PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE

Report No.: PIDC1026

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 administratio n-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 gover nance (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	13-Nov-2013
Date PID Approved/ Disclosed	06-Feb-2014
Estimated Date of Appraisal Completion	17-Jan-2014
Estimated Date of Board Approval	20-Mar-2014
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

1. With a GDP per capita of US$725 in 2011, 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 per day, and 78 percent live on less than US$2 per day. The country has been hit by repeated exogenous and political shocks, which have hampered the economy and development of basic services. Furthermore, recent years have been marked by increased vulnerability, due to recurrent adverse hurricane seasons (especially since 2004) and the January 2010 earthquake. About 96 percent of the population live in areas at high risk to natural hazards, and 50 percent is concentrated in the five cities at greatest risk. Responding to short-term

imperatives, while 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.

2. The economy has dramatically declined over the last 30 years, resulting in high unemployment, decreased purchasing power, and decreased access to basic services. Employment in Haiti is mostly informal, working conditions are precarious and incomes are low. This situation has provoked the migration of roughly one million Haitians, mainly to the Dominican Republic, the United States, and Canada. Haiti's GDP is highly concentrated in Port-au-Prince, while the provinces, which generate agricultural products and goods, are, by contrast, unevenly developed.

3. The proposed project supports the Government of Haiti's objective of diversifying Haiti's sources of growth and decentralizing the economy of the country by promoting investment in regions outside of the capital region of Port au Prince. The importance of this objective was brought in sharp relief by the earthquake, which highlighted the dangers of the overconcentration of population and economic development in Port au Prince. 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.

4. In line with the objective of diversifying the economy and improving growth outside of Port au Prince, 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; (iv) facilitate transport and trade, domestically and internationally; and (v) 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.

5. The Centre and Artibonite regions lie between three areas of high economic activity: Port au Prince (PaP) to the South, the Dominican Republic (DR) to the East, and Cap Haïtien and the North Department to the North (see map attached). While the Central Plateau and Valley of Artibonite are areas with high economic and agricultural potential, poverty rates in the region are also some of the highest in the country , and vulnerability to natural hazards and climate change presents major challenges. Isolation of communities and lack of connectivity are a major constraint to growth and development of the region and its people.

6. 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 build all-weather and climate resilient infrastructure to connect producers and inhabitants to local markets, services, and towns within the region, to connect the region to the leading economic poles of PaP, the DR and the North, and to improve selected marketplaces. It will develop territorial knowledge and spatial analysis and

disseminate this knowledge and provide tools and technical assistance to guide the actions and investments of the public and private actors in the region.

Sectoral and Institutional Context

7. Administrative Divisions and Governance: Haiti's governance structure is highly centralized with the administrative and executing powers located in Port au Prince. Secondary levels of government are limited to decentralization at the Department level, then at the "Arrondissement" level, an administrative subdivision specific to Haiti. Each Arrondissement is a grouping of Municipalities or "Communes" , themselves divided into "Sections communales", the smallest administrative subdivision. Each Department is governed by an appointed "Délégué" in charge of devolved territorial services in the Department. Each technical Ministry has its decentralized services at the Department level. At the Municipality level, Mayors are elected. The CAL region covers 3 Departments (Center, Artibonite and North), 7 "Arrondissements", 14 Communes and 58 "Sections communales". There is no formal governance structure mandated to develop and guide territorial development across different Departments, and no local decision-making mechanism either that would take into account the welfare and overall development of several Departments as a region. Yet, those mechanisms are essential to achieve the objective of "refondation territoriale" outlined in GoH's PSDH. GoH's intention through the creation of CIAT in 2009, falling directly under the Prime Minister's Office, was to develop a territorial planning vision with adapted models for different regions of the country, and to play a key coordination role amongst the relevant governmental and local institutions.

8. 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 representing 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 great potential for 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 in irrigation and micro-parks in the proposed area of the Project, with financial support of various donors, including the IADB, IFAD, EU and Petrocaribe. The Bank and the Ministry of Agriculture are currently studying the possibility of expanding its Bank funded RESEPAG project, which finances vouchers and matching-grants to increase agricultural productivity and lower post-harvest losses, to the same region. Markets are still in miserable conditions from an infrastructure, hygienic and governance point of view. Strengthening these markets would increase the traded volume and improve food safety.

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9. Business Development: Haiti has a comparative advantage and growth potential in certain sectors. 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 MSME sector. The challenge is to develop an attractive investment environment, encouraging investors (foreign or domestic, SMEs and MSMEs), and stimulating their motivation to invest in specific zones where they would be assured clear land tenure, basic infrastructure, and policies that are conducive to investment.

10. 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% 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 since the earthquake. 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 will also lower transport costs and facilitate greater accessibility to social services for rura l and peri-urban communities, including the delivery of aid and access to health services during emergencies.

11. 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 posted 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. 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 disaster risk management plans. Furthermore, as part of the Climate Investment Fund's (CIF) Pilot Program for Climate Resilience (PPCR), a Strategic Program for Climate Resilience (SPCR) was developed by the Haitian Government through CIAT, with support from the Bank and IADB, 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 investment SPCR projects).

Relationship to CAS

12. The proposed Project is fully consistent with the current World Bank Group's Haiti ISN. The Strategy programs the second tranche of the US$520 million allocated to Haiti in response to the 2010 earthquake, from the IDA16 Crisis Response Window. Its overarching objective is to support the GoH in implementing sustainable post-earthquake reconstruction and shift from emergency to development. The Project will particularly contribute to achieving the strategic objectives 1 and 4 established as: Reducing vulnerability and increasing resilience; and Promoting inclusive growth. Furthermore, the Project also aims to strengthen government capacity, which is a cross-cutting theme on which the Strategy puts an emphasis.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

Project Development Objective (PDO): The objective of the proposed Centre Artibonite Regional Development Project (CARDP) is to support the development of the Center and Artibonite Loop (CAL) region by enhancing transport connectivity and logistics, territorial planning capacity, the region's resilience to climate change, and the country's capacity to respond efficiently to an (eligible) emergency.

This PDO would be achieved through: i) enhancing transport connectivity between the CAL and other regions; ii) enhancing the access of inhabitants and agricultural producers to markets by

improving internal connectivity within the CAL as well as 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 GoH with resources and capacity to respond promptly and effectively to an eligible emergency.

Key Results (From PCN)

The results of the proposed Project would be measured with the following set of indicators:

- Elaboration and adoption of a regional agenda for the development of the CAL, that is harmonious, planned, inclusive and operational, and that includes a dashboard with monitoring of key development indicators;
- Improved market facilities in support of agriculture activities;
- Improved basic facilities along the road networks that would alleviate transport conditions, especially for women;
- Increased Rural Access Index;
- Increased all-weather access to high potential productive areas, as measured by the reduction in the number of days the access is not available;
- Reduced transport costs along key corridors in the CAL region;
- Increased climate resilience.

III. Preliminary Description

Concept Description

Description:

Project Components:

COMPONENT 1 – Enhancing logistics and transport connectivity and strengthening road maintenance systems (US$40 million, o/w US$34 million IDA and US$6 million PPCR)

This component would aim to link the CAL to economic growth poles outside the region and to improve the internal connectivity of the CAL, by increasing all-weather access to agricultural production areas, markets and services, and improving Rural Access Index (RAI) . Complementing significant investments made by other donors in the primary and secondary road networks on the CAL, the project will target the protection, rehabilitation and construction of critical segments to maximize efficiency and impact. Specifically, this component would finance:

- Subcomponent 1.1. Improvement of the primary and secondary road network, with a focus on all-weather access and resilience to climate change (US$25 million). This would include works and related studies for the rehabilitation of vulnerable road sections, bridges, river crossings, and critical spot interventions along the Dessalines-Saint Raphaël, the Titanyen-Saut d'Eau, and the Maissade-Hinche roads (see map). To ensure the long-term sustainability of these investments, adaptation measures to climate change (such as the reinforcement of hydraulic protection for bridges or slope's stabilization works) would be mainstreamed into infrastructure design and maintenance.

- Subcomponent 1.2. Improvement of the tertiary and rural road network, with a focus on all-weather access and resilience to climate change, and connection points facilitating the transit and transport of agriculture products (US$10 million). This would include works and related studies for:

- Rehabilitation or upgrading of selected tertiary and rural roads and pathways, to facilitate all-weather access, especially for Intermediate Means of Transport (IMT) in isolated areas;
- Construction of small logistical facilities, such as collection points for agricultural production;
- Development and dissemination of infrastructure design, construction and maintenance guidelines, especially for roads and pathways dedicated to IMTs.

• Subcomponent 1.3. Improvement of local road maintenance mechanisms (US$5 million). This would include:
- Development of a Regional Maintenance Strategy for the CAL;
- Partial funding of the maintenance of the road and infrastructure network in the CAL for the duration of the project through the Road Maintenance Fund (FER), with the involvement of MSMEs and local communities;
- Rehabilitation of the local road maintenance equipment centers of MTPTEC and CNE in Hinche and Mirebalais, and possibly construction of a center in Saint Michel;
- Trainings and development of technical guidelines for road maintenance.

COMPONENT 2 – Support to inclusive economic growth and local development (US$8 million)

This component would complement infrastructure investments under Component 1, leveraging their efficiency and development impact. This component would also serve to complement o ther donor-financed and Bank-financed projects in the agriculture, energy and business development sectors in the region. Investments under this component would go towards the rehabilitation or construction of markets. They would finance works and related studies for the following:

• Rehabilitation, upgrading or construction of regional markets in Saint Michel, Saint Raphaël and possibly Mirebalais;
• Rehabilitation or upgrading of selected rural markets;
• Development of technical standards for market design and operation, Training and Technical Assistance to municipalities and communities to enhance management capacity of markets.

COMPONENT 3 – Territorial development databases and tools, in support to building planning capacity (US$5 million, o/w US$3 million IDA and US$2 million from PPCR)

This component would support the GoH, municipalities and local stakeholders to build and disseminate improved territorial knowledge of the CAL. It would support the development of methodologies and tools to inform territorial and urban planning and opportunities for public and private investment.

• Subcomponent 3.1. Improved knowledge with territorial development databases and tools (US$2 million): analytical studies and guidelines, inter alia economic, social and environmental studies, spatial analyses, urban studies and plans, plans for adaptation and resilience to climate change.

• Subcomponent 3.2. Support to the development of regional planning capacity (US$3 million):
- Facilitate broader exchange of information and consultation between regional stakeholders, using

existing administrative local consultation tables chaired by the local representatives of the national government, expanded to include municipalities, selected communities, and local stakeholders, such as Chambers of Commerce and associations of producers;
- Support the development of (i) a regional agenda which would serve to plan and coordinate the development of the CAL, by identifying and sequencing regional and local investment needs, and (ii) a dashboard tool capturing key development indicators and investments in the region;
- Support the establishment of participatory decision-making mechanisms at the local level to identify local priorities and investments, within the scope of the Components 1 and 2.

COMPONENT 4 – Contingent Emergency Response Component (US$1 million)

Due to the high risk of a catastrophic event in Haiti, the proposed project would include a provisional component, designed as a mechanism that would allow for rapid response in the event of an emergency. Such components, which include triggers and conditions for the use of funds, are included in most investment projects in Haiti in keeping with the recommendations of the 2011 WDR on Fragility and with the operational experience acquired in Haiti since the 2010 earthquake.

COMPONENT 5 – Project Management and Monitoring (US$4 million)

This component would finance the activities of the implementing agency, the Unité Technique d'Exécution (UTE), a project implementation unit under the responsibility of the Ministry of Finance and Economy (MEF). This unit implements projects financed by several donors including the WB and will coordinate, evaluate, supervise and implement the project. Funding would be provided to: (i) strengthen UTE's capacity to comply with its responsibilities under the proposed Project's Operational Manual, including the hiring of specialized staff (such as social and environmental specialists, procurement and financial management specialists), training and operating costs; (ii) cover staffing and operating costs for governmental institutions or ministries involved providing technical support to UTE, such as CIAT, the Ministry of Public Works, Transport, Energy and Communication (MTPTEC), and the Ministry of Agriculture and Rural Development (MARNDR); and (iii) conduct project audits and project studies, including performance reviews and impact evaluations.

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IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	×		
Natural Habitats OP/BP 4.04			×
Forests OP/BP 4.36		×	
Pest Management OP 4.09			×
Physical Cultural Resources OP/BP 4.11		×	
Indigenous Peoples OP/BP 4.10		×	
Involuntary Resettlement OP/BP 4.12	×		
Safety of Dams OP/BP 4.37		×	
Projects on International Waterways OP/BP 7.50		×	
Projects in Disputed Areas OP/BP 7.60		×	

V. Financing (in USD Million)

Total Project Cost:	58.00	Total Bank Financing:	50.00
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	50.00
Strategic Climate Fund Grant	8.00
Total	58.00

VI. Contact point

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