

IDA AT WORK

Haiti: Supporting the Plan to Build Back Better

IDA is working alongside the people of Haiti to rebuild after the devastating earthquake that killed up to 230,000 people and wounded just as many on January 12, making it one of the deadliest natural disasters on record. More than 1.5 million people were displaced. With US\$7.9 billion in damages and losses—120 percent of Haiti’s gross domestic product (GDP)—and reconstruction needs evaluated at US\$11.3 billion, IDA has joined forces with other donors to support the emergency response and government’s medium-term plan to “build back better.”

Challenge

The earthquake that struck Haiti’s capital and nearby towns was one of the deadliest natural disasters on record. Housing, infrastructure, public buildings and businesses all sustained considerable damage. Roughly 1.5 million people were displaced. Damages and losses were evaluated at US\$7.9 billion or around 120 percent of GDP by the Post-Disaster Needs Assessment conducted by the World Bank and other donors, under government leadership. A donor conference in New York on March 31 raised US\$5.3 billion in pledges of assistance in support of the Government Action Plan for Reconstruction and National Development for the coming three years.

In the wake of this immense crisis, Haiti’s greatest challenge is to rebuild on a gigantic scale while seizing the opportunities provided by the necessity of rebuilding to achieve fundamental positive changes which the country has failed to achieve in the past. Haiti’s reconstruction plan aims to use reconstruction as an opportunity to spur sustainable development, by achieving greater economic and

geographic diversification through the development of new growth poles, making substantial progress in access to education, providing greater incentives and a better business environment for the private sector, developing growth industries such as agriculture, manufacturing and tourism, reducing vulnerability to natural disasters and other shocks, improving infrastructure and rebuilding urban infrastructure to disaster resistant standards, while re-housing entire communities, which will require clarifying land tenure and improving the land market.

GDP is projected to contract and job losses are estimated at 8.5 percent in fiscal year 2010. Commercial, manufacturing and infrastructure sectors are projected to shrink by more than 25 percent in FY2010. Annual inflation, which was projected to rise to 6.9 percent in FY2010 before the quake, is now set to reach 8.5 percent due to the decline in supply, rising transportation costs, and inflows of international aid. However, domestic revenue is projected to reach 80 percent of the pre-quake projection a better performance than expected. Remittances remain high and central to day to day survival for many families. With the overall fiscal deficit expected to deteriorate, from an initial projection of 2 to 3 percent of GDP (based on an assessment carried out in May), continued efforts to ensure improvements in economic governance are needed to give donors the comfort necessary for continued budget support to fund reconstruction and social expenditures.

Approach

The Bank's approach has been to provide immediate support following the crisis for the reestablishment of basic government functions while playing a leading role in coor-

inating the Post-Disaster Needs Assessment, in collaboration with the United Nations, the European Union, the Inter-American Development Bank and several bilateral partners, which provided a comprehensive post earthquake damage and loss and needs assessment which underpins the reconstruction strategy. In the current environment; the World Bank country program is aimed at providing substantial analytical, financial and coordination support for reconstruction, while continuing to focus on the medium to long term challenges which the Country faced already before the crisis and contributing to the international effort to address the short term needs of ordinary people.

Key activities under the IDA program have included the rapid approval in March 2010 of the US\$65 million Infrastructure and Institutions Emergency Recovery Project. A project advance made financing available in January under this project for the rebuilding of public institutions and transport infrastructure as well as support to government for crisis response and reconstruction planning. Over the last eight months, the Bank has added financing to its key projects and used their existing infrastructure and delivery systems to respond to the extraordinary conditions created by the earthquake. For instance, US\$12 million were approved to restore and expand access to primary education and US\$15 million to help communities initiate reconstruction through community-driven mechanisms. In August 2010, the government received US\$30 million from IDA in budget support in support of reconstruction-related expenditures which was matched by US\$25 million from the Haiti Reconstruction Fund that IDA administers on behalf of several donors. Before the end of 2010, US\$30 million is expected to be approved for community-

based housing, and a facility is to be put in place to facilitate the lending of Banks for business activities.

In addition, the Bank's pre-earthquake objectives remain relevant to address medium- to long-term challenges albeit with adjustments. It is built around (i) promoting growth and local development; (ii) investing in human capital; and (iii) reducing vulnerability to disasters with a cross-cutting emphasis on long-term institution building and support in the delivery of quick results. Vulnerability reduction and disaster prevention work started after the 2008 hurricanes which struck Haiti has been intensified, road building continues, as does substantial support to the schooling of children through the payment of school fees, the training of teachers, and overall support to the Education sector and education policy. Supporting Community-Driven (CDD) Development is a cornerstone of the strategy and IDA continues to build capacity and finance the investments needed in 68 of the poorest communities nationwide, benefiting over 700,000 people. Nine urban communities in Port au Prince have implemented cash for work and other projects since the earthquake, serving nine communities in Port au Prince through 68 sub-projects. Disbursements under the CDD projects are accelerating rapidly and they have and will receive additional financing as a key tool for responding to the crisis. Urban sub-projects have focused on the removal of debris from public spaces and access roads, as well as cleaning of local drainage ditches, provided temporary jobs to over 5,000 people in the neighborhoods of Cité Soleil, Martissant, Belair, and Delmas 32. Other emergency activities included the repair of some previously implemented sub-projects that had been damaged during the earthquake, including community kitchens and a community

poultry farm, and the installation of health infrastructure. The project also operates outside of the Port-au-Prince Metropolitan Area, in the municipalities of St. Marc, Gonaïves, and Cap-Haïtien.

Results

Using every instrument at its disposal, the IDA program has focused on providing immediate relief and reconstruction support while continuing to strive for long term structural improvements in the development of physical and institutional infrastructure in Haiti. Of the US\$479 million pledged in March by the World Bank Group in support of Haiti's reconstruction, half has been delivered in the form of new grants, including budget support, and disbursements from existing operations, funds made available by International Finance Corporation (IFC) and through debt relief.

Over US\$10 million per month have been spent to restore key government functions; assess buildings for reconstruction planning, remove debris from drainage canals that threatened to flood tent camps, distribute solar lanterns; provide food supplements for 200,000 children, fund school fees for 390,000 children; serve hot meals to 210,000 school children every day, and establish water systems benefiting 37,000 people in rural communities affected by the exodus. While these activities are ongoing, longer term efforts to improve economic governance, education access, road infrastructure, agricultural productivity, and support community driven development on a national scale continue.

Through a range of grants from IDA for projects and budget support, Haiti was making substantial progress in economic governance

before the earthquake, focusing more sharply on disaster risk reduction, improving infrastructure and broadening access to education before the earthquake:

Key achievements included:

- The improvement of budget processes and of transparency in public financial management, in particular the approval of an updated procurement law and the strengthening of capacity for economic governance more broadly.
- The broadening of access to education through the payment of school fees to 175,000 school children and the provision of daily meals to 80,000 school children per year, alleviating the financial burden of education on their families and improving their chances at better learning outcomes.
- The successful development of a broad network of community based decision making mechanisms in the form of community development councils and the realization of over 850 community based infrastructure and other development projects benefitting over 700,000 people in 68 rural and urban communities nationwide.
- The building of roads and the repair of bridges coupled with the development of planning, analytical, procurement and execution capacity at the level of the Ministry of Public Works which is now better positioned to face the immense reconstruction challenges.

Some key results of emergency actions include:

- Offices were acquired and equipped for the Ministry of Economy and Finance and Tax Office (over 500 staff), enabling the Ministry to function and revenues to be collected.

- Over 200,000 buildings have been assessed through the damaged building assessment initiative, under the responsibility of the Ministry of Public Works. These assessments are crucial to reconstruction planning.
- Around 90,000 cubic meters of trash and debris were removed from key drainage canals in Port au Prince, reducing flood risk for temporary camps in the capital.
- A total of 50,000 solar lanterns distributed, many of them to camp residents, increasing safety, making studying possible at night as well as eating communally, and reducing fire hazard.
- Through the World Food Program food supplements are being provided to 200,000 particularly vulnerable children aged 6-23 months and through the Pan American Health Organization care services are being provided to pregnant and lactating women and children from 0-24 months. These activities are complementary to the Bank's school feeding activities and consistent in an emergency situation with the objective of avoiding long-lasting effects of malnutrition on children.
- The broadening of access to education from 145,000 to 175,000 children per year through payment of their tuition and the scaling up of school feeding from 50,000 children to 80,000 who receive a hot meal every day.
- Six water supply systems were completed, benefitting 37,000 people in rural communities in the South, which are struggling to absorb the exodus from the capital.

IDA Contribution

As of August 30, 2010, the Haiti IDA portfolio comprised of 15 active projects for a total commitment of US\$307 million. Despite a more difficult operating environment, current disbursement ratio for Haiti is 40.4 percent,

against 37.8 percent for the Latin America and Caribbean region and 25.9 percent for the Bank overall. This high disbursement rate reflects intensive supervision by Bank staff (with most teams fielding at least one mission per month to Haiti during the first six months of 2010, breaking all records) and around the clock supervision from field based staff. From January through August, the World Bank disbursed US\$98 million in Haiti, including US\$42.5 million of budget support. In addition, the Bank serves as Trustee for the Haiti Reconstruction Fund, a multi-donor trust fund for Haiti's reconstruction.

Partners

IDA has maintained closed partnerships with other donors, in particular in the setting up of the Haiti Reconstruction Fund, which is set up in partnership with the Inter-American Development Bank and the UN and to which Brazil, Norway, Canada, Estonia, Australia, and Oman have contributed. The United States, France, and the European Union (EU) have also announced their participation. Cooperation is crucial in reconstruction and has been the Bank's modus operandi, starting with the leadership and coordination of the post-disaster needs assessment together with the EU and the UN immediately following the earthquake. Sustained efforts have been

to ensure that the Haitian government lead the reconstruction efforts and preside of all reconstruction mechanisms. IDA maintains close ties and executes joint projects with a multitude of actors and serves as a key convener and coordinating body for budget support and for reconstruction through its management of the Haiti Reconstruction Fund.

Moving Forward

IDA will continue to support Haiti through the crisis with new and existing instruments. New strategic directions to be laid out in the upcoming country strategy are likely to focus on institutional capacity building and governance, while underpinning the program with infrastructure investments including in housing, continued strong involvement in education and disaster risk reduction, and the facilitation of private sector development in close collaboration with IFC. IDA will also continue to provide lessons from worldwide experience on reconstruction and knowledge of fragile states as well as to serve as a convening power and source of analytical capacity and policy advice.

Last updated September 2010.
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