysis is based on data received from ten of the top 12 donors in December 2012. It was converted using UN exchange rates from December 2012.
- (3) Extracted and adapted from the budget in the Government of Haiti's Action Plan for Recovery and Development (page 45).
- (4) Committed (or obligated) funds are those for which projects have been approved or agreements/contracts have been signed or are in the process of being transferred/dispensed. Committed funds are exclusive of disbursed funds.
- (5) Disbursed funds are those that have been transferred to an implementing partner (e.g., the GOH, an NGO or other non-state service provider).
- (6) Primary implementing partners include government agencies, non-state service providers and private sector agencies. The primary implementing partners were defined and recorded by the donor. The primary implementing partners may or may not be the primary funding recipient.

List of Acronyms:

- ABC: Brazil Development Cooperation
 ATCO is a name of a Canadian private company
 CERAH: Centre for Research and Humanitarian Action DINEPA: National Directorate for Water Supply and Sanitation
 DR: Dominican Republic
 EC: European Commission
 FAES: Economic and Social Assistance Fund
 FAO: Food and Agriculture Organization
 FDI: Industrial Development Fund
 ICCA: American Institute for Collaboration in Agriculture
 IDA: International Development Association (World Bank)
 IFRC: International Federation of the Red Cross
 IOM: International Organization for Migration
 JICA: Japanese International Cooperation Agency
 MARNDR: Ministry of Agriculture, Natural Resources and Rural Development
 MENJS: Ministry of Education, Youth and Sports
 MoI: Ministry of Interior
 MoJ: Ministry of Justice
 MPTCT: Ministry of Public Works
 MYDP: Multi-year Development Program
 MYSCA: Ministry of Youth, Sports and Civil Affairs
 NGO: Non-governmental organization
 NSP: Non-state service provider
 NY: New York donors conference
 OAS: Organization of American States
 OECD: Organization for Economic Cooperation and Development
 PaP: Port-au-Prince
 PPP: public-private partnerships
 UNESCO: United Nations Educational, Social, Cultural Organization
 UNFPA: United Nations Population Fund
 VNZ: Venezuela
 WFP: World Food Programme

**NEW FRAMEWORK FOR THE COORDINATION OF EXTERNAL AID FOR
THE DEVELOPMENT OF HAITI**

The new coordination framework proposed to support Government's strategy for the good governance of external assistance focuses on three levels – strategic, sectoral and territorial. The framework rests on two mechanisms – a governmental and a joint mechanism. The governmental mechanism comprises of a Steering Committee (SC) and a Committee for inter-sectoral coordination, supported by a technical Coordinating Secretariat.

The SC is presided over by the Prime Minister and provides strategic direction for the use of external assistance and overall oversight. Other members of the SC are the Minister of Planning and External Cooperation, the Minister of Economy and Finance and the Minister of External Affairs. The Committee of Inter-sectoral Coordination is chaired by the Minister of Planning and External Cooperation and facilitates the central coordination of activities of different ministries and implementing bodies towards the fulfillment of the objectives of PSDH. All ministers who have responsibility for the execution of PSDH sit on the Committee.

The Technical Coordination Secretariat is the linchpin of the joint mechanism of coordination of assistance and also comes in support of the governmental mechanism for the management of external assistance. Under the responsibility of the Minister of Planning and External Cooperation, the Technical Coordination Secretariat works in close collaboration with the Directorates MPCE techniques; the Ministry of Economy and Finance and Le Ministère des Affaires Étrangères et des Cultes; the research and programming units (UEPs) of sectoral ministries; and the Sectoral Thematic Tables (TST).

The joint mechanism of coordination of external assistance consists of two sub-coordination mechanisms – The Committee for the Effectiveness of Aid (CEA) and TST. The CEA, a high level Committee, will provide a forum for strategic dialogue, bringing together GOH under the leadership of the Prime Minister and representatives of the technical and financial partners at the level of capitals. The CEA is not a decision-making body, however it will take resolutions and/or make recommendations which will be set out on the basis of consensus in order to support the decisions and directions of GOH.

At the international level, the main objective of the CEA is to bring together the partners of Haiti twice a year for the purpose of mobilising assistance; following-up on pledges of assistance; encouraging foreign private investment; and the alignment of external resources with the strategic priorities of GOH. The CEA will recommend general policies for the coordination of assistance to Haiti to ensure aid effectiveness. At the country level the main objective of CEA is the harmonisation and the coordination of initiatives on the national level. It can be used to identify and promote other types of assistance and additional resources or redeployment of resources that may be necessary. Quarterly meetings are proposed for the CEA which is to be chaired by the Prime Minister, and non-permanent partners of the CEA may participate in its meetings based on the theme to be discussed.

The TST presents a platform that will allow technical and financial partners, government and civil society bodies, as appropriate, to make recommendations around an area or a theme. They are coordinated by the coordinators of UEPs of ministries/departments assisted by a representative of the Ministry of Planning and External Cooperation as rapporteur. Participants will include representatives of the relevant government entities overseeing programmes/projects of cooperation, as well as donor partners involved in these programmes and/or projects of cooperation and relevant local and regional authorities and civil society representatives in the sector or theme. The thematic tables will relate to cross-cutting themes, while the sectoral tables will cover sectoral issues.

The TST are not intended to replace or substitute for the traditional administrative structures. Through their support, they will accompany the government apparatus in the realisation of their roles and responsibilities with respect to national planning. Such support will also help to gradually strengthen the capacity of governments so that they carry out their missions in a permanent and inclusive manner. The TST will create a formal framework for consultation and ongoing dialogue between the ministries involved in a sector/theme, the organisations of civil society, NGOs, the private sector and the development partners in search for consensus on ways and means for concerted and sustainable development in Haiti.

MAP OF HAITI

