

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA2769

Project Name	HT Center and Artibonite Regional Development (P133352)
Region	LATIN AMERICA AND CARIBBEAN
Country	Haiti
Sector(s)	Rural and Inter-Urban Roads and Highways (56%), Urban Transport (12%), Central government administration (10%), Public administration - Transportation (8%), General agriculture, fishing and forestry sector (14%)
Theme(s)	Rural services and infrastructure (60%), Natural disaster management (15%), Other urban development (15%), Other public sector governance (10%)
Lending Instrument	Investment Project Financing
Project ID	P133352
Borrower(s)	Ministry of Economy and Finance, MEF
Implementing Agency	Unite Technique d' Execution (UTE)
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	12-Dec-2013
Date PID Approved/Disclosed	16-Jan-2014
Estimated Date of Appraisal Completion	17-Jan-2014
Estimated Date of Board Approval	20-Mar-2014
Decision	

I. Project Context

Country Context

With a GDP per capita of US\$771 in 2012, Haiti is the poorest country in the Americas. It is also one of the most unequal countries in the world (with a Gini coefficient of 0.59), lagging in social indicators (ranking 161 out of 186 in the 2013 Human Development Index). Over half its population of 10 million live on less than US\$1.25 per day, and 78 percent live on less than US\$2 per day. The country has been hit by multiple shocks, which have hampered economic growth and development. The repeated hurricanes, which have disproportionately large, negative impacts in Haiti, and the January 2010 earthquake are likely to have further exacerbated vulnerability. Approximately 96 percent of the population lives in areas at high risk to natural hazards, and 40 percent is concentrated in the five cities at greatest risk. Responding to short-term needs, pursuing medium and long-term objectives, and ultimately offering safer conditions and better job opportunities for a population that will reach 16 million by 2030, remains a critical challenge for the Government and donors alike.

The devastating January 2010 earthquake was a major setback to the economy and aggravated an already fragile situation. Economic growth was estimated at negative 5.4 percent for 2010, while during the five years preceding the disaster, Haiti had experienced a stable albeit modest growth and some progress in its macroeconomic environment. Still, the unemployment rate has been high and employment mostly informal, with working conditions precarious and incomes low. Only 19 percent of the country's adult population receives a regular wage, while 79 percent are reported to be self-employed. This situation has resulted in the migration of roughly one million Haitians, mainly to the Dominican Republic (DR), the United States (US), and Canada. In 2013, the country officially registered an inflow of US\$1.9 billion in remittances, which accounted for 21 percent of the country's GDP, surpassing other sources of incomes, such as foreign aid and foreign direct investment, helping to mitigate poverty and the consequences of the 2010 earthquake. Haiti's GDP is highly concentrated in Port au Prince (PaP), while by contrast, the provinces, which generate agricultural products and goods, are unevenly developed, lacking in basic infrastructure and services.

The proposed Project supports the Government of Haiti's objective of diversifying the country's sources of growth and decentralizing its economy by promoting investment in regions outside of the capital region of PaP. The importance of this objective was brought in sharp evidence by the earthquake, which highlighted the dangers of the overconcentration of population and economic development in PaP. The Government identified "refondation territoriale" (the rebalancing of economic activities across the country's territory with the aim of "uniting the country through a convergence in living standards") as one of the four pillars of its reconstruction strategy, as outlined in the 2010 Strategic Plan for the Development of Haiti (PSDH). Subsequently, the Inter-Ministerial Committee for Territorial Development (CIAT) was tasked with developing a strategic vision to reshape the economic geography of the country, which was developed in the Haiti Tomorrow report of 2010.

In line with the objective of diversifying the economy and improving growth outside of PaP, the Government of Haiti (GoH) intends to develop the Departments of the Center and the Artibonite as one strategic region and help realize its potential to: (i) contribute to economic growth, generate jobs and host growth poles; (ii) improve food security through agricultural production; (iii) absorb demographic growth; and (iv) serve as an attractive region for public and private sector investments. This plan was further developed in 2011 by CIAT, based on broad local consultations in the region, and outlined in the Haiti Tomorrow: The Center Artibonite Loop (CAL), Territorial Goals and Strategies for Reconstruction report.

The region, since then commonly referred as the CAL, lies between three areas of high economic activity: PaP to the South, the Dominican Republic (DR) to the East, and Cap Haïtien and the North Department to the North. While the Central Plateau and Valley of Artibonite are areas with high economic and agricultural potential, poverty rates are also some of the highest in the country, and vulnerability to natural hazards and climate change presents major challenges. The CAL hosts the Valley of the River Artibonite (one of the largest watersheds in Haiti) and the mountainous chain contributing to the diversity of microclimates and geographic exposure of the country. Isolation of communities and lack of connectivity are a major constraint to growth and development of the region and its people. Despite some efforts to build roads and transport infrastructure, many areas with agricultural potential remain largely inaccessible.

The Project builds on the studies undertaken by the Government and proposes to finance key investments needed to unleash the potential of the CAL and spur growth. In particular, and in coordination with other donors, the Project would facilitate transport and trade, domestically and internationally, and build all-weather and climate resilient infrastructure. It would: (i) connect producers and inhabitants to local markets, services, and towns within the region, (ii) connect the region to the leading economic poles of PaP, the DR and the North, (iii) improve selected marketplaces, (iv) develop and disseminate territorial knowledge and provide technical assistance and tools to guide the actions and investments of the public and private actors in the region.

Sectoral and institutional Context

The Centre Artibonite Loop at a Glance. The CAL region covers three Departments (Center, Artibonite and North), 7 “Arrondissements” (an administrative division specific to Haiti, which may be translated by “Districts” in English), 14 Municipalities and 58 “Sections communales” (the smallest administrative division in Haiti). It hosts today a population of about 1.2 million inhabitants, 23 percent of which live in urban centers, over a total territory of 4,643 km². The perimeter of what is called the “loop” is 240 km long and is equidistant (24 km away) from 10 urban centers.

Agriculture. Agriculture is a major source of growth for the Haitian economy, and is the core sector driving development of the CAL region. The sector accounts for 25 percent of GDP and represents about 50 percent of total employment. The Artibonite Valley is one of Haiti’s main agricultural resources, especially for rice and mango, and the Central Plateau has strong potential in sugar cane, congo peas, poultry and cattle. Nevertheless, the overall importance of agriculture has declined due to a loss of productivity resulting from depletion of natural resources, limited access to services, land tenure insecurity, costly access to markets, weak public institutions, and an extreme vulnerability to climate change and natural hazards. To recover and increase production, the GoH is planning large investments, such as irrigation and the development micro-parks in the CAL region, with financial support from various donors, including the Inter-American Development Bank (IDB), International Fund for Agricultural Development (IFAD), European Union (EU) and PetroCaribe. The Bank and the Ministry of Agriculture, Natural Resources and Rural Development (MARNDR) are currently exploring the possibility of expanding its Bank-funded Strengthening the Management of Agriculture Public Services (P113623) and Relaunching Agriculture: Strengthening Agriculture Public Services II (P126744) Projects to the CAL region, which finances the delivery of vouchers for the private provision of agriculture services and matching-grants to increase agricultural productivity and lower post-harvest losses. Markets are still in miserable conditions from an infrastructure, hygiene, and governance point of view. Strengthening these markets would increase the traded volume and contribute to improve food safety.

Business Development. Haiti has a comparative advantage and a growth potential in certain sectors, such as food exportation (e.g. fruit and vegetables, rice), textiles, and mining. However, the conditions are not sufficiently stable to attract private sector investments: poor physical infrastructure, poor business environment marked by contradictory and outdated regulations, lack of access to finance, of links to stable value chains, and of skills for an atomized Micro, Small and Medium Enterprises (MSME) sector. The challenge is to develop an attractive investment environment, encouraging investors (foreign or domestic, and MSMEs), and stimulating their interest in investing in specific zones where they would be assured clear land tenure, basic infrastructure, and policies that are conducive to investment.

Transportation & Connectivity. Roads remain the primary mode of transportation for both people and goods, and infrastructure investments remain critical to Haiti's medium and long-term social and economic development. With about 80 percent of traffic by land, Haiti has a limited network, which suffers from a lack of maintenance, and from the impacts of climate change and variability, and entire regions remain isolated during the rainy season. The Bank has supported the transport sector nationwide since 2006, with a particular focus on critical spot interventions and on strengthening road maintenance country system to improve resiliency and protection of assets. Transport connectivity must be improved to facilitate economic and agricultural trade dynamics, including (i) a functioning structural network of primary and secondary roads to ensure access to internal and external markets; and (ii) all-weather access rural roads from production to processing sites and local markets. A reliable road network would also lower transportation costs and facilitate greater accessibility to social services for rural and peri-urban communities, including the delivery of aid and access to health services during emergencies. In the case of Haiti, it would also have a significant positive gender impact.

Climate Change Adaptation and Disaster Risk Management (DRM). Haiti has undertaken a number of initiatives over the last dozen years to respond to the threats posed by adverse natural events and climate change and variability. The National DRM System was established in 2001 to handle emergency operations and manage disaster risk. The National Action Plan of Adaptation was developed in 2006, identifying the country's main vulnerabilities to climate change and its adaptation needs. A large "adaptation deficit" was identified: the country's capacity to cope with current climatic impacts is weak and will be further reduced in the future if risk reduction and climate proofing measures are not introduced in structuring investments and key economic sectors. Since 2005, the Bank has supported the Government in its effort to improve disaster preparedness by strengthening the network of municipal Civil Protection Committees and enhancing disaster response capacities of Emergency Operation Centers, and to undertake long-term DRM plans. Furthermore, as part of the Climate Investment Funds' (CIF) Pilot Program for Climate Resilience (PPCR), a US\$25 million Strategic Program for Climate Resilience (SPCR) was developed by the Haitian Government through CIAT, with support from the Bank and IDB, to respond to the assertion that climate change is not exclusively an environmental problem, but an inherent challenge to Haiti's sustainable development. The proposed Project would receive a US\$8 million PPCR grant in co-financing to finance the climate-proofing of infrastructure in the CAL, corresponding to one of the four priority SPCR investment projects.

II. Proposed Development Objectives

Project Development Objective: The objective of the proposed Project is to support the development of the Centre Artibonite Loop (CAL) region, primarily by enhancing all weather connectivity and logistics for producers, and the region's resilience to climate change.

This Project Development Objective would be achieved through: (i) enhancing transport connectivity between the CAL and other regions; ii) enhancing the access of inhabitants and agricultural producers to selected markets by improving internal connectivity within the CAL as well as selected market facilities; iii) developing regional knowledge and tools to enable public and private actors in the region to better plan investments and activities; iv) improving the region's resilience to climate change; and v) providing the Government of Haiti (GoH) with resources and capacity to respond promptly and effectively to an eligible emergency.

III. Project Description

Component Name

Enhancing logistics and transport connectivity

Comments (optional)

Component Name

Improving infrastructure and management capacity of markets

Comments (optional)

Component Name

Supporting the development of territorial knowledge, planning capacity and local participation

Comments (optional)

Component Name

Contingent Emergency Response Component

Comments (optional)

Component Name

Project Implementation, Monitoring and Evaluation

Comments (optional)

IV. Financing (*in USD Million*)

Total Project Cost:	58.00	Total Bank Financing:	50.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			50.00
Strategic Climate Fund Grant			8.00
Total			58.00

V. Implementation

The MEF is the Counterpart for the Project, given the overarching Project objective of diversifying the economy and improving growth outside of Port au Prince. MEF's Unité Technique d'Exécution (UTE), an existing implementing agency at MEF for other donor financed Projects (the IDB in particular), would be the implementing unit for the proposed Project. The UTE has extensive experience managing other large infrastructure projects, and with a long history of close collaboration with MTPTEC. It would be responsible for managing all fiduciary, procurement, safeguards, monitoring and evaluation and technical aspects of the proposed Project, as well as coordinate implementation with the Project partner institutions such as the CIAT, MTPTEC, and MARNDR. These partner institutions would play a key strategic and technical role, but UTE

ultimately would be responsible for compliance with Project requirements, procurement guidelines, and implementation actions and schedule.

This is the first time the UTE would implement a World Bank project. Preliminary procurement and financial management assessments, as well as its good track record in implementing projects of other donors, including multi-sectoral complex infrastructure projects, and PPAs for the Culture Heritage and Tourism Development Project (P144614), also under preparation, indicate that it would be an effective PIU. The UTE initiated organizational restructuring and strengthening to better adapt its structure to the nature and volume of the projects under its responsibility. Component 5 of the proposed Project would strengthen the implementation capacity of the UTE by financing salaries, consultants for specific tasks, operational costs, and goods to provide the necessary conditions for successful implementation. Considering the scope of work and the need for a day-to-day monitoring on site, the proposed Project would also explore options to strengthen social and environmental supervision capacity during Project preparation. Required safeguards instruments would be prepared prior to the commencement of works. A dedicated team would be hired to ensure effective implementation on the ground specifically, in compliance with agreed procedures and selection methods. This dedicated team would form a “local UTE” to be based in the CAL region to support Project implementation.

An implementation agreement would be signed to define roles and responsibilities, between UTE and: (i) CIAT, which would have a strategic role in selecting the priority investment areas mainly, as well as an oversight role, and maintain its mandated coordinating role amongst line Ministries; (ii) MTPTEC, which would provide technical support to UTE and CIAT to develop lists of criteria, guidelines, and which would be technically responsible for the implementation of activities related to the rehabilitation of construction of the structuring road network; and (iii) MARNDR, which would be consulted by UTE and CIAT to contribute to the development of lists of priorities, selection criteria, guidelines, grant application forms.

Project partners, local stakeholders and key representatives of the private sector at the national and regional levels would be consulted throughout the lifetime of the Project. In particular, for Component 1.2 and 2, UTE would ensure mechanisms are put in place to ensure key stakeholders in the CAL region are consulted every 6 to 9 months to review the progress of the Project. These consultations would also track and mitigate any problems or potential risks, propose actions to mitigate these risks, develop measures to solve problems, and provide any insight pertinent to their sector of knowledge.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x

Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)**VII. Contact point****World Bank**

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