

CARIBBEAN DEVELOPMENT BANK

TWO HUNDRED AND SEVENTY-NINTH MEETING OF THE BOARD OF DIRECTORS

TO BE HELD IN BARBADOS

DECEMBER 14, 2017

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COUNTRY STRATEGY PAPER 2017-2021 – HAITI

The attached Country Strategy Paper outlines the assistance strategy of the Caribbean Development Bank (CDB) for Haiti over the period 2017-2021. In developing the Country Strategy, CDB held discussions with key government officials and stakeholders to ensure strong linkage to the strategic priorities of the Government of Haiti, and to avoid duplication and identify opportunities for collaboration.

2. CDB's proposed strategic support aims to assist Haiti in achieving the development targets and outcomes that have been identified by the new administration. The emphasis will be on strengthening the environment for sustained and inclusive economic growth, reducing poverty, and strengthening resilience by: (a) boosting agricultural production through upgrading production and marketing infrastructure and services, and capacity enhancement; (b) increasing access to sustainable energy options; and (c) improving the quality of human capital and strengthening public sector capacity. CDB also proposes to support the strengthening of the regulatory environment. Gender equality, environmental sustainability and energy security will be mainstreamed across all interventions. The resource envelope to support the indicative programme of assistance includes forty-five million United States dollars (USD45 mn) of grant resources from the ninth cycle of the Special Development Fund. In response to the vast development needs of Haiti, which cannot be met by grant resources alone, the new administration has indicated a desire to borrow from CDB. CDB is committed to examining the scope for additional concessionary funding, including loan financing of up to fifty-five million United States dollars (USD55 mn).

3. The proposed Country Strategy is aligned with CDB's Strategic Objectives of supporting inclusive and sustainable growth and development, and promoting good governance. The Strategy was crafted within a results management framework that will be the principal tool used to monitor implementation and the attainment of results.

4. The Board is asked to approve CDB's Strategy for Haiti for 2017-2021.



CARIBBEAN DEVELOPMENT BANK

STAFF REPORT

**COUNTRY STRATEGY PAPER 2017-2021
HAITI**

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Considered at the Two Hundred and Seventy-Ninth Meeting
of the Board of Directors on December 14, 2017

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DECEMBER 2017

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CURRENCY EQUIVALENT

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

ABBREVIATIONS

BOD	-	Board of Directors
BMCs	-	Borrowing Member Countries
bn	-	billion
CBD	-	Community-Based Development
CBOs	-	Community-Based Organisations
CC	-	Climate Change
CCRIF	-	Caribbean Catastrophe Risk Insurance Facility
CDB	-	Caribbean Development Bank
CDD	-	Community-Driven Development
CSP	-	Country Strategy Paper
CTCS	-	Caribbean Technological Consultancy Services
DRM	-	Disaster Risk Management
EDH	-	Electricité d' Haïti
ECD	-	Early Childhood Development
EE	-	Energy Efficiency
EFA	-	Education for All
EU	-	European Union
FY	-	Fiscal Year
GDP	-	Gross Domestic Product
GE	-	Gender Equality
GOH	-	Government of Haiti
HDI	-	Human Development Index
HIPC	-	Heavily Indebted Poor Countries
IDB	-	Inter-American Development Bank
IMF	-	International Monetary Fund
km ²	-	kilometre square
LAC	-	Latin America and the Caribbean
m	-	metres
MDGs	-	Millennium Development Goals
mn	-	million
MPI	-	Multi-Dimensional Poverty Index
MSMEs	-	Micro, Small and Medium-sized Enterprises
MTPTC	-	Ministry of Public Works, Transportation, and Communication
mw	-	megawatts
PCM	-	Project Cycle Management
PFM	-	Public Financial Management
PPAM	-	Public Policy Analysis and Management
PRODEP	-	Rural Community-Driven Development Project
PRODEPUR	-	Urban Community-Driven Development Project
PSDH	-	Haitian Strategic Development Plan
PSIP	-	Public Sector Investment Programme
RE	-	Renewable Energy
RMF	-	Results Monitoring Framework
SDF	-	Special Development Fund
SDGs	-	Sustainable Development Goals

SLR	-	Sea Level Rise
SREP	-	Scaling-up Renewable Energy Programme
TA	-	Technical Assistance
TVET	-	Technical and Vocational Education and Training
UNDP	-	United Nations Development Programme
UNESCO	-	United Nations Educational, Scientific and Cultural Organisation
UNICEF	-	United Nations Children's Fund
US	-	United States
USAID	-	United States Agency for International Development
WB	-	World Bank
WBG	-	World Bank Group
WGI	-	World Governance Indicators

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COUNTRY DATA: HAITI

	2011	2012	2013	2014	2015	2016
Per Capita GDP (current market prices; \$mn)	740.8	766.8	810.2	829.9	809.7	758.8
Gross Domestic Product						
GDP at Current Market Prices (\$mn)	7515.9	7889.7	8450.9	8773.8	8672.4	8231.8
Demand Components (% of GDP):						
Consumption Expenditure	106.4	98.3	95.4	94.1	88.1	90.0
Government Consumption	7.3	8.5	8.6	9.1	10.0	10.4
Gross Domestic Investment	27.9	29.5	30.0	30.9	32.4	30.2
Exports of goods and non-factor services	17.4	16.9	18.3	18.5	20.0	20.6
Imports of goods and non-factors services	59.0	53.2	52.3	52.7	50.5	51.2
Gross domestic savings ratio (%)	-13.7	-6.7	-4.0	-3.3	1.9	-0.4
Sectoral Distribution of Constant GDP (%)						
Primary sector	22.5	22.5	21.6	20.2	20.5	...
Secondary sector	17.8	18.1	18.5	18.9	18.8	...
Tertiary sector	51.7	51.4	51.8	52.6	52.5	...
Indirect and import taxes	8.1	8.0	8.1	8.3	8.2	...
GDP at constant 1986-87 Prices (\$mn)	6988.4	7190.0	7494.4	7705.0	7798.3	7910.6
Annual rate of growth in GDP (%)	5.5	2.9	4.2	2.8	1.2	1.4
Money and Prices						
Consumer prices (av. annual % change)	7.4	6.8	6.8	3.9	7.5	13.4
Broad Money supply annual % change)	10.4	7.0	6.6	9.8	15.7	17.8
Total domestic credit(in % of GDP)	14.8	18.8	19.0	19.7	18.4	18.3
Estimated Tourism Expenditure (USD mn)	458.0	473.0	418.0	475.0	447.0	...
International tourism, number of arrivals	349,000	349,000	420,000	465,000	516,000	...
General Government Finances						
Revenue (htg bn)	66.6	78.2	76.4	74.2	82.1	89.5
Total expenditure (htg bn)	74.2	93.8	102.5	99.1	92.8	89.5
Net lending/borrowing (htg bn)	-7.6	-15.6	-26.1	-24.9	-10.7	0.0
Primary net lending/borrowing (htg bn)	-6.4	-14.3	-24.2	-23.1	-9.1	1.5
Primary net lending/borrowing (in % of GDP)	-2.1	-4.4	-6.7	-5.9	-2.2	0.3
Government gross debt (htg bn)	35.8	53.6	78.2	103.0	128.1	163.2
Government gross debt (in % of GDP)	11.8	16.3	21.5	26.3	30.2	33.7
Balance of Payments (USD mn)						
Exports of Goods and Services	1311.7	1323.6	1566.9	1665.0	1747.8	1617.5
Imports of Goods and Services	4433.0	4195.3	4442.6	4751.9	4491.0	4196.5
Current account balance (% of GDP)	-4.3	-5.7	-6.6	-8.5	-3.1	-0.9
Current Account Balance (US mn)	-326.4	-449.3	-560.8	-746.4	-270.8	-72.5
Average Exchange Rate						
Haitian Gourde(s) per US dollar	40.9	42.3	43.7	45.6	52.1	65.5
Sources: World Development Indicators, World Economic Outlook, Bank of the Republic of Haiti						

COUNTRY DATA: HAITI

	2011	2012	2013	2014	2015	2016
Population						
Mid-Year Population ('000)	10,144.9	10,288.8	10,431.2	10,572.0	10711.1	10847.3
Population Growth Rate (%)	1.4	1.4	1.4	1.3	1.3	1.3
Crude Birth Rate	26.2	25.8	25.3	25.0	24.5	...
Crude Death Rate	9.1	8.9	8.8	8.7	8.7	...
Infant Mortality Rate (per 1000 live births)	57.5	56.2	54.8	53.5	52.2	50.9
Education						
School Net Enrolment (%)						
Primary	...	...	...	...	...	78.1
Secondary	...	...	...	...	...	15.3
Pupil-Teacher Ratio						
Primary	...	...	...	...	...	40
Secondary	...	...	...	...	...	40
Labour Force						
Unemployment Rate (%)	...	...	...	...
Participation Rate (%)	65.4	65.7	65.9	66.1	66.3	66.5
Male	70.7	70.9	71.1	71.2	71.4	71.5
Female	60.4	60.7	61.0	61.3	61.5	61.8
Sources: World Development Indicators						

EXECUTIVE SUMMARY

1. This Country Strategy Paper (CSP) outlines the assistance strategy of the Caribbean Development Bank (CDB) for Haiti over the period 2017-2021. It sets out the strategic direction for CDB's engagement and defines the parameters of its support. The proposed Country Strategy responds to Haiti's development priorities and is aligned with CDB's Strategic Objectives of: (a) supporting inclusive and sustainable growth and development; and (b) promoting good governance.

Country Context

2. After over a decade of relatively successful macroeconomic stabilisation, with lower debt and deficits, lower rates of average inflation, relatively stable and benign exchange rate depreciation, and improved performance in all macroeconomic accounts, Haiti is now responding to a number of significant economic and social challenges including poverty and inequality, and high levels of vulnerability to natural hazards.

3. The economic challenges are focused on how to develop a dynamic and competitive economy that is growing. Notwithstanding the success the Government of Haiti (GOH) has had in stabilising the economy, the Haitian economy has not experienced meaningful and transformative growth over the last five decades. Average growth has been approximately 1.4% over the last five decades, compared with population growth of 1.8%. High levels of poverty and inequality exclude a substantial proportion of the population from the benefits of production. In this regard, the expansion of the agriculture sector has great potential to grow the economy, create jobs, and improve income distribution, given the sector's importance to the economy, accounting for one quarter of the Gross Domestic Product (GDP). In addition, because limited energy coverage and poverty are highly correlated, GOH's priority of expanding energy production has the potential of not only increasing economic growth in the medium to long term, but also significantly reducing poverty.

The Caribbean Development Bank in Haiti and Lessons Learnt

4. To date, CDB's interventions in Haiti have been exclusively through grant financing from its Special Development Fund (SDF). Under the Sixth Cycle of SDF (Unified), funding for Haiti was separately earmarked. A set-aside of twenty-seven million United States dollars (\$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. The programme focused on two areas: (a) education and training; and (b) community-driven development (CDD) and agriculture, while more limited interventions were pursued to support capacity building and the strengthening of the country's resilience to future natural hazards. Selectivity and focus characterised CDB's interventions strategy as it leveraged on-the-ground development partners, in particular the World Bank (WB) and the Inter-American Development Bank (IDB) to enhance programme efficiency and effectiveness.

5. Lessons learnt are based on prior CDB interventions in Haiti and feedback from GOH. Among several lessons learnt, four are highlighted here: (a) there is a need to assist GOH in leading development management and effectiveness; (b) greater coordination among donors and development partners helps support the achievement of results; (c) the CDD approach relies heavily on non-governmental structures and has the potential to create conflict between community organisations and authorities; and (d) implementation capacity is weak in most areas, though strong institutional capacity has been developed in the education sector. It is important to improve public sector institutional capacity through CDB's projects.

Country Strategy 2017-2021: Proposed Sectors and Expected Outcomes

6. CDB's proposed programme will focus on three key sectoral interventions: (a) Agriculture; (b) Sustainable Energy Development¹; and (c) Education and Training. The programme of assistance is designed to achieve the following sector outcomes: (i) increased agricultural productivity; (ii) increased access to sustainable energy services based on renewable energy (RE) sources; (iii) increased access to, and quality of, education; (iv) enhanced public sector capacity; and (v) increased Micro Small and Medium-sized Enterprise (MSME) productivity. Under education and training, interventions will be targeted towards: increasing access to education; improving the quality of education; and strengthening the public sector capacity. Gender equality (GE), regional cooperation and integration, and environmental sustainability considerations, will be mainstreamed across all CDB interventions.

Resource Envelope

7. The resource envelope to support the indicative programme includes \$45 mn of grant resources from SDF 9 resources. In response to the significant development needs of Haiti, which cannot be met by grant assistance alone, GOH has indicated its intention to borrow from CDB. CDB is committed to examine the scope for additional concessionary funding, including loan financing of up to \$55 mn.

Results Monitoring

8. The Results Monitoring Framework (RMF) in Appendix 1, will be the principal tool used to monitor implementation and attainment of development results. The sector is used as the unit of analysis and, as such, the framework has at its core the identification of: (a) sectoral constraints; (b) expected sectoral outcomes to which the intervention should contribute; and (c) performance indicators to track results. Monitoring will be coordinated by the Economics Department, with support from the Projects Department and country authorities. A mid-term progress review will be carried out and, where necessary, adjustments made to the Strategy within the context of possible changes to the country's development and fiscal circumstances. A CSP review will be completed at the end of the review period to assess contribution to sector outcomes.

Risks and Mitigating Actions

9. The main risks that may affect the execution of the proposed Country Strategy are: (a) developmental; (b) strategic; (c) financial; and (d) operational. CDB has identified measures to help mitigate these risks, including: (i) closer monitoring of the economy and GOH fiscal accounts, which will result in earlier implementation of mitigating/corrective actions; (ii) acquiring concessional resources for on-lending to Haiti that satisfy a minimum grant element of 35% and is consistent with the actions of other multi-lateral development banks, as well as active monitoring of liquidity; and (iii) capacity building and institutional strengthening.

¹ Sustainable energy development encompasses the utilisation of RE sources and energy efficiency (EE) technologies and approaches. Most EE interventions will focus on ensuring that new equipment and infrastructure reflect high efficiency designs.

1. COUNTRY CONTEXT

OVERVIEW

1.01 The geography, people, and history of Haiti set the platform for a range of opportunities. Haiti is the third largest Caribbean nation, and the most populous of CDB's Borrowing Member Countries (BMCs), with a population of 10.7 mn people and a land size of 27,750 kilometres square (km²). Haiti also shares the island of Kiskeya with the Dominican Republic and benefits from proximity and access to major markets, a young labour force, a dynamic diaspora, and substantial geographical, historical, and cultural assets. These attributes present a range of opportunities and untapped markets for the private sector to explore in areas not limited to infrastructural development, technology and innovation, agribusiness, light manufacturing, and tourism.

1.02 Notwithstanding the vast range of opportunities available to the country, Haiti faces severe natural and human-induced hazards because of its geographic location, high levels of deforestation, and poorly-planned human settlements. A consequence of this is significant vulnerability to climatic shocks such as storms, floods and drought. When these catastrophic natural hazards occur, they impose large economic and social costs, disrupting the economic growth process, decreasing living standards, and creating social upheaval. Most recently, on October 4, 2016, Hurricane Matthew hit the country with average wind speeds of about 145 miles per hour, causing significant devastation (approximately \$2 billion in damage) to the country's infrastructure, affecting 1.13 mn people (see Table 1.1). On January 12, 2010, after five consecutive years of positive economic growth spanning 2005-09, Haiti experienced an earthquake of catastrophic magnitude, resulting in the destruction and severe damage of 30,000 commercial buildings and 25,000 residential buildings (primarily in Port-au-Prince, Jacmel and surrounding areas), massive dislocation of people, and an estimated death toll of over 100,000 people. That year, real GDP contracted by 5.5%. Economic growth in Haiti then declined continually until it posted a positive growth rate of 4.2% in the 2012/13 fiscal year (FY).

**TABLE 1.1: ESTIMATED DAMAGE
FROM NATURAL DISASTERS:
2000-2016**

Type	Date	Total damage ('000 \$)
Earthquake	12-01-2010	8,000,000
Storm	04-10-2016	2,000,000
Storm	24-10-2012	254,000
Storm	17-09-2004	50,000
Storm	07-07-2005	50,000
Flood	23-05-2002	1,000
Storm	13-09-2004	1,000
Storm	19-10-2005	500
Storm	30-10-2001	20

1.03 The country continues to recover from these natural disaster impacts, as well as other challenges related to economic, social and financial factors in an environment of dwindling grant financing. In light of these circumstances, the World Bank Group (WBG) classifies Haiti as a fragile state due in part to its low Country Policy and Institutional Assessment rating¹ for economic, social and public sector policies and institutions.

1.04 Haiti faces challenges across the full range of Sustainable Development Goals (SDGs). With a per capita income estimated at \$818 (2015²) and a Human Development Index (HDI) score of 0.49³, Haiti is the poorest country within the Western Hemisphere. With low real income growth for decades and a continued population growth higher than economic growth, poverty remains a critical issue for Haiti.

¹ Overall score of 2.9 in 2015. In addition to other criteria, countries with scores below 3.2 are candidates for fragile state status.

² WB 2015 estimates.

³ WB 2015 estimates.

According to Haiti's Multi-dimensional Poverty Index (MPI), 49.4% of Haiti's population are multi-dimensionally poor and 24.7% severely poor, with poverty being highest in rural areas. The poor population also continues to experience limited access to infrastructure and services in critical areas such as education, water, and electricity.

MACROECONOMIC CONTEXT

1.05 In the past five decades, Haiti has recorded an economic growth performance that was exceeded by population growth, resulting in higher levels of poverty and indigence. Recently, Haiti's growth has been moderate but, owing to the low resilience of the economy, the growth process has been frequently and severely interrupted by external shocks and natural disasters.

1.06 Economic growth in Haiti declined continually from the moderate growth rate of 4.2% recorded in FY 2012/13. The Bank of the Republic of Haiti estimates that real GDP expanded by 1.4% over FY 2015/16, a slight improvement over the 1.2% growth performance recorded in FY 2014/15, but still low relative to the 2.8% economic expansion in FY 2013/14. Much of this weak growth performance can be attributed to the drought-induced destruction of the agricultural sector and damage from Hurricane Matthew. Reconstruction efforts continue apace and the agriculture sector is slowly recovering. Improved United States (US) employment and growth figures should yield robust growth in remittances (projected to be 29% of GDP in FY 2017/18), helping to boost household income and consumption in Haiti over the short-to-medium term. Should aid inflows be sustained and downside risks contained, Haiti's growth prospects over the strategy period look promising.

1.07 Because of Haiti's exposure to oil price shocks, weather shocks, and occasional political instability, inflation and exchange rate depreciation pressures remain high, but are likely to moderate if economic recovery proceeds relatively uninterrupted over the strategy period. Haiti is typically highly import dependent, recording large trade deficits which are substantially offset by remittance inflows, foreign aid (combined, they averaged 29% of GDP in 2017), and modest foreign direct investment, but export growth offers enormous potential for Haiti particularly in the area of textiles. Duty free access to the US market for textiles under the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 has been extended to 2025.

1.08 Slower economic growth and significant declines in international aid since 2010 (16.5% of GDP in 2011, to 5.3 % of GDP in 2015) have weakened revenue mobilisation. This is further exacerbated by a continued decline in concessional financing from PetroCaribe (which averaged 4% of GDP over the 2009-2014 period) due to low oil prices. However, GOH has made an effort to improve spending effectiveness and cash management, and implement public financial management (PFM) reforms associated with the International Monetary Fund (IMF) Extended Credit Facility. As a result, Haiti has managed to develop a sustainable fiscal policy that is more focused on reducing poverty and enhancing growth. In 2015, Haiti recorded a gross debt-to-GDP ratio of 26.4% of GDP, compared to a debt-to-GDP ratio of 25.5% in the previous year. Haiti's debt outlook critically depends on what happens to oil prices, borrowing terms, and the exchange rate. Haiti's improved PFM, if unabated, will strengthen this debt assessment.

1.09 GOH remains committed to public sector reform, enhancing PFM, revenue collection and mobilisation, and improving its planning capability as a critical step toward poverty reduction. Reconstruction forms a second pillar of their poverty reduction strategy and this has continued apace. These shorter-term poverty reduction strategies complement longer-term poverty reduction strategies of the Government, but are often interrupted by natural disaster-induced emergencies. With hurricane aid relief, hurricane reconstruction, a projected rise in remittances, the end of a two-year long drought, and the associated recovery of the agriculture sector, the near and medium-term prospects for Haiti are favourable. However, substantive potential downside risks remain: political uncertainty; slow implementation of policy reform; increases in oil prices; and the occurrence of additional external shocks.

SOCIAL CONTEXT

Demography

1.10 Haiti's demographic features portray a significant demographic shift with a burgeoning youthful population and increasing urbanisation. Life expectancy at birth in 2015 was projected at 62.8 years and the total fertility rate stands at 3.2 children per woman. Haiti's rapidly increasing urban settlements constitute approximately 57.4% of its total population. The population of Haiti can be characterised as youthful, with a median age of 22.7 years. Approximately 12.4% of the total population is under the age of 5 and 40% below the age of 18 years. In addition, 61% (6.4 mn) of the population is estimated among the economically-active population (15-64 years). The sex ratio is relatively even (105 males to 100 females), but a relatively high dependency ratio (63.3 persons per 100 persons aged 15-64 years) is expected to stymie development efforts. The population density remains very high, with an average of 403 persons per km², and it continues to rise. The net migration rate for 2015 was estimated at 8.32 migrants per 1,000 of the population⁴. The population and demographic pressures hold significant implications for the provision of social infrastructure and services, economic development, and overcoming poverty, inequalities and vulnerabilities.

Poverty, Inequalities and Human Development

1.11 Haiti's MPI⁵ in 2015 was 0.248. On this basis, the percentage of the population that was multi-dimensionally poor was 49.4%, with 24.7% in severe poverty, and 22.6% being vulnerable to poverty⁶. Among the poor, 24% suffered from deprivations based on health, 26% in education, and 48% on the basis of poor living standards⁷. A high level of inequality accompanies Haiti's high poverty level. The richest 20% of the population holds more than 64% of the total income of the country, against the 1% held by the poorest 20% of the population⁸. This level of income inequality places Haiti among the most unequal countries in Latin America and the Caribbean (LAC) and in the world.

1.12 Poverty in Haiti is associated with several factors, including lack of access to adequate socioeconomic infrastructure, services and opportunities. Among these is the lack of access to schools that provide general education, and technical and vocational training specifically, which is associated with

⁴ <https://www.cia.gov/library/publications/the-world-factbook/geos/ha.html>.

⁵ MPI uses 10 indicators to measure poverty in 3 dimensions: education; health; and living conditions.

⁶ Oxford Poverty and Human Development Initiative, *Country Briefing: Haiti, MPI at a Glance*, December 2012.

⁷ MPI comprises three components: *Education* – Year of Schooling and School Attendance; *Health* – Child Mortality and Nutrition; and *Living Conditions* – Electricity, Sanitation, Drinking Water and types of Flooring, Cooking Fuel and Assets.

⁸ *Investing in People to Fight Poverty in Haiti (Overview) – Reflections for Evidence-based Policymaking (2013)*. Paper prepared by the National Observatory on Poverty and Social Exclusion and WBG.

access to sustainable employment, including entrepreneurship. Another factor is the lack of access to clean and modern forms of energy services, which are necessary underpinnings for the provision of many social services. Similar to countries in LAC, the poverty level is higher and more widespread in rural than urban communities. In general, rural Haitian communities are characterised by limited economic opportunities and poor access to infrastructure and services and, by extension, high levels of poverty. Agriculture is the dominant economic activity in rural areas with limited access by farmers and fishermen to modern technologies, credit, production, and marketing support. In addition, weak, under-resourced, and poorly-governed rural institutions are correlated to poverty and the adverse effects of vulnerabilities. Haiti's social vulnerabilities and existing programmes and policies to address them are summarised in Appendix 2.

1.13 The measures of human development in Haiti (United Nations Development Programme [UNDP] 2016) show signs of slender improvement from a value of 0.471 (2014) to 0.493 (2015), placing it at 163 out of 188 countries. The country recorded some measurable progress in three development indicators of life expectancy, education, and living conditions among its population. This index places Haiti among the countries with the lowest HDI in the world, and makes it the lowest in LAC (the Dominican Republic has an HDI of 0.66). However, Haiti's HDI has improved considerably in recent years, despite a historic low of 0.150 in 2010 as a result of the devastating earthquake. Its low level of human and social development is depicted by HDI components — Life Expectancy at Birth, Expected years of Schooling, Mean years of School, and Gross National Income per Capita in Table 1.2 — which reveal acute deficits in these key indicators, and particularly in the areas of education and schooling.

1.14 The 2013 Millennium Development Goals (MDGs) Report: *Haiti, A New Look*⁹ shows that the country has steadily boosted the net enrolment rate in primary education from 47% in 1993 to 88% in 2011, achieving equal participation of boys and girls in education (MDG 2). Generally, education levels among Haitians are quite low, but they are much lower among the poor and women. Very few children from households in the poorest quintile were enrolled in school. There is the tendency for girls to have higher enrolment rates at younger ages, while enrolment for boys is higher at older ages. Enrolment rates at all ages are generally higher in the urban areas. Despite these improvements, Haiti is still severely challenged to maintain its trajectory towards sustainable development.

TABLE 1.2: SELECTED HUMAN DEVELOPMENT INDICATORS: 2005–2015

Indicator	Year				
	2005	2010	2013	2014	2015
HDI	0.437	0.470	0.487	0.490	0.493
Gross National Income per capita (2005 Purchasing Power Parity, \$)	1,040	1,006	1,070	1,636	1,669
Life Expectancy at Birth	59.9	61.8	62.4	63.1	62.8
Expected Years of Schooling	7.4	7.6	7.6	7.6	8.7
Mean Years of Schooling	4.5	4.9	4.9	4.9	4.9

Source: Selected (UNDP) – Human Development Reports.

Gender and Development

1.15 Gender-based inequalities are a serious development constraint in Haiti. Gender inequalities are pronounced in: the provision of health and reproductive services; employment; political representation; and violence against women and girls (sexual, physical, verbal, and emotional). The Gender Inequality Index

⁹ <http://www.us.undp.org/content/washington/en/home/presscenter/articles/2014/06/25/undp-releases-haiti-mdg-report-significant-progress-has-been-made.html>.

for Haiti (UNDP 2016) was 0.603 and ranked 138 of 188 countries worldwide. This index reflects significant disparities for women in reproductive health, labour market participation, leadership, and empowerment. Although there is reason for optimism with slightly improved indices and ranking, small gains in economic growth and human development may be eroded by persistent inequalities that entrench poverty traps. The 2013 MDGs Report further revealed that the majority of women are self-employed in the informal sector, identifying the problem of access to secure decent jobs for women. The maternal mortality rate in Haiti remains considerably high (350 deaths per 100,000 live births) despite significant reduction in the aforementioned rate and an increase of at least one antenatal visit from 68% in 1990 to 90% in 2010. Moreover, political representation of women in Haiti is also among the lowest in the world, with 4.3% of members of the National Parliament being women (MDG 3).

ENVIRONMENTAL CONTEXT

1.16 The Global Climate Risk Index (2017) identified Haiti as the third most affected country (using fatalities and economic losses as metrics) from extreme weather events over the period 1996-2015. Climate Change (CC) is expected to further exacerbate the risk of hydro-meteorological hazards by increasing the frequency and/or intensity of extreme events. CC projections for Haiti indicate that average annual temperatures could increase by 2.3°C by mid-century. Rainfall variability is also expected to result in more extreme droughts in the dry season and more intense rainfall in the wet season. Sea level rise (SLR) is projected to reach 0.56 metres (m) by 2090. This anticipated SLR, intensifying and increasing frequency of hurricanes, and extreme rainfall events threaten the health and productivity of the ecosystems and the safety and well-being of the population.

1.17 While approximately 65% of Haitian households have access to improved drinking water sources, access to sanitation services is approximately 25%. Pollution of surface and groundwater resources is prevalent throughout the country and a serious concern for development and delivery of potable water. Haiti's progress on the management of environmental issues remains uneven with the continuing decline in forest cover and high levels of land degradation. Despite significant land degradation issues, Haiti remains rich in biodiversity with high levels of flora and fauna endemism, many of which are considered endangered.

1.18 The acute poverty, population growth, rapid and unplanned urbanisation, food insecurity, critical environmental health problems, and vulnerability to natural hazards are strongly interlinked with severe environmental issues. These include: (a) inadequate solid waste management services and an absence of wastewater management systems; (b) scarcity of potable water resources; (c) extensive deforestation directly related to high dependency on the use of fuel wood and charcoal for energy production, with forest cover estimated at less than 2% of the total land area, and the introduction of alien species and habitat fragmentation; (d) degraded water catchment areas in the main watersheds leading to soil erosion and increased potential for floods; and (e) coastal zone degradation. The environmental deterioration has been compounded by weak institutional capacity for environmental governance. This seriously constrains GOH's capabilities to improving environmental sustainability. A number of infrastructure and technical assistance (TA) projects and programmes financed by multilateral lending agencies, development international agencies, non-governmental organisations, and regional agencies are currently underway to assist GOH to meet its environmental sustainability outcomes. Despite the influx of support from the various development actors, continuous capacity strengthening is necessary to reduce environment related vulnerabilities. A climate and disaster risk screening analysis is presented in Appendix 3.

2. KEY DEVELOPMENT PRIORITIES

2.01 In May 2012, GOH launched its long-term plan – the Strategic Plan for the Development of Haiti (PSDH). PSDH is intended to underpin the rebuilding of the country in the aftermath of the devastating 2010 earthquake, using this tragic event as an opportunity to transform Haiti into an emerging economy by 2030. The long-term plan also serves to mobilise support and encourage more coherence between the various initiatives for the development of the country. PSDH sets out four key strategic pillars of rebuilding: (a) territorial; (b) economic; (c) social; and (d) institutional. Each pillar consists of seven to nine programmes, and each programme is divided into 150 sub-programmes.

The Strategic Plan for the Development of Haiti

Territorial Rebuilding

2.02 Haiti's development has been characterised by poor land-use practices, poorly-planned human settlements, and the development of low-quality infrastructure that is not resilient to natural hazards. Past economic and urban development practices often compromised future development by causing environmental degradation and aggravating the economic and social impacts associated with natural disasters. Territorial rebuilding refers to the rational use of land in both rural and urban areas, as well as the building of infrastructure and facilities that support national, regional and local economic and social development in a sustainable manner. The Action Plan of GOH for territorial building calls for projects and programmes linked to: regional and urban planning; community development; environmental protection; watershed rehabilitation; urban renewal; national transportation systems; nationwide electricity distribution; expansion of telecommunications systems and the creation of national digital networks; and the improvement of drinking water and sanitation capacities, including solid waste management.

Economic Rebuilding

2.03 As previously mentioned, Haiti suffers from high levels of poverty and inequality and has, for the past half century, been mired in low growth and declining income levels. The goal of GOH is to reverse this trend and attain middle income status by 2030. To achieve this, Haiti's economy must grow significantly faster than population growth (projected at 1.5% per year between 2011 and 2031). A combination of structural reforms, governance reforms, and macroeconomic stabilisation policies are required to achieve dynamic and sustained economic growth. The Action Plan for economic rebuilding is focused on: macroeconomic stabilisation policy; support to private investment; modernisation and revitalisation of agriculture; improvement in the competitiveness of the manufacturing and tourism sectors; development of a service sector and sustainably exploiting geological resources; and implementation of employment-generating projects. Two high priorities of GOH are to modernise and revitalise agriculture and livestock production and to expand the supply of clean and modern forms of energy.

Social Rebuilding

2.04 The social context discussed earlier, points to measurable improvement in some of Haiti's social indicators over the past few years. However, many remain unsatisfactory and became worse in the aftermath of the 2010 earthquake. GOH aims to enhance the living conditions and quality of life for all Haitians and achieve equitable integration of different segments of the population through the provision of basic services in all regions of the country. GOH will contribute to the consolidation of development centres, the improvement of housing conditions, policies to facilitate social inclusion, as well as the creation of wealth and employment with a view to expanding the middle class. The Action Plan for social building aims to develop a network of modern health care and education facilities throughout Haiti, including higher education, professional and vocational training. GOH will, among other things, implement social

programmes to increase access to housing, develop civic action, implement social insurance, and promote GE, among other things.

Institutional Rebuilding

2.05 Prior to the 2010 earthquake, the governance and institutional structures in Haiti were already fragile, ill-equipped, poorly organised, and under-resourced. The earthquake had an adverse impact on these structures. Haiti scores very low on the World Governance Indicators (WGI¹⁰) and has had very unfavourable comparisons with the Caribbean and the rest of the world. Haiti has fallen in percentile rank in 4 of the 6 dimensions between 2009 and 2014 (*voice and accountability; government effectiveness; regulatory quality* and; *control of corruption*), with only *political stability and absence of violence and terrorism* and *rule of law* having seen an improvement. GOH will, therefore: revise the legal framework, reinforcing the administrative structures of the legislative and judicial branches and of independent institutions; modernise the civil service, including law enforcement and public security; increase the number of civil service employees; and reinforce local government administrations and civil society.

The Government of Haiti's Medium-Term Priorities

2.06 Haiti's last election was in 2016 and the new Government has articulated medium-term sector goals and key strategies through the Ministerial Roadmaps (2017) and is calling for: (a) Modernisation and Revitalisation of the Agricultural sector; (b) Reform of the Energy sector; (c) Reform of Education and Vocational Training; and (d) Enhancing Public Sector Capacity. The priorities were echoed in discussions with GOH officials held during the Country Strategy mission (August 28-31, 2017) and are entirely consistent with the pillars and programmes under PSDH, a plan which the new GOH embraces. Prioritisation of actions that grow the economy and build resilience are important steps toward addressing the development challenges Haiti faces and attaining the goal of reaching middle-income status by 2030.

Agriculture

2.07 GOH's prioritisation of agriculture is based on two important facts: (a) the agricultural sector accounts for an estimated 25% of the country's GDP and over 50% of total employment; and (b) the agricultural sector is based in the rural regions of Haiti where an estimated 42.6% of Haiti's population live and where poverty abounds. Increasing agricultural productivity has substantial potential to grow the economy, reduce poverty, and reduce income inequality in the medium term.

2.08 In addition to poverty, rural communities are characterised by limited infrastructure and poor access to services resulting from decades of under-investment and environmental degradation. Furthermore, the rural road network is limited, with roads generally unpaved, which makes navigation difficult, particularly during the rainy season.

2.09 The benefit of investment in improved productivity is potentially even larger for the rural economy itself. Agriculture is the dominant economic activity in the rural areas, accounting for an estimated two-thirds of rural employment. Women tend to operate 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 the country¹¹. However, over the past two decades the sector's output has been on the decline due to a combination of factors, including:

¹⁰ WGI project reports aggregate and individual governance indicators for 215 economies over the period 1996-2014, for 6 dimensions of governance.

¹¹ 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 proportions. 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 the 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).

2.10 The potential for success is encouraging. Haiti enjoys diverse agro-ecological zones conducive to the production of a wide range of crops for domestic consumption and export. Investment in the agriculture sector is a key component of the country's growth and development agenda and has significant potential to address gender inequities, income inequality, and poverty in the medium term.

Energy

2.11 The President of Haiti has stated that “there will not be any development without energy reform”, recognising the vital role that energy can play in increasing economic growth in the near, medium and long term, as well as its potential to reduce poverty. The energy sector in Haiti is characterised by enormous challenges, and also holds huge opportunities for supporting poverty reduction, economic transformation, and sustainable development in general. The most significant challenge is that the vast majority of the population (70%) does not have access to electricity, and in rural areas this increases to 95%. Haitian households mainly rely on kerosene lamps and candles for lighting. Furthermore, the sector is characterised by heavy use of biomass fuel (wood and charcoal¹²), and imported fossil fuels (in the form of petroleum products) amounting to \$755 mn in 2012. The evidence suggests that the poverty rate in Haiti mirrors the lack of access to electricity or modern forms of energy. Therefore, it is considered that addressing this lack of energy access through the use of Haiti's abundant RE resources (mainly solar and wind energy) represents the single most important, and potentially transformative intervention for unlocking opportunities in a range of areas that can impact on poverty reduction. A summary of some potential key benefits and contributions to sustainable development in Haiti, which may be derived from improving energy access through RE, is provided in Appendix 4.

2.12 The operations of the Government-owned national electricity utility, *Electricité d' Haiti* (EDH), are also characterised by significant technical, managerial, and financial challenges. Supply coverage is limited mainly to some areas of the capital, and the utility's available generating capacity of 176 megawatts (MW) (comprised of 81% diesel generation from independent power producers and owned-hydropower generation) is inadequate to meet peak demand of 500 MW. The result is that power is supplied for only two-thirds of the day on average, and many customers operate diesel generators with

¹² Charcoal production is the single largest source of household energy (91% of households use charcoal) and is a source of stress on the declining tree resources.

aggregate capacity exceeding that of EDH. The technical and commercial losses are approximately 65%¹³, with revenues that are inadequate to cover operational costs, and the company, therefore, relies on Government subsidies to fill the gap of approximately \$200 mn (2015) or 4% of the national budget. These challenges persist, in spite of WB's and IDB's support for sector reforms, institutional capacity strengthening, and investments in infrastructure to improve EDH's operations over the period since the 2010 earthquake.

2.13 The Ministry of Public Works, Transportation, and Communication (MTPTC), which oversees the energy sector, has developed a roadmap for the electricity sector (April 2017). This further elaborates the energy sector's vision of GOH and emphasises the scaling-up of RE, which has been gradually picking up in recent years. Also, since 2016, EDH no longer has monopoly over transmission and distribution of electricity, which has created opportunities (especially in areas outside of the capital city) for various RE solutions including the use of micro/mini-grids. WB, which has significant experience in the sector, is supporting GOH's new thrust in expanding RE supply and has approved a project (October 2017) called, "Scaling-up Renewable Energy Programme (SREP)" which will be implemented through MTPTC.

Public Sector Capacity

2.14 There are significant governance and human resource challenges confronting Haiti. GOH has confirmed that it has a National Development 2030 Strategic Sustainable Development Plan. This plan is focused on ensuring that GOH develops the institutional capacity to deliver on the goals set out in PSDH. Institutional reforms have, therefore, focused on ensuring that the Public Sector Investment Programme (PSIP) and projects can be effectively planned, developed, and implemented and monitored. In response to this planning, units have been established in all key Government ministries to focus on the planning, development, and coordination of PSIPs which are in the sector strategies.

2.15 GOH has identified capacity weakness in the following areas: (a) strategic planning; (b) Public Policy Analysis Management (PPAM) and coordination; (c) Monitoring and Evaluation; (d) Project Cycle Management (PCM) and project implementation; (e) Managing TA projects and their coordination; (f) Gender mainstreaming and CC implications for public policy and project design; (g) Procurement; (h) financial management systems and procedures and audit; and (g) change management leadership to facilitate the implementation of institutional reforms associated with meeting goals outlined in PSDH.

2.16 As stated in the identified areas of capacity weakness, GOH recognises that enhancing public sector capacity is a critical factor in the achievement of Haiti's development goals over the medium to long term.

Education and Vocational Training

2.17 In order to sustain growth over the long term, it is a policy imperative that Haiti builds its human resource capacity and improves the quality of skills available to the labour market. The education sector in Haiti is under-resourced and of low quality. Notwithstanding gradual improvements, there is limited access at all levels and education services are still 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 is of questionable quality. The system is also characterised by low enrollment rates. The low and inequitable access results from the high cost of school fees and absence of appropriate infrastructure, especially in the rural areas. Dropout rates are high and few children transition to the secondary level. Poor quality is also reflected in the low performance on national examinations and high repetition rates, caused by factors including: (a) poorly trained and unqualified teachers; (b) insufficient teaching and learning materials; (c) outdated curricula; (d) weak school

¹³ WB 2016.

management systems; and (e) insufficient supervision of the large non-public education sector. Malnutrition and poor health also contributed to low participation and underperformance. GOH aims to reform Education and Vocation Training by: (i) promoting universal primary education and expanding school cafeteria services in the country; and (ii) improving access to secondary education, technical and vocational training, and universities.

Summary

2.18 Overall, investments in agriculture and energy have great potential for increasing growth, improving income distribution and reducing poverty in the medium term, while investments in public sector capacity and education and training can position Haiti to sustain growth over the longer term. The priorities in the medium term are consistent with the goal of attaining middle-income status within a 13-year period.

3. COUNTRY PORTFOLIO REVIEW

COUNTRY PORTFOLIO AND REVIEW OF COUNTRY STRATEGY 2013-16

3.01 To date, CDB's interventions in Haiti have been through grant financing under its SDF. CDB has focused on two areas: (a) education and training; and (b) agriculture and rural development, with more limited interventions to support capacity building and the strengthening of the country's resilience to natural hazards. Interventions were planned to have a limited number of targeted objectives and CDB is expected to continue to undertake interventions in Haiti in cooperation with existing partners, or with other appropriate international donor partners.

3.02 CDB prepared its strategy for Haiti for the period 2013 to 2016, and this was reflected in Paper BD 35/13 – CSP 2013-16 – Haiti, which was approved by CDB's Board of Directors (BOD) in May 2013. The CSP 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 was programmed to be used for logistical and administrative operations.

3.03 The \$42 mn in grants programmed under the CSP for the period 2013 to 2016 have, to date, all been approved by the BOD. The Education for All (EFA) Phase II Project accounted for \$11 mn and the Technical and Vocational Education and Training (TVET) Project II accounted for \$12.51 mn, giving education a combined total of \$23.51 mn. Agriculture and rural development accounted for \$8 mn, while the Caribbean Catastrophe Risk Insurance Facility (CCRIF) contributions and environmental projects accounted for the remainder. In addition to these projects, CDB has provided TA to Haiti under CDB's MSME development programme – Caribbean Technological Consultancy Services (CTCS) Network.

LESSONS LEARNT

3.04 Without significant donor assistance, it will take Haiti a lot longer to address deep-seated poverty and human suffering. Development needs in Haiti are great and, while donor interventions are contributing to setting the foundations to respond to these needs, much more has to be done to have a greater impact on development and to reduce poverty more rapidly. CDB interventions have certainly demonstrated results, albeit nascent, and Table 3.1 reflects CDB's disbursements to Haiti to date. Interventions have been strategic and focused, and the rate of utilisation of funds approved is very high. CDB has gained much experience in Haiti through this engagement and many of the lessons learnt will be applied to CDB's future engagement with the country. CDB's Office of Independent Evaluation is in the process of preparing a qualitative evaluation of CDB's interventions in Haiti. Preliminary results indicate a very favourable assessment. What follows is a description of some of the successful CDB interventions in Haiti.

Achievements in Agriculture and Rural Development

3.05 CDD is a variant of Community-based Development (CBD). CBD is a mechanism through which beneficiaries are actively engaged in project design and management. CDD interventions refer to projects where, in addition to having control over key decisions, communities also have direct control over the management of investment funds. Key results achieved under the three CDD projects that were approved with respect to the previous strategy period (2009-2012) or before, and for which implementation was ongoing during the 2013 to 2016 strategy period, are briefly discussed here.

3.06 The objective of the Urban CDD Project (PRODEPUR) was to improve access to, and satisfaction with, basic and social infrastructure and services; and increase employment and income-generating opportunities for residents of targeted urban areas. The Rural CDD Project's (PRODEP) objectives were

to improve access by poor rural communities to basic social and economic infrastructure, services, and income-generating opportunities; and to improve governance and build social capital at the local level.

3.07 The PRODEP/PRODEPUR objective was to be achieved through a participatory and transparent decision-making process whereby community-based organisations (CBOs) would be empowered to propose, plan, select, implement, manage, and maintain sub-projects. Both projects were jointly-financed with WB. Implementation of both projects was completed in 2014 – both having achieved the objectives set at appraisal.

3.08 Under PRODEP, 185 sub-projects (comprising 113 infrastructure, 51 social, and 21 productive), were successfully implemented. As a result, 353,000 members (significantly higher than the appraisal estimate) of 185 CBOs and 31 municipalities benefited from at least one additional basic social and infrastructure service or income-generating activity. Moreover, as at December 31, 2014, all productive/income-generating sub-projects were operational. All sub-projects have maintenance arrangements in place but due to resource constraints, it is estimated that only 60% have the capacity to carry out the maintenance plans on a regular basis.

3.09 Furthermore, all 31 Project Development Councils that had been targeted in the focal project area follow democratic and open-meeting procedures to select sub-projects as required under the terms of the project. As part of a pilot intervention, four Community Development Councils successfully completed training programmes in PCM and executed community sub-projects valued at \$700,000. The objective of the pilot was to build local capacity to mobilise resources and plan and execute interventions which address community needs.

3.10 Under PRODEPUR, over 700,000 persons benefited from 649 sub-projects – 217 social, 313 infrastructure sector, and 119 productive/income-generating sector. CBOs and local authorities reported that they realised significant improvements in competence and skills as a result of the wide range of capacity-building interventions provided under the respective projects. Whilst CBOs in urban areas are less common than in rural areas, the projects have demonstrated that CBOs can become sustainable entities in urban areas and contribute to the wellbeing of neighborhoods within impoverished, and often violent, communities.

3.11 CDB interventions through CDD approaches have been very successful, having contributed to improving living conditions among the poor and through the productive sub-projects, contributing to the reduction in poverty. However, there is still much opportunity to improve the efficiency and overall development impact of CDB's intervention in this area in the future. An inherent risk in the CDD methodology is the heavy dependence on non-governmental structures. The approach was a source of tension between community organisations who maintain control over the resources and elected officials (GOH and Municipal Authorities) charged with the responsibility of local/national development.

Achievements in Education and Training/Donor Coordination

3.12 CDB has been working in education in Haiti as a direct partner with WB and IDB to enhance education outcomes in basic education and TVET. Since 2007, CDB has collaborated with WB to implement the EFA Project, completing Phase I with an investment of \$20 mn and commencing Phase II, still under implementation, at a cost of \$11 mn.

3.13 CDB's past interventions in basic education have focused in large measure on the provision of tuition waivers which allow students between the ages of 6 and 12 years to access primary education. In this regard, CDB, in conjunction with WB, has provided tuition support to an excess of 260,000 students to complete the full cycle of primary education. Despite this, however, over 400,000 students are still

deprived of the opportunity to obtain an education as a result of an insufficient number of places in the system, as well as parents' inability to pay for students not benefitting from tuition waivers or the Public Universal Free and Compulsory Schooling Programme. CDB has, therefore, as part of EFA Phase II, focused some attention on the provision of school infrastructure, particularly in underserved rural areas, to assist GOH in achieving its goal of provision of Universal Primary Education. Under the current project, places will be provided to accommodate another 480 students in 4 locations and GOH has signaled its desire to continue the provision of infrastructure in underserved areas in an effort to enhance the provision of public education.

3.14 CDB has also addressed two areas not significantly served by its development partners – Early Childhood Development (ECD) and multi-grade education. Poor student performance at the primary level, particularly in rural communities, is linked to the absence of ECD programming and/or the poor quality of the generally-private provision. This leads to high levels of repetition which restricts the number of students who may be enrolled, and results in high levels of internal inefficiency in the system. CDB is also providing a range of interventions to enhance the preparation of students for formal education, including teacher training, the provision of appropriate resources, and classrooms to serve the needs of children not currently in formal ECD.

3.15 Mindful also of the link between adequate nutrition and development of the capacity to benefit from education, CDB has, in conjunction with WB, supported the provision of meals for over 100,000 primary students since the commencement of EFA. In addition, CDB was requested to, and provided nutritional support for, a further 6,607 children following the passage of Hurricane Matthew. This means that the targets set for school feeding under EFA II have been significantly exceeded. GOH also reports two unintended benefits, high punctuality and regularity, as children arrive early to obtain the pre-class snacks; and they attend school daily in order to access hot meals at lunch. By the completion of the project, it is expected that another 17,000 students will benefit from CDB support. This includes students in the four schools being constructed with CDB funding, where facilities and equipment for provision of meals are part of the project.

3.16 Based on the performance of the previous Country Strategy, four key lessons emerged that inform the design of the new Strategy:

- (a) There is a need to assist GOH in leading development management and effectiveness. In that regard, Haiti has valued the efforts by CDB to meaningfully consult with GOH on development priorities and interventions.
- (b) Greater alignment, harmonisation and coordination among donors and development partners remain important features to drive improvements and support the achievement of results. There is a related need to reduce the fragmentation evident in provision of donor assistance and to coalesce around more strategic and holistic approaches in key sectors. There are some pockets of emerging good practice, for example the increased levels of coordination and alignment with respect to the education sector, and there continues to be active discussion among donors to improve their coordination.
- (c) The CDD approach relies heavily on non-governmental structures. Because of this, it has been a source of tension between community organisations, who maintain control over the resources and elected officials (GOH and Municipal Authorities) charged with the responsibility of local/national development. Future CDB-financed projects should recognise GOH's concerns whilst ensuring the participation of target beneficiaries in the development process.

- (d) Implementation capacity remains weak in most areas, though strong institutional capacity has been developed in the education sector. It is important to incorporate measures to improve public sector institutional capacity into CDB's projects. These measures must be designed to be sustainable and contribute to building capacity as much as possible beyond the areas being addressed. CDB can also help build more capacity in Haiti directly under the strategic support and activities of its Technical Cooperation Division.

TABLE 3.1: COMMITMENTS TO PROGRAMME AND OPERATIONS: 2007- October 31, 2017 (\$ mn)

Interventions	Amount Approved	Disbursements to July 28, 2017	Balance to be Disbursed	Partner	Status
Promote Broad-Based Economic Growth and Inclusive Social Development					
EFA I and II	31.00	31.00	0.00	WB	Phase II is nearing completion.
TVET Project I and II	21.51	8.9	12.6	IDB	Phase II is under implementation.
Urban CDD Project – two grants	9.00	8.9	0.1	WB	Completed.
Rural CDD Project	10.00	9.8	0.2	WB	Completed.
Community-Based Agriculture and Rural Development	8.00	0.0	8.00	WHH	Project Launched.
Supporting Environmental Sustainability and Disaster Risk Management					
Disaster/Emergency Relief Grant/Response	1.23	1.23	0.0		Completed.
CCRIF Premium Payments	15.14	14.65	-		Completed.
Earthquake Restoration Efforts – Offices for Ministry of Public Works	0.15	0.15	0.0		Completed.
Ile a Vache Project	5.50	-	5.5		Approved in May 2017. Project Launch pending.
Promoting Good Governance					
Policy-based Grant in collaboration with WB and IDB	10.00	10.00	0.0	IDB and WB	Disbursed in 2009.
Project Cycle Training for public officials with the National School of Financial Administration	1.82	1.33	0.49		Completed.
Preparation of CSP (2013-16)	0.09	0.09	0.0		Ongoing.
<u>CTCS and Other Technical Support</u>					
(i) CTCS Workshops and Programmes	0.88	0.71	0.17		Ongoing.
(ii) Other TA Support	0.40	0.36	0.04		Ongoing.
Others	1.12	0.66	0.46		
TOTAL	115.85	87.75	28.09		

Source: CDB.

4 COUNTRY STRATEGY 2017-2021

COUNTRY STRATEGY AND ITS PROPOSED CONTRIBUTION TO COUNTRY OUTCOMES

4.01 Haiti has suffered from low growth, poverty, and the misfortune of experiencing several catastrophic natural hazards in the past decade. Recognising these challenges, GOH has set an ambitious development agenda which is largely aimed at unlocking Haiti's growth potential and building a dynamic, resilient and competitive economy. In order to support this agenda, it is imperative that CDB's interventions focus only on those areas that have been afforded the highest priority and that can deliver maximum strategic impact. To this end, CDB will utilise financial assistance to help GOH meet its development objectives.

4.02 As a Group 3 country, Haiti has access to grant resources under SDF 9. In order to meet its substantial development needs, GOH has expressed interest in borrowing from CDB. In response to this need, CDB has committed to mobilise additional concessionary resources, including loan financing.

4.03 The Strategy is informed by: (a) policy dialogue with key policymakers and stakeholders, and consideration of GOH's development priorities; (b) the country's financial/fiscal capabilities; (c) past experiences with Haiti; and (d) the work of other development partners in the country.

4.04 Proposed intervention areas will be consistent with CDB's Strategic Objectives of supporting inclusive and sustainable growth and development, and promoting good governance while ensuring that GE and energy security are appropriately mainstreamed. The Strategy rests on three sectors: (a) education and training; (b) community development and agriculture; and (c) sustainable energy development. Underpinning this programme of assistance are some important cross-cutting interventions that promote environmental sustainability, including climate and disaster risk management (DRM); and GE improvement. A summary of CDB strategic support can be found in Table 4.1.

DONOR COORDINATION AND CDB PRESENCE IN HAITI

4.05 CDB will continue to coordinate activities with its development partners in Haiti. A summary of donor activity and coordination can be found at Appendix 5. However, unlike many International Development Institutions and Multilateral Development Banks (MDBs), CDB presently does not have permanent field representation in Haiti. With field presence, aid is better adapted to the local situation and its effectiveness improved. Local representations have a comparative advantage and a key responsibility in identifying and designing projects, partnership building, and in giving legitimacy to policy dialogue activities. Given CDB's deepening engagement in Haiti, it has become increasingly important for CDB to be more involved in the design/implementation of projects, and to develop closer contacts with GOH, donors, and other in-country stakeholders.

4.06 Most of CDB's interventions are done jointly with International Development Partners. The most recent interventions by CDB have, however, resulted in CDB assuming increasing responsibility and, in some cases, lead roles in programme design and implementation supervision. Based on the experience gained and the unique conditions within the country, CDB has recognised that the lack of adequate institutional presence and capacity within Haiti constrains the effective realisation of CDB's mandate of poverty reduction. CDB is, therefore, moving towards strengthening and scaling up its operational programme in Haiti; a strategy that will require CDB to increase its internal capability to work in Haiti.

INDICATIVE RESOURCE ENVELOPE

4.07 The resource envelope to support the indicative programme is \$100 mn. This includes \$45 mn in grant resources from SDF 9 resources. CDB has committed to mobilise an additional \$55 mn in concessional resources for loan financing of GOH's development agenda.

4.08 In discussions between CDB and GOH, GOH signalled strong intent to become a regular BMC of CDB, and to mature as a country. In order to meet the goal of becoming an emerging country by 2030, there are two necessary conditions that must be satisfied. First, GOH must build the capacity of the public sector to deliver an aggressive and ambitious development agenda. In this regard, in addition to training and other types of institutional strengthening, GOH must gradually take more direct control of resources and project implementation. Second, in order to fully implement GOH's strategic objectives, the magnitude of resources required imply that Haiti must move from being a grant-only recipient to being a borrowing country conditional on satisfying best practice macro-fiscal prudential standards.

4.09 All CDB lending to Haiti will be fully consistent with arrangements that partner MDBs adhere. Any lending to Haiti will be concessional at a 35% minimum grant element. In addition, budgetary support is unlikely but, should it occur, would be subject to Haiti establishing an agreement with IMF, as is the case with other multi-lateral lenders. CDB is currently contemplating the source of loan financing for future lending to GOH.

Programme of Engagement

Sector 1: Community Development and Agriculture

Expected Outcome: Increase Agricultural Productivity

4.10 Recognising the transformational impact of agriculture, GOH's top priority is increasing food production and upgrading agriculture and rural infrastructure and services. Key priority areas identified by the new administration which could be supported by CDB include:

- (a) investing in agricultural production and marketing infrastructure and services including: small-scale drainage and irrigation systems, and rural roads and markets; and supporting farmer adoption of improved production, harvesting and marketing technologies, and compliance with food safety management systems;
- (b) continuing efforts to involve local communities and GOH to arrive at the critical balance that would optimise sustainability of the above mentioned projects; and
- (c) supporting the development of agricultural and rural enterprises through the provision of business support services and financing mechanisms that promote the sustainable use of resources. This will involve provision of grant resources that can be placed in a revolving fund for on-lending to farmers.

Sector 2: Sustainable Energy Development

Expected Outcome: Increase in the use of Sustainable Energy Options

4.11 CDB, is new to the energy sector in Haiti, therefore it is considered an effective approach that CDB collaborate with partners such as WB and IDB which have been working in the sector over an extended period. The recently approved WB-funded SREP intervention provides good opportunity for CDB's

collaboration given the multi-faceted approach to scaling up RE, including through solutions using micro/ mini grids, and the testing of financially-viable/sustainable models of energy supply arrangements which can be scaled up across the country. Supporting micro/mini grid development in collaboration with WB could complement the approach utilised in the climate-resilient project which was approved by CDB for Haiti in 2017. Therefore, in collaboration with partners, or as part of RE/EE mainstreaming efforts, the interventions may include:

- (a) installation of pilot micro or mini community electricity grids supplied by wind and solar, as part of a pilot to establish financially-viable/sustainable models of energy supply arrangements;
- (b) solar installation as part of CDB's infrastructure projects or as stand-alone community solar energy stations to provide: lighting; water pumping (for potable water and irrigation); power to support information and communications technology and economic enterprises (including agro-processing); and the establishment of community centres which could facilitate students' homework and adult learning; and
- (c) installation of solar powered street lighting to improve citizens' security.

CDB will explore opportunities for funding off-grid RE generation projects for private agro-business operations (and others), based on successful models used in other parts of the Caribbean.

Sector 3: Education and Training

Expected Outcome: Improved Quality and access to Education and Training

4.12 CDB will intensify its interventions in these areas. Further attention will be given to supporting:

- (a) improved and expanded basic education including: provision of public infrastructure, teacher and leadership training, and tuition waivers; enhancing the decentralised management capacity in the Ministry of Education and Vocational Training and the oversight to partnership interventions through the National Board of Education Partnership; and
- (b) increased demand-driven skills development including construction of TVET Centres, supporting pedagogical training and enhancing the administrative capacity for improved governance and management of the sub-sector.

Expected Outcome 2: Building Public Sector Institutional Capacity

4.13 Part of building human capacity involves training and building the capacity of the institutions that govern Haiti. In this regard, GOH will continue to partner with CDB to deliver a programme of institutional strengthening in policy and administration with the goal of transforming the public management system. CDB interventions will include:

- (a) continuation of the regional programme, PPAM, and PCM training. CDB will focus more on training public servants across the key government ministries, including personnel in the new planning units established in the ministries.

Expected Outcome 3: Enhancing MSME Capacity

4.14 CDB will focus on interventions to support private sector development (agriculture, tourism, and MSME sectors). Areas for CDB's assistance will include, but not limited to:

- (a) providing entrepreneurial and skills development training to entrepreneurs and employees of MSMEs through CTCS.

Cross-cutting Activities

Expected Outcome 1: Improve Gender Outcomes

4.15 CDB, through its major sectoral interventions, is committed to empowering women and, more broadly, promoting GE.

- (a) mainstream GE in sectoral policies, strategies and plans, and all projects;

Expected Outcome 2: Increased resilience to CC and Disaster Risks

4.16 CDB will continue to support GOH's efforts to improve environmental sustainability, reduce environmental degradation, and increase climate resilience. CDB will:

- (a) improve institutional and community capacity to prepare for, and respond to, natural disasters;
- (b) mainstream environmental, CC, and disaster risk reduction in sectoral policies, strategies and plans; manage climate risks; and assist with implementation of the National CC Adaptation Policy;
- (c) support GOH through partial payment of CCRIF premiums; and
- (d) prepare proposals to secure climate financing.

IMPLEMENTATION PLAN, ROLES AND RESPONSIBILITIES

4.17 Implementation of the Country Strategy will be guided by a coherent operational framework that defines specific roles and responsibilities at both the country and CDB levels once projects have been approved. The relevant line ministries/agencies (in close collaboration with the Ministry of Economy and Finance) will have responsibility for the management of specific projects, while CDB will assist with implementation through technical and financial assistance, and will work closely with the relevant executing agencies to ensure timely implementation of projects following Board approval. Where needed, capacity building support will be provided to facilitate efficient execution of projects and, by extension, promote the realisation of the expected sector outcomes of the proposed Country Strategy. Capacity building and sensitisation on GE considerations will be part of the institutional strengthening related to the execution of projects. The mechanism to promote efficient strategy implementation will be through structured communication channels and regular reporting. Moreover, CDB will continue to actively monitor socio-economic developments in Haiti and have regular policy dialogue with country officials in order to ensure the Strategy is appropriately adjusted to reflect any changes in GOH's priorities.

RESULTS MONITORING

4.18 The principal tool used to monitor implementation and attainment of development results will be RMF in Appendix 1. The sector is used as the unit of analysis and, as such, the framework has at its core: the identification of sectoral constraints; expected sectoral outcomes to which the intervention should contribute; and the performance indicators to track results. Monitoring will be conducted primarily by the Economics Department, with support from the Projects Department and country authorities. A mid-term review of performance will be conducted to determine the continued appropriateness of the strategy, within the context of possible changes to the country's development and fiscal circumstances. A CSP review will be completed at the end of the review period to assess the contribution to sector outcomes.

TABLE 4.1: INDICATIVE ASSISTANCE PROGRAMME

Sector	SDF 9 Grant Allocation (\$ mn)	Loan Allocation (\$ mn)
Agriculture	6	
Sustainable Energy Development	8	55
Education and Training:	27	
Education:		
i. Quality Enhancement in Public Education	16	
ii. TVET Administrative and Pedagogical Centre	10	
Training:	1.0	
i. Public Sector Capacity Building-PPAM and PCM		
ii. MSME Development		
Environment, Climate Resilience and DRM:	3.0	
i. CCRIF	3.0	
Administration	1.0	
Total Resource Envelope (= \$100 mn)	45	55
Administration from Haiti Set-aside	2.3	

5. RISK ANALYSIS AND MITIGATION

5.01 There are four main risks to the execution of the proposed country strategy, namely: developmental; strategic; financial; and operational¹. Various risk mitigation measures have been established to manage these risks within tolerable levels through a framework of measurement, monitoring and control policies, procedures and processes. Table 5.1 summarises these risks as they relate to Haiti and identifies mitigating measures.

TABLE 5.1: RISK ASSESSMENT AND MITIGATION MEASURES

Risk Type	Description of Risk	Mitigation Measures
Developmental	Political instability arising from labour unrest or protest action, as well as natural hazards pose major threats and limitations to CSP implementation.	CDB through its ongoing monitoring of the CSP, will assess its appropriateness with a view to re-scoping, as necessary. Throughout the strategy period, CDB intends to maintain policy dialogue with senior officials from GOH and provide advice on project implementation. In the event of natural hazard shock, CDB will respond quickly to help address the socio-economic effects of any of these risks should they materialise during the strategy period. CDB will provide facilities for emergency relief, immediate response, and rehabilitation and reconstruction.
Strategic	Change in the strategic vision of the country could have implications for the relevance of the CSP and/or resources available for the implementation of the strategy.	CDB will liaise with senior officials to determine resource availability with a view to phasing or re-scoping the Strategy, as required.
Financial	Haiti has stated its intention to become a regular borrowing member of CDB. CDB has committed to start lending Haiti \$55 mn of concessional resources over the strategy period. Haiti received considerable debt relief under the Heavily Indebted Poor Countries (HIPC) initiative and at under 30% of GDP. Its debt-to-GDP ratio might suggest that it has considerable fiscal space. However, the revenue base of GOH is narrow and the fiscal deficit over the 2016/17 FY is 7.8% of GDP, and likely to remain in this range over the next FY as well. Efforts by GOH to raise taxes and reduce fuel subsidies have been met with fierce resistance, which suggest that revenue-raising efforts may not be that prolific in the medium term. This of course, as a first time borrower from CDB, means that there are non-trivial credit and liquidity risks.	CDB will acquire concessional resources for on lending to Haiti and, in doing so, will satisfy HIPC requirements of at least a 35% grant element. This is consistent with IMF's debt limits policy, and thus meet debt sustainability requirements. CDB encourage GOH to reach an agreement with IMF on a Staff Monitoring Programme. The Mid-term Review provides an opportunity to reassess the CSP, as well as Haiti's liquidity position.

¹ *Operational Risk* is the risk of the loss from inadequate or failed processes, people and systems or from external events. *Financial Risk* is the risk of the loss from credit, market, investment, interest rate and currency events. *Strategic Risk* is the risk of the loss from poor strategic planning or non-delivery of strategic initiatives. *Developmental Risk* is the risk that prevents the achievement of developmental objectives or minimise their impact.

Risk Type	Description of Risk	Mitigation Measures
Operational	Limited human resource and institutional capacity could adversely affect the implementation of the Strategy.	During the strategy period, CDB will assist GOH in capacity building in an effort to accelerate project implementation and realise the Strategy's outcomes. In this regard, CDB has direct interventions, in the form of training Government officials, aimed at improving PFM and strengthening the capability of Haiti's institutions to deliver on their own targets. In addition, staff from CDB's Operations Area will maintain close relations with staff in the requisite ministries and agencies responsible for the implementation of the Strategy to provide support as necessary.

RESULTS MONITORING FRAMEWORK

Country Development Priorities	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support	Assumptions
Sector 1: Agriculture					
To increase food production.	<ul style="list-style-type: none"> i. High levels of poverty in rural areas. ii. Limited infrastructure and underinvestment in the sector. iii. Environmental degradation. 	<ul style="list-style-type: none"> i. Increase investment in agricultural sector. ii. Increase farm production. 	<p>Indicator: Land area improved through drainage and irrigation investments.</p> <p><i>Baseline 2017: TBD. Target 2021: 200 hectares.</i></p>	<ul style="list-style-type: none"> i. Investment in agricultural production and marketing infrastructure and services; and supporting farmer adoption of improved production and marketing technologies. ii. Supporting the development of agricultural and rural enterprises through the provision of business support services and financing mechanisms. 	To increase food production.
Sector 2: Sustainable Energy Development					
<ul style="list-style-type: none"> i. To increase the production and use of sustainable energy options. ii. Increase energy security. 	<ul style="list-style-type: none"> i. Lack of scale energy access. ii. Over-reliance on imported petroleum products. iii. Weak human and institutional capacity in planning, management, strategy formulation, and implementation. 	<ul style="list-style-type: none"> i. Increase the use of sustainable energy options. ii. Improved energy security. 	<p>Indicator: % of Haiti needs supplied by RE.</p> <p><i>Baseline 2016: TBD. Target 2021: TBD.</i></p>	<ul style="list-style-type: none"> i. RE interventions through the provision of energy services, lighting, electrical power, cooling. ii. Testing of financially-viable/ sustainable models of energy supply arrangements which can be scaled up across the country. 	Effective and prolific collaboration with partners.

Country Development Priorities	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support	Assumptions
Sector 3: Education and Training					
i. To promote Universal Primary Education. ii. To improve the quality of Basic Education. iii. To improve access to quality education across all levels of the sector.	i. Inadequate and insufficient public school infrastructure. ii. Insufficient number of trained teachers at all levels. iii. Limited institutional capacity and a lack of appropriate resources to address sector issues and challenges. iv. Inability of parents to pay for non-public education which make up 80% of the sector. v. Inability of parents to provide adequate nutritional support. vi. Inadequate quality of non-public education. vii. Inadequate provision of skills development aligned to labour market needs.	Improved quality, access and relevance of Education and Training.	Indicator: i. % increase in students enrolled in public schools in basic education. ii. % increase in the number of trained teachers assigned at the primary level in public and non-public schools. <i>Baseline – Primary 2016: TBD.</i> <i>Target 2021: TBD.</i> iii. % increase in persons accessing TVET programmes, disaggregated by sex.	i. Basic Education Project addressing increased access, quality assurance, student health and nutrition, tuition waivers and professional development, and improved sector management. ii. TVET Project focused on expanded TVET facilities, teacher training, improved access for vulnerable persons.	i. Continuity of educational policy. ii. Teachers who are trained will be assigned to schools. iii. Appropriate staff are identified for training. iv. Support is provided to school personnel to utilise the quality mechanisms developed.
To increase public sector technical know-how, efficiency and capacity to implement GOH development agenda and deliver services to the public.	i. Weak PPAM capacity. ii. Inadequate project implementation capacity. iii. Weak procurement capacity.	i. Improved public policy development and analysis capacity and public policy consultation processes. ii. Improved project and programme implementation capacity. iii. Improved procurement capacity and practices in line with CDB best practice guidelines.	Indicator: Number of policies and projects implemented using PPAM and PCM training. <i>Baseline 2017: 0.</i> <i>Target 2020: 50% of policies and projects.</i>	PPAM and PCM training.	

Country Development Priorities	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support	Assumptions
Cross-Cutting Activities and Other Activities					
Effective management of natural resources/hazard risk reduction and adaptation to CC.	<ul style="list-style-type: none"> i. Limited potable water resources. ii. Limited early warning systems. iii. Threats posed to land, livelihoods and infrastructure by CC and natural hazard risks. 	Strengthen climate resilience to CC and DRM.	<ul style="list-style-type: none"> i. Number of priority interventions integrating DRM and CC adaptation and mitigation implemented by December 2021. ii. Number of people within protected investments in early warning systems and other climate resilient infrastructure including schools with emergency shelters in project areas. 	<ul style="list-style-type: none"> i. Investment projects supporting DRM and CC adaptation and mitigation. ii. Project proposal preparation to secure climate financing. 	Support is provided to systematically integrate disaster risks and CC impacts across sectors.
Promote a prosperous and diversified small business sector that drives greater economic output and provides opportunities for Haitians.	<ul style="list-style-type: none"> i. Lack of technical expertise for establishing and developing businesses. ii. Dated production technology and unskilled labour force. 	Enhanced operational and managerial capacity of MSMEs owners.	Indicator: Number of beneficiaries participating in CTCS training. <i>Baseline 2017: 0.</i> <i>Target 2021: 400.</i>	MSMEs capacity building training.	Appropriate persons identified for training.

SOCIAL VULNERABILITY MATRIX

Name of Institution	Beneficiaries	Types of Risks/Vulnerabilities Faced	Existing Policies and Programmes	Partners	Recommendations for Mitigation
GOH	Children under 16 years.	<ul style="list-style-type: none"> i. Access and quality of education and training. ii. Access to health, water and sanitation services. iii. Access to meals (Food Poor and Chronic Malnutrition). iv. Child abuse (sexual, physical and emotional), violence and neglect. v. Child in need of care and protection (Abandoned and in Institutions). 	<ul style="list-style-type: none"> i. Basic Education Programme and Teacher Training for Quality Education. ii. Medical and Food Assistance Programmes. iii. Schools' Feeding Programmes. iv. Development of a National Policy and Programmes for Social Protection (Collaboration of International Partners). v. Child Protection and Violence Affecting Children and Adolescents Programme. 	<ul style="list-style-type: none"> Ministries of Education and Social Affairs. UNESCO, WB, IDB, the United Nations Children's Fund (UNICEF), CDB. 	<ul style="list-style-type: none"> i. Provision of increased access and quality early childhood development and basic education opportunities. ii. Implementation of a child and gender-responsive national social protection programme. iii. National Programme for the prevention of all forms of child abuse, violence and neglect. iv. Establishment and training in good international practices for the care and protection of children in Institutional Care.
	Young Persons (ages 16 to 35 years).	<ul style="list-style-type: none"> i. Unemployment. ii. Poverty. iii. Lack of Skills. iv. Emigration. v. Sexual and Reproductive Health Issues. vi. Sexual (rape) and economic violence against young women. 	<ul style="list-style-type: none"> i. National Youth Employment Strategic Plan and Programme. ii. Youth Skills Training Programme (TVET). iii. Advocacy and training programmes. 	<ul style="list-style-type: none"> Ministries of Youth, Education, Social Affairs and Women's Affairs. CDB, WB, UNWOMEN, IDB, UNICEF, UNESCO. 	<ul style="list-style-type: none"> i. Increased provision of quality Secondary, Tertiary and TVET opportunities for young persons. ii. Upscaling of investments in national youth-centred employment and entrepreneurship development programmes.

Name of Institution	Beneficiaries	Types of Risks/Vulnerabilities Faced	Existing Policies and Programmes	Partners	Recommendations for Mitigation
	Women	<ul style="list-style-type: none"> i. Unemployment. ii. Inequality towards Women. iii. Access to Justice. iv. Violence Against Women (domestic violence, sexual abuse and rape). v. Economic Violence (lack of support for children maintenance). vi. Access to secondary education and technical-vocational training. vii. Maternal and child health care. 	<ul style="list-style-type: none"> i. National Policy for Equality for Women and Men. ii. National Plan of Action for Equality of Women and Men. iii. Development of a National Policy and Programmes for Social Protection (Collaboration of International Partners). iv. Advocacy and training programmes. 	<p>Ministries of Women Affairs and Legal Affairs. Parliamentary Committee on Women's Affairs.</p> <p>UNWOMEN, UNICEF.</p>	<ul style="list-style-type: none"> i. Implementation of the National Policy and Action Plan for equality between women and men. ii. Capacity development of Ministry of Women's Affairs for gender analysis and programme implementation iii. Increased budgetary allocation and support to Women's Affairs Ministry for programme interventions. iv. National Programme of Public Education and Economic Empowerment of women for the elimination of all forms of violence against women and girls.
	Older Persons	<ul style="list-style-type: none"> i. Food Poor. ii. Neglect. iii. Discrimination. iv. Access to health care, sanitation, water and adequate housing. 	<p>Development of a National Policy and Programmes for Social Protection (Collaboration of International Partners).</p>	<p>Ministry of Social Affairs.</p>	<p>Building social networks and provision of social assistance for older persons.</p>

Name of Institution	Beneficiaries	Types of Risks/Vulnerabilities Faced	Existing Policies and Programmes	Partners	Recommendations for Mitigation
	Rural Poor	<ul style="list-style-type: none"> i. Inadequate physical, social, economic and recreational infrastructure. ii. Livelihoods Opportunities. iii. Capacity gaps regarding community mobilisation, organisational capacity development and training. 	<ul style="list-style-type: none"> i. Rural development programmes. ii. Community based infrastructural development programmes. iii. Rural Agricultural Livelihoods and Enterprise Development Programmes. iv. Community Capacity Building and TA. 	<p>Ministry of Social Affairs, Agriculture, Health, Education, Works.</p> <p>WB, IDB, UNICEF, UNDP, United States Agency for International Development (USAID).</p>	<ul style="list-style-type: none"> i. Consolidation of the Rural Agricultural Enterprise Programmes to achieve economic, environmental and social development goals. ii. Establishment of Social Investment Fund for infrastructural and social development in poorest communities.
	Urban Poor	Lack of Affordable Housing, Sanitation, Water and Energy.	<ul style="list-style-type: none"> i. Urban CDD Programme. ii. Local Government Programmes. 	<p>Ministry of Social Affairs, Agriculture, Health, Education, Works</p> <p>WB, IDB, UNICEF, UNDP, USAID</p>	Scaling-up of the Urban CDD Programme to address integrated infrastructural works, livelihood strategies and governance programmes.

Name of Institution	Beneficiaries	Types of Risks/Vulnerabilities Faced	Existing Policies and Programmes	Partners	Recommendations for Mitigation
	National Statistical Institute	<ul style="list-style-type: none"> i. Lack of financial, technological and human resources. ii. Outdated Legislative Framework. iii. Absence of culture of quality statistics. iv. Under-developed partnerships. 	<ul style="list-style-type: none"> i. Draft National Strategy for the development of statistics. ii. National Team for the production of quality statistical data. iii. Training for compliance to international good practice. 	IMF, WB, IDB, Canada, and the United Nations Population Fund.	<ul style="list-style-type: none"> i. Financial investment in physical (technological) and human resources. ii. Systematic training in the data analysis for poverty reduction and social protection with specific emphasis on gender, geographic distribution, and age disaggregated data. iii. Legal review of the National Statistical Institute.

CLIMATE AND DISASTER RISK SCREENING

**Initial Climate and Disaster Risk Screening
Basic Project/Programme Information**

Project Title: Country Strategy Paper
Country: Haiti
Sector: Multi-Sector
Country Objectives and Brief Description: To identify the overall risk to priority sectors identified as critical to meeting the country’s CSP goals and priorities, based on climate and geophysical hazards and sector potential impact, but adjusted for the sector’s institutional readiness and for the challenges and opportunities presented by the larger development context.
Project Cost: N/A

Summary of Climate and Disaster Risk Screening

<p>A. Context</p> <p>Haiti is a small impoverished country occupying the western half of the Island of Hispaniola, which it shares with the Dominican Republic. Haiti’s terrain is dominated by rugged mountains interspersed with river valleys and coastal flat lands. With its coastline spanning 1,771 km and a population of over 8 mn, much of this densely-populated island resides near the coast. Haiti ranks 163 out of 188 countries in UNDP’s 2015 HDI. Population pressures have led to extreme environmental degradation, with an estimated 98% of forests cleared for fuel. These destabilising forces have left most Haitians extremely vulnerable to natural disasters. Hurricanes and tropical storms routinely hit Haiti, causing massive flooding and deadly landslides. In January 2010, Haiti was decimated by an unprecedented earthquake of magnitude 7. While Haiti has received a significant amount of foreign aid and funding to develop its economy to improve basic services and to rehabilitate its environment, poverty has not subsided. Compounding development challenges are the repeated and devastating impacts of natural disasters triggered by hurricanes, flooding, droughts, and earthquakes. In order to reduce Haiti’s vulnerability to such hazards, mitigation and adaptation measures need to be integrated into development planning under the different areas related to water management, agriculture, fisheries, land use, and forestry.</p> <p>B. Sectors</p> <p><u>Energy</u></p> <p>Haiti’s energy sector is highly vulnerable to effects of CC impacts. Approximately 72% of the country’s domestic energy needs come from biomass, particularly charcoal and firewood, which are used for cooking. In the aftermath of the earthquake in 2010, increased demand for wood has placed additional pressure on forests resources, further increasing deforestation. Deforestation has contributed to and compounded other environmental problems such as soil degradation, flooding, desertification, and water scarcity. The sector’s vulnerability has been made worse by aging and damaged energy infrastructure due to the effects of hurricanes and earthquakes. The Government is taking steps to build the resilience of the energy sector by increasing the share of RE in the system to 47% by 2030. This will be achieved by making investments in solar energy, wind energy, hydroelectricity, and promoting the use of energy efficient stoves.</p>
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Education

Haiti’s education sector is highly vulnerable to the effects of CC. Schools throughout Haiti are exposed to multiple hazards including extreme precipitation, flooding, SLR, storm surge, strong winds, and earthquakes and landslides. These vulnerabilities have been exacerbated by the absence of a building code, which has led to poor design of school buildings and their subsequent low resilience to strong winds and earthquakes. With the effects of CC and natural hazards projected to intensify, these processes can be exacerbated, thus future construction must take areas prone to flooding into consideration.

Agriculture

Haiti’s food security which relies heavily on rain-fed subsistence farming, is being severely threatened by the increasing frequency and duration of droughts; variations in the rhythm of rainy seasons; intensification of cyclones (intensity of rains and winds); more frequent flooding; loss of crops and animals; and salinisation of coastal plains following tidal waves. The North-West, Artibonite, North-East, and Central departments frequently experience repeated droughts, brought about by a combination of erratic rainfall patterns and poor water management infrastructure. Given projections for Haiti’s climate to grow increasingly warmer and drier, especially during the summer months, there is a need for agricultural practices to be adjusted to maintain soil productivity. There is also a need to introduce drought-resistant crops, growing crops in suitable land to prevent depletion of soil nutrients, improving land conservation practices, expanding water storage capacity; and improving water use efficiencies.

C. Exposure¹: Brief Description of Hazards Likely to Affect the CSP²

Hazard	Description³
<p>The hazards listed below are the significant ones for the country:</p> <ul style="list-style-type: none"> i. Extreme Temperature. ii. Extreme Precipitation and Flooding. iii. Drought. iv. SLR. v. Storm Surge. vi. Strong Winds. vii. Earthquakes. viii. Landslides. 	<p>CC projections indicate that temperatures are expected to increase by 0.5 to 2.3°C by 2060, with warming most rapid in December-February. The number of hot days and nights are projected to increase throughout the country, while the number of cold nights is projected to steadily decrease or become rare. Rainfall projections project decreases in rainfall during June-August, while rainfall projections during the remainder of the year are less certain.</p> <p>Haiti is vulnerable to SLR, which is projected to be between 0.13 and 0.56 m by 2090.</p> <p>Based on recent research, increases in hurricane rainfall and wind speeds are likely, with simulations showing that for each 1°C increase in sea surface temperatures, core rainfall may increase by 6-17%, and surface wind speeds of the strongest hurricanes will increase between 1-8%, with associated increases in storm surge levels.</p>

¹ The presence of people, livelihoods, species or ecosystems, environmental services and resources, infrastructure, or economic, social, or cultural assets in places that could be adversely affected by a hazard.

² A physical process or event (hydro-meteorological, or oceanographic variables, or phenomena) that can harm human health, livelihoods, or natural resources.

³ Climate.

	<p>Floods are the leading cause of vulnerability in Haiti. Widespread deforestation in the upper reaches of these valleys, coupled of lacking drainage infrastructure creates an environment conducive to flooding.</p>
<p>D. Sensitivity⁴ of Sectors (if known) or Overall Project</p>	
<p>Key Sectors in CSP:</p> <ul style="list-style-type: none"> i. Energy. ii. Education. iii. Agriculture. 	<p>Sensitivity to CC and natural hazards:</p> <p>The agriculture and energy sectors were assessed to have a high sensitivity to climate variability and climate change. The education sector on the other hand, was assessed as being moderately sensitive to the potential impacts of climate variability and climate change. For the agriculture sector drought is a main area of concern. The North-West, Artibonite, North-East and Centre Departments frequently experience repeated droughts brought about by a combination of erratic rainfall patterns coupled with a limited water management infrastructure. Droughts have destroyed crops, reduced agricultural production, and decreased food security.</p>
<p>E. Adaptive Capacity:</p> <p>Overall the priority sectors in the CSP have a moderate adaptive capacity to the potential impacts of CC. While several policies and strategies have been developed, none of the sectors have taken a comprehensive approach to incorporating CC considerations into their daily practices.</p>	
<p>F. Climate and Disaster Risk Assessment Summary:</p> <p>The priority sectors in the CSP have varying levels of vulnerability to climate variability and change ranging from high vulnerability in the agriculture sector to low vulnerability in the education and energy sectors. Adaptive capacity in all sectors is at a low level signally the need for interventions to address areas of shortcoming. In order to increase the resilience of these sectors, more emphasis needs to be placed on:</p> <ul style="list-style-type: none"> i. Mainstreaming CC and disaster risk reduction into the sectors by undertaking climate vulnerability assessments and developing climate resilient investment master plans. ii. Supporting CC information and awareness programmes on major hazards and good practices for managing natural hazards. iii. Promoting integrated watershed management. iv. Promoting programmes to preserve and strengthen food security, including restoring, enhancing and expanding existing agroforestry systems. v. Implementing effective early warning system to help farmers, and confront extreme weather events, and reduce the impacts of these weather shocks on the farming system. vi. Developing and implementing RE policies. 	
<p>G. Overall Risk Assessment Rating (None/Low/Moderate/High): High</p>	

⁴ The degree to which a system, asset, or species may be affected, either adversely or beneficially, when exposed to climate variability or change or geophysical hazards.

BENEFITS OF INCREASING ENERGY ACCESS MATRIX

Dimensions of Sustainable Development	Benefits		
	Sectors/Areas	Services/Modes	Outcomes
Economic	Macro-economy	Reduced demand on foreign exchange reserves for import fuel bill.	<p>i. <u>Reduction in poverty:</u></p> <p>Through increased availability of time for economic activities during night hours. Other opportunities for enterprises, and in ICTs, and through increased education.</p> <p>ii. <u>Improved Gender Equity:</u></p> <p>Through lessening energy burden on women and children; through ICT access information on rights.</p> <p>iii. <u>Increased Personal Empowerment:</u></p> <p>Reduction in time used for securing fuel, water, etc - more time and access to personal development opportunities; information personal health issues.</p> <p>iv. <u>Improved Equity through ICT:</u></p> <p>Access to: (i) higher quality teachers; (ii) information on various opportunities; and (iii) information on human/legal rights and available assistance.</p> <p>v. <u>Improved Resilience to Disaster/Climate impact:</u></p> <p>Provides lighting and communication, ICT immediately after disaster.</p> <p>vi. <u>Improved citizens' security:</u></p> <p>Street-lighting and communication.</p>
	Agriculture	Irrigation, refrigeration (R), post-harvest processing, increased access to information and training farmers using ICT; access to market information.	
	Productive Enterprises	Lighting (L), power for processing, R, light manufacturing, and expand business options for MSME options.	
	Energy Security	Hedge against future oil prices volatility. Reduce energy cost by displacing cost of kerosene, batteries, and candles.	
Social	Education and Training	L for homework, power for ICT allowing greater access to higher quality tutoring and information.	
	Health and Safety	R for medicine, purification. Avoidance of harmful emissions; reduction of risk of fire hazard from candles and kerosene lamps.	
	Water Production	Desalination, water pumping and purification.	
	Citizens' Security	Street lighting, charging of communication devices allowing access to emergency services.	
Environmental	Power Generation	Avoidance of local pollution from petroleum products from transport and burning of diesel, etc.	
		Reduction of carbon emission (from burning of diesel, etc. for power generation).	

DEVELOPMENT PARTNERS' CURRENT ACTIVITIES

Development Partner	Focus and Activities
WB	<p>\$817 mn portfolio focusing on 13 sectors; and the International Development Association of \$260 mn approved for next 3 years.</p> <p>Key focus areas:</p> <p>Enhancing maternal health and fighting cholera (\$70-90 mn); Energy (\$90 mn), electric company accounts for about 2% of the public sector deficit; Road Construction (\$150 mn); and Agriculture (\$50 mn, with IDB providing a similar amount).</p> <p>CDB is also planning to resource a trust fund for statistical capacity building.</p> <p>Assisted the Ministry of Commerce and Industry with creation of a trade information portal, the first in the Region. There are delays in the introduction of a common external tariff which is contingent upon the completion of a new customs code (draft prepared with WB help). WB has reduced its engagement in trade facilitation in Haiti, which may leave a gap.</p>
UNDP	<p>Shifting away from a post-disaster focus to more programmatic approach. Three focus areas: Governance and the rule of law (piloting reforms, in collaboration with Ministries of Planning and Interior; emphasis on border municipalities and capacity building and legal framework for directorate of civil protection); Environment; and Disaster Risk Reduction (The Global Environment Facility Funds, Green Climate Fund – resilience of water sector), and poverty reduction (multi-risk mapping with the European Union [EU]; SDGs roadmap).</p>
IDB	<p>Main sector focus: Rural Infrastructure, Agriculture, Energy, Education, Water and Sanitation. 2011-17 portfolio \$1.2 bn. Established an industrial park in the north.</p>
UNICEF	<p>New Country Programme 2017-2021 – focus on fighting cholera (with the Ministry of Health and the Directorate for Potable Water and Sanitation); access to potable water and sanitation in 15 municipalities; primary health care (community health workers networks); child protection (multi-dimensional programme with emphasis on violence against children in schools, home, etc.); birth registration; primary school education (quality and access).</p>

Development Partner	Focus and Activities
EU	Food and nutrition insecurity, cholera treatment and prevention, housing, water, education, statistics (census) and poverty analysis;
Germans and Canadians	TVET.
USAID	MSME capacity building; and microfinance institutions.
Donor coordination	<p>“Budget Support Group” which focuses on all aspects of donor coordination beyond budget support (which is now only provided by EU) including PFM.</p> <p>Sub-groups on resource mobilisation (led by Canada), public investment, agriculture (led by IDB), and education (led by UNESCO).</p> <p>Technical Group of the Partners (meets monthly), chaired by France.</p> <p>UN Country Team – IDB and WB also participate in this group.</p>