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.

More recently, Haiti has maintained macroeconomic stability and is showing signs of modest growth. Economic growth is estimated to have reached 4 percent in HFY13, up from 2.8 percent observed in HFY12. This growth performance is mainly attributable to a pick-up in agricultural production, construction and the industrial sector, in particular the textile and garment industry. With abundant, affordable labor and close proximity to the United States for shipping and travel, Haiti possesses potential to attract new investment in the agribusiness, apparel, and tourism sectors, as well as construction/building materials and logistics in the near term, if the business environment and physical infrastructure improve.

**Sectoral and institutional Context**

Regional development approach based on tourism. After the earthquake, the government and the private sector both presented the need for economic decentralization in three regions (North, Center and South), in order to ensure equitable and sustainable growth in the country and create economic opportunities outside of the capital. The North (North and Northeast Departments) has potential for regional development through tourism with its endowment of world-class cultural and natural heritage assets which can be harnessed for tourism development. Included among these assets are the United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage site, the National Historic Park-Citadelle, Sans Souci, Ramiers (PNH-CSSR); relatively well preserved colonial architecture in the historic center of Cap-Haitien (the capital of the north and the country’s second largest city); and the tourism port of Labadee, where Royal Caribbean Cruise ships call weekly.

The North of Haiti is also rich in intangible culture, in particular the annual Patron Saint festivals (mix of voodoo and Christianity), which attract 800,000 to 1 million visitors between June and September each year – with a large number of visitors from the diaspora. The North of Haiti is also home to many of the historical monuments and sites unique to the country, including: Taino Amerindians archaeology and artifacts, the sites of Christopher Columbus’s first fort and settlement in the Americas; the site of the defeat of the French and of particular value, the Citadelle Laferriere fortress, which is the symbol of Haitian independence. This is one of the most attractive tourism sites in the whole country and is of notable stature with other highly visited sites in the Caribbean.
Combined, these sites and their historical character provide solid building blocks for tourism development, particularly cultural heritage tourism.

Demand for tourism in Haiti is growing. Figures from the Ministry of Tourism (MT) demonstrate that Haiti received the highest volume of tourists during the first quarter of 2013 since 2007 and between 2007 and 2011, international tourist volumes increased on average by 4.9 percent per year, despite the global financial crisis in 2008 and the disasters that hit Haiti in 2008 and 2010. Based on a recent empirical study of Haiti’s Tourism potential, 56 percent of tourists in Haiti come from the Haitian Diaspora, up from 45 percent in 2011. The US is the largest source of outbound tourism - of both Haitian Diaspora and tourists of non-Haitian descent. Beyond the current demographics and breakdown of tourists, there is new demand emerging from the United States. Top US tour operators have confirmed that the Citadelle is “the” product that Haiti has to sell and that historical and archeological assets in the North are the main driver of market demand for Haiti. The most recent figures collected by the MT for 2013 show an average of 2,800 visitors per month to the National Historic Park (total visitors to the Sans Souci Palace and/or the Citadelle). Thus a projection for the estimated total number of visitors to the NHP for 2013 will likely exceed 30,000.

Tourism is a labor intensive industry, grows the private sector through job and new firm generation. Receipts from international tourists were US$312 million in 2009, which accounted for about 34 percent of the value of Haiti’s total service exports and 8 percent of GDP that year. Tourism receipts are expected to rise significantly over the next five to ten years. Royal Caribbean Cruises International (RCI) has been renting the Labadee terminal from the Government of Haiti for approximately 25 years and estimates that over a million cruise passengers could visit Labadee by 2015, spending annually US$40-50 million in the area and creating thousands of jobs, if constraints are addressed. RCI has contributed a large proportion of tourist revenue to Haiti since 1986. Despite the tourist fee, direct linkages to the local economy are not fully leveraged as tourists typically do not leave the Labadee enclave, in part, due to the lack of adequate transportation, tourist infrastructure and appropriately maintained attractions. While RCI day-trippers represent a first group of potential tourists to North Haiti even greater economic impacts and benefits to the local community will come from international and domestic tourists (overnight tourists) attracted by a variety of sites and local experiences. Currently the key source markets for tourism in Haiti are: Canada and the US (including Haitian diaspora); the DR; other French Caribbean islands (Guadeloupe, Martinique, French Guyana); Turks and Caicos; and domestic tourists traveling within Haiti (Haitians and expatriates).

By January 2014, Canadian tourists will start coming to the North of Haiti through a package offered by the leading company of the Canadian packaged vacation industry, Transat A.T. Inc. This package follows the first Air Transat package to Port-au-Prince and Côte des Arcadins, which started in January 2013 and is growing in popularity.

Recent improvements to airport infrastructure at the Cap Haitien International Airport will enable the arrival of larger airplanes to Cap-Haitien directly from the US and other countries. Pending FAA approval, American Airlines plans to establish a regular flight direct to Cap-Haitien from the US. The rehabilitation of the Route Nationale 3 (RN3) from Port-au-Prince to Cap-Haitien will also dramatically increase road access to Cap-Haitien. After completion of the current segment of roadwork, there would only be 10 km of road not rehabilitated (including 6 km that cuts through the PNH) of the entire 190 km road between Port-au-Prince and Cap-Haitien.
Tourism in Haiti faces constraints which development of the sector in the North can begin to unbind. Haiti’s tourism development is stifled by a recurrent image of Haiti as a politically unstable, unsafe and violent country. The UN Office on Drugs and Crime (UNODP)’s 2011 Global Study on Homicide revealed that homicide rates in Haiti were very low in comparison to other countries in the Caribbean and Latin America. In 2010, Haiti’s homicide rate was 6.9 per 100,000 people, much lower compared to some of Haiti’s neighboring countries: Jamaica (highest rate in the Caribbean) at 52, Trinidad at 35, the Bahamas at 28, and DR at 24. This homicide rate has not deterred tourists to visit these countries. Therefore, there is much work to do in terms of sensitization and the promotion of a different image for Haiti. The MT takes the security of tourists seriously, and the 2014 budget included new funds for a tourist police force. While Haiti’s lack of basic infrastructure, especially health services, is a major factor to take into consideration in areas of high tourism potential, similar limitations are seen in thriving tourism destinations such as Cape Verde and Bhutan. Furthermore, marketing campaigns can play an important role in rebranding the country’s external image. While an initiative called “Brand Haiti” has already started work in the area, there will be a need for a more aggressive and targeted campaigns, such as in Colombia, another destination with previously negative image problems, that benefited from similar campaigns.

Official travel warnings issued by foreign countries for their citizens traveling to Haiti is an important factor in considering Haiti as a tourist destination. The US Travel Warning for Haiti was revised on August 13, 2013. It better defines risks of traveling to Haiti, emphasizing poor infrastructure and medical facilities and emergency services (as opposed to the former common view that the main risks are crime, kidnapping and violence), and localizing the riskiest areas stating that regions outside of the capital have lower reported incidents of crime. In 2013, Canada also modified its Travel Advisory for Canadians traveling to Haiti indicating specific regions or cities that have higher incidents of crime. Explicitly identifying areas of higher risk is important for the development of the North as a regional destination, as it is not identified as an area of high risk.

The current Martelly-Lamothe Administration is the first government to actively support tourism as a driver of growth. The MT is pursuing regionally-based tourism development of three regions: the North coast (North and Northeast Departments), Arcadins Coast and the Caribbean Coast (Southeast and South Departments, along the coast). The guiding principles of the Government of Haiti’s Tourism Strategy are to: support and facilitate the development of the tourism industry, make a more competitive investment code, promote public and private sector partnerships in hospitality and infrastructure projects, activation of the National Tourism Development Council and promoting sustainable development through respect for cultural integrity, environmental protection, sustainability of products and community involvement. The MT’s Short-Term Action Plan for Tourism is heavily focused on improving infrastructure (e.g. airports, ports) to improve access to key tourism sites in the three regions.

The GoH’s FY14 budget includes an estimated 447 million gourdes (equivalent to US$10,275,862) for the MT, which is an increase of 26 percent from the last fiscal year. In the past year and a half, the Minister of Tourism financed some emergency works within the Citadelle, build welcome kiosks at the Sans Souci Palace and Choiseul and kiosks for artisans in Choiseul and Cap-Haitien and hired over 20 new staff to work at the key tourist sites in the North. The collection of entry fees, previously done by the municipality of Milot, is now undertaken by the MT. The Haitian Tourism Association (ATH) maintains the North is the first region for tourism development in Haiti, as it has the most potential for tourism development based on historical and cultural assets.
Actions by the Haitian public and private sector reflect the priority given to development of the North as a tourist destination. The MT is working with the private sector to improve existing hospitality and convention facilities as well as constructing new hospitality training centers/schools. Given the highly centralized nature of the Haitian public administration, much of the technical services are based at the central MT in Port-au-Prince. As such, the Northern Office of the MT (MT-North) is primarily comprised of operational staff focused on projects. The Project would provide support to the MT-North to improve design and management of projects.

The North region has received several large investments in recent years, including: the construction of Caracol Industrial Park (US Government and the Inter-American Development Bank (IDB)), construction of the University in Limonade (Government of the DR); Royal Caribbean Cruises’s growing operations in Labadie; garment and light manufacturing operations at CODEVI Free Zone in Ouanaminthe (Dominican firm Grupo M) and a port development project, still to be identified by the GoH. On the tourism front, the IDB’s Multilateral Investment Fund, with Canadian NGO CECI, are currently implementing the Tourism Development Support Project for the North of Haiti, which has laid the foundation for tourism development at the destination-level, in particular through the establishment of the Destination Management Organization (DMO), a partnership of the public and private sector actors in the North, which will play a central role in tourism planning and development in the future.

Proper heritage conservation in an area exposed to major natural hazards involves reducing their vulnerability to these risks. Several reports emanating from a World Heritage Commission (WHC) technical mission highlighted the extreme vulnerability of PNH-CSSR to seismic risk, the Citadel in particular. The GoH has been alerted to the need to intervene in a short-term emergency response and a long-term protective action for a sustainable improvement of the seismic resilience of the vulnerable assets. The GoH has been working with UNESCO to develop an action plan for the restoration of these sites and preservation of their World Heritage status. The 2010 earthquake further highlighted the vulnerability of architectural heritage assets and the need to prevent irreversible destruction through preventive structural reinforcement. In Cap Haitien, main historic buildings are in dire condition or partially collapsed and adequate construction and development control is lacking. The project presents a unique opportunity to undertake seismic diagnosis, proposals and seismic reinforcement.

Management of the PNH-CSSR is of paramount importance for the sustainable development of tourism in the North. As a first step on the way to the establishment of a Park Management Authority (PMA), the government has created an inter-ministerial committee to coordinate the activities of the main government agencies involved in the preservation of the sites as well as a small embryonic Park Management Unit, comprised of a representative from these agencies. However, this unit currently lacks the operational structure and clear mandate status, as well as an operational budget. The proposed Project would support the evolution of this unit into the more robust PMA.

The National Cultural Heritage Institute (ISPAN), in charge of all Cultural Heritage assets in Haiti is facing capacity constraints. Many experienced heritage architects have retired or left the institution and have not been replaced by a new generation of qualified staff. Scarce Human and financial resources have prevented the institution from fulfilling the full range of its responsibilities, despite support from UNESCO and other organizations. A new management team has recently been
appointed, signaling the GoH’s intension to improve the status, management and economic potential of heritage sites.

II. Proposed Development Objectives
The Development Objectives of the Project is to contribute to inclusive development around key cultural heritage sites in the North of Haiti by upgrading selected heritage assets, strengthening local community infrastructures and promoting tourism sector development.

III. Project Description

Component Name
Cultural Heritages sites and touristic circuits in the National Historic Park and Cap Haitien
Comments (optional)

Component Name
Local Investments in Milot, Dondon and Cap Haitien
Comments (optional)

Component Name
Inclusive Tourism Sector Development
Comments (optional)

Component Name
Contengency Emergency Response
Comments (optional)

Component Name
Projet Implementation, Monitoring and Evaluation
Comments (optional)

IV. Financing (in USD Million)

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V. Implementation
MEF is the executing counterpart, coordinating the activities of all entities involved in the project. An existing PIU under this ministry - the UTE - would be responsible for the Project’s procurement,
financial management, safeguards, overall technical, monitoring and evaluation tasks. UTE would coordinate implementation with the Project partners, such as the MT, Ministry of Culture (MC), ISPAN, the PMA, local governments and communities, the private sector and the DMO. An operational manual covering implementation arrangements has been prepared.

ISPAN would designate a team of consultants (ISPAN-Team) dedicated to the preparation and monitoring of Heritage works in the PNH-CSSR and Cap-Haitien and the preparation of reports and other deliverables required by UNESCO before beginning any work on the monuments. The ISPAN team would share office space with the UTE in the North. ISPAN would coordinate relations with UNESCO related to the Project.

The PMA, led by ISPAN, once established formally would be responsible for implementing the Park Management Plan, including the master plan.

The DMO would be responsible for implementing activities under subcomponent 3.1 and 3.2 to support local initiative in the tourism value chain.

The local authorities and communities are expected to play a lead role in the implementation of local investments components. UTE would delegate the participatory programming task to a specialized NGO which would facilitate the organization of the Table de Concertation Départementale (TCD), the consultations with community based organizations, the identification of investments and the programming of activities for the micro-region around the PNH and in Cap Haitien. The TCD would serve as the coordination mechanism to bring ISPAN, the local governments of Cap Haitien, Milot, and Dondon, Chambers of Commerce, the private sector (heritage buildings owners, local tour operators, and MSMEs), the DMO and local communities and associations together, to ensure that stakeholders discuss content and articulation of overall project activities, help detect problems and propose corrective measures.

Each partner entity would sign an implementation agreement with UTE to define the respective roles and responsibilities, task programming, result framework, reporting requirements, terms of reference, communication and budget.

A Steering Committee would be created to provide strategic orientation, guidance, review of annual plan and monitoring of Project activities as well as to facilitate coordination between entities. The Steering Committee would be headed by the MT and would include MEF and the MC, the Ministry of Interior and Collectivities (MICT) and the Ministry of Environment (MdE), CIAT, ISPAN, the DMO the municipalities and UNESCO. UTE would serve as Secretariat for the Steering Committee.

Relations with other donors. The IDB has welcomed the Bank’s support for these initiatives in the North, as the investments under this Project would complement and create a critical mass with those they are planning to finance tourist reception facilities and roads, and the establishment of a DMO. Consultations during Project design have been carried out with UNESCO, which has expressed an interest in supporting ISPAN capacity. Additional Project partners include the City of Suresnes in France, the French Development Agency (AFD), universities as well as UNDP for Disaster Risk Management aspects.
VI. Safeguard Policies (including public consultation)

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Comments (optional)

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