1. Key development issues and rationale for Bank involvement

1.1. Country Context: Haiti is the poorest country in the Western Hemisphere and one of the most disadvantaged in the world. For the past twenty years, Haiti has struggled to emerge from a cycle of political instability and internal conflicts that has devastated its economy, further weakened state institutions, multiplied poor governance practices, augmented levels of poverty and, at times, prompted the withdrawal of external assistance to the government. Largely as a result of these recurrent crises, the socio-economic situation has continued to decline. Poverty, inequality, and social indicators in Haiti are among the lowest worldwide. Some 78 percent of its population of 8 million lives below the poverty line, with 54 percent living on less than a dollar a day.¹ Haiti ranks 154 out of 177 countries on the United Nations 2006 Human Development Index.

1.2. Living conditions in Cité Soleil, Bel Air, Martissant and the other violent, impoverished slums in Haiti’s cities are among the worst in the Americas. Amid high unemployment and acute poverty, malnutrition is prevalent. Insufficient access to safe water and sanitation, as well as a lack of solid waste collection, threaten human health and the environment. There are few public facilities or services and only a nascent presence of state institutions of any kind, including law enforcement. Violent crime rates are high, and the politicized armed gangs that control the major slums—particularly those of the capital, Port-au-Prince—have used them as a base for kidnapping and other criminal activities across the city. These urban neighborhoods have been both victim and cause of explosive conflicts combining demographic, socioeconomic,

¹ World Bank, 2006 World Development Indicators.
institutional, and political risk factors\(^2\). Violence and insecurity in the Port-au-Prince slums in particular\(^3\) has undermined the political process, fuelled conflict, impeded economic and social activity, imposed costs on residents and businesses; driven outward migration; and negatively affected development and reconstruction efforts. Restoring basic services and creating opportunities for the residents of these neighborhoods goes hand-in-hand with maintaining political stability. In turn, reducing violence and improving security conditions are of paramount importance to foster sustainable development in Haiti.

1.3 Since December 2006 – when gang-related crime and violence was at its peak – joint actions between the Haitian Government and MINUSTAH forces particularly in the Port-au-Prince metropolitan area have resulted in the arrest or removal of many gang-leaders and a significant drop in levels of crime and violence and relative return to ‘normalcy’ in the capital and its slums. Nevertheless, it is recognized that whilst this represents a window of opportunity for development interventions in the slums, this is a fragile ‘peace’ - depending in large part on the continued presence of MINUSTAH - and that the underlying causes of the instability remain to be addressed. To this end, the Urban CDD project (PRODEPUR) seeks to scale-up the pilot in urban Community Driven Development (CDD) project in Cite Soleil and Bel Air (PRODEPAP) to other poor and conflict and violence ridden urban slums with the aim of helping to mitigate conflict and violence while supporting stabilization and medium term socioeconomic development goals in the targeted areas.

1.4 Building on the results achieved under the 2004 Interim Cooperation framework (ICF) the Government of Haiti (GOH) under President Preval’s administration is committed to improving the conditions of the most vulnerable groups throughout the country, including scaling-up activities in the slum areas of Port-au-Prince and other cities, as part of the Social Pacification Program (“Programme d’Appaisement Social”), which among other things seeks to address urgent needs in poor and violence-stricken marginalized urban areas with the aim of mitigating the risks of conflict and violence and promoting stabilization. In January 2006, the Bank’s Board endorsed an Interim Strategy Note (ISN) for Haiti. The ISN supports targeted interventions in urban slum areas and for FY08 the ISN envisions scaling up LICUS/Post Conflict-funded operations with IDA resources with a focus on urban slum areas.

1.5 Recent Bank assistance to Haiti for Community-Driven Development: The proposed project seeks to build on recent and successful Bank-funded CDD interventions in the country where it supported in 2004, through a Post-Conflict Fund (PCF) grant (US$1.0 million), the design and implementation of a rural Community-Driven Development (CDD) pilot project executed, by the Pan American Development Foundation (PADF), under the oversight of the Ministry of Planning

\(^2\) These findings are highlighted in the 2006 Country Social Analysis: (World Bank April 2006) which examines the triangle of key factors contributing to the country’s “conflict-poverty trap”: (a) demographic and socioeconomic factors at the individual and household levels; (b) the role of so-called “entrepreneurs of violence”, capable and willing to engineer violence for political, financial and other purposes; and (c) the state’s institutional capacity to provide public goods and contain/manage social and violence risks arising from (a) and (b).

\(^3\) It is now well documented that the geographical sources of violence are highly concentrated in Port-au-Prince’s major slums of Cité-Soleil, Bel-Air, La Saline, etc. (although gangs operate out of these areas and across the city).
and External Cooperation (MPCE-PL-480). This was followed up with a US$1.25 million LICUS grant and subsequently a US$38 million IDA funded rural CDD project (PRODEP) and an additional Post-Conflict Fund (PCF) grant (US$1.25 million) for the design and implementation of an urban Community-Driven Development (CDD) pilot in the Port-au-Prince metropolitan area, also executed under the oversight of the Ministry of Planning and External Cooperation (MPCE-PL-480).

1.6 These projects also draw on the extensive experience accumulated in the region, specifically the Bank’s successive generations of Rural Poverty Reduction projects in Northeast Brazil (the participatory methodology of which was successfully adapted to the Haitian context). The proposed urban CDD project will also draw on the recent experiences of urban crime and violence prevention in Bank-financed slum-upgrading projects in Jamaica, Brazil, and Honduras as well as on the experiences of CDD projects in post-conflict/fragile states, including in Afghanistan and Liberia. To date, and over a period of six months, the urban CDD pilot project (PRODEPAP) has successfully supported the formation of two Project Development Councils (COPRODEPAP) through an open, democratic, and participatory process. Sub-projects have been identified and the first round of prioritization is ongoing. These results on the ground confirm the relevance and effectiveness of the CDD approach in supporting the development needs of poor ‘flash-point’ urban communities in Haiti and provides a strong foundation for scale up and replication countrywide.

1.7. The urban CDD methodology is adapted from the rural methodology to reflect the different context, including: a different relationship with local government as a function of the now installed recently elected local authorities and closer proximity to them; a more transient and greater population that requires a different mobilization strategy that relies to a larger extent on community leaders and different communication strategies; and a greater risk of elite (and gang) capture and misuse of funds by the Project Development Councils that requires the co-management of the funds by the supervising agency rather than sole management by the community. The project will develop institutional mechanisms that foster greater and sustained involvement of local government with the Project Development Councils throughout the project cycle, and provide strengthening of local government, in particular in the use of CDD methodology, local governance and transparency, and project supervision and project (donor) coordination.

1.8. A CDD project - rather than a traditional integrated slum upgrading project – is proposed for the following reasons: (i) CDD has a successful track record in rural Haiti, as well as in other troubled urban/conflict contexts and there exists strong institutional support and capacity for CDD; (ii) the project will help provide services and productive activities to improve conditions in the slums and in addition through the CDD model provide opportunities to strengthen legitimate community groups and enhance social cohesion, reinforce a positive presence of the state, and begin to address the socio-economic causes/risk factors of crime, violence and gang membership; (iii) it is appropriate to work directly with communities in this context, as government structures are nascent in these areas; and (iv) the 2002 Haiti Country Assistance Evaluation indicates that in the Haiti context it is better to focus on small community-supported bottom-up interventions rather than big top-down infrastructure projects.
1.9. Finally, the proposed project would coordinate with other ongoing basic infrastructure rehabilitation, rapid employment generation and community-driven development initiatives that include: (i) the IDB-funded Local Development Project with FAES (Fund for Social and Economic Assistance) and the Basic Economic Infrastructure Rehabilitation Project with the Ministry of Economy Finance, (ii) the USAID-funded Jobs Program and community-based small infra-structure programs implemented by CHF and the IOM (International Organization for Migration); (iii) the community-based component of the World Bank-funded Emergency Recovery and Disaster Management Project; and (iv) other initiatives where relevant, such as the proposed WB-MINUSTAH joint venture to undertake labor-intensive infrastructure rehabilitation in violence-prone urban slums. It is also expected that the ongoing World Bank/UN-Habitat/Cities Alliance-supported preparation of a national slum-upgrading strategy for Haiti will inform the preparation process of the proposed urban CDD project.

2. Proposed objective(s)

2.1 Based on the successful experience of the rural CDD and pilot urban CDD projects, the proposed project would seek to scale up the direct transfer of resources to local community organizations in poor urban communities, by: i) improving their access to basic social and economic infrastructure and support income-generating activities by financing small-scale investments that are proposed, implemented, and managed by community organizations; and (ii) improving governance and building social capital of communities by increasing citizen participation and transparency in open decision-making processes.

2.2 Key indicators for the project would be (i) total resources transferred to CBOs over the life of the project; (ii) change in access to basic services as a function of subprojects implemented by CBOs (Community-Based Organizations); (iii) cost-benefit of productive subprojects (iv) social cohesion as measured in level of community participation; and (iv) level of local government participation in CDD process and sub-projects.

3. Preliminary description

3.1 Total project cost is estimated at US$16.0-20.0 million (with a possible US$4.0 million counterpart financing in a high-case scenario). An IDA-funded Grant of US$15.0 million is proposed with an additional US$1.0 million in beneficiary contributions. The proposed project would have three components:

3.2. Community Subproject funds, management, and support (US$12.1 million) would finance subprojects in some 9-12 targeted communities in peri-urban and urban slums. Subprojects would finance: (i) small-scale investments, costing on average US$20,000 (but up to US$50,000 subject to pre-approval), which are identified by community associations (CBOs) and later prioritized in representative project councils (COPRODEP) as a function of available resources under the project and (ii) the contracting of service providers in the project areas to mobilize

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4 Preliminary slum areas identified which fulfill poverty criteria and are traditional ‘flash-point’ communities include: Cite Soleil, Bel Air, Martissant, Delmas 32 (Port-au-Prince); La Fossette, Nan Bannann (Cap Hatien); Kasoley, Raboto, Descahos (Gonaives); and Portail Guepe, Portail Montrouis (St. Marc) and possibly one neighborhood in Peti-Goave.
CBOs to participate in the project, as well as provide the necessary training and technical assistance to these CBOs in the preparation and subsequent execution of subproject investments. The component would also finance training and technical assistance to prepare the respective Project Development Councils to fulfill their responsibilities related to subproject prioritization, monitoring, and supervision. The subprojects are expected to be both productive in nature as well as finance small infrastructure and rehabilitation works (following the experience under the PRODEPAP CDD pilot). Funds for subproject execution will be managed jointly with PADF, rather than transferred directly to community associations, and they are then jointly responsible for subproject financial management and expense reporting. Subproject selection will be demand-driven and will follow procedures detailed in a revised project operational manual, updated from the lessons learned from the Rural CDD project and urban Port-au-Prince pilot project.

3.3. Capacity-Building and Technical Assistance (US$1.7 million), implemented by the Project Coordination Unit (PCU/PL480) would finance, among other things: (i) training-of trainer events in basic management, administration, accounting and financial management for Project development Councils as well as local government; (ii) capacity-building and TA to strengthen governance, participatory development, supervision, and coordination capacity at the municipal government level; (iii) workshops for service providers to equip them to adequately accompany CBOs and Project Development Councils in carrying out the activities under component 1; (iv) training of PL-480 staff in order to effectively supervise overall project implementation.

3.4. Project Administration, Supervision, Monitoring and Evaluation (US$1.2 million) would finance incremental costs associated with project implementation by the project coordination unit (PCU), which is currently housed in the existing PL-480 Management Office and operate under the oversight of the Ministry of Planning. This would include the establishment with adequate funding of a Monitoring and Evaluation (M&E) system of project execution and results.

4. Safeguard policies that might apply

[Guideline: Refer to section 5 of the PCN. Which safeguard policies might apply to the project and in what ways? What actions might be needed during project preparation to assess safeguard issues and prepare to mitigate them?]

5. Tentative financing

Source: ($m.)
BORROWER/RECIPIENT 0
BENEFICIARY COMMUNITIES 1
IDA Grant 15
Total 16

6. Contact point

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5 Also the implementing agency for the IDA-funded Haiti Rural CDD/PRODEP and PCF-funded Urban CDD pilot/PRODEPAP.
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