



# Program Information Document (PID)

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Concept Stage | Date Prepared/Updated: 28-Aug-2019 | Report No: PIDC27486



**BASIC INFORMATION**

**A. Basic Project Data**

Country Haiti	Project ID P171474	Project Name Haiti Development Policy Financing with a Catastrophe Deferred Drawdown Option (P171474)	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Board Date Nov 21, 2019	Practice Area (Lead) Urban, Resilience and Land	Financing Instrument Development Policy Financing
Borrower(s) Ministry of Economy and Finance	Implementing Agency Ministry of Economy and Finance		

**Proposed Development Objective(s)**

The Development Objective of the proposed DPF is to support the Government of Haiti to improve the country's capacity to manage disaster and climate-related risks and improve the management of the socioeconomic and fiscal impacts of disasters.

**Financing (in US\$, Millions)**

**SUMMARY**

<b>Total Financing</b>	42.00
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**DETAILS**

<b>Total World Bank Group Financing</b>	42.00
World Bank Lending	42.00

**Decision**

The review did authorize the preparation to continue



## B. Introduction and Context

1. **The proposed US\$42 million operation is the first bank wide Disaster Risk Management Development Policy Financing (DPF) with an IDA Catastrophe Deferred Drawdown Option (CAT DDO) in a fragile, conflict, and violence (FCV) country.** It will support the efforts of the Government of Haiti to strengthen the disaster risk management (DRM) and climate change adaptation systems in the country and to quickly mobilize resources in the aftermath of adverse natural events, including public health-related ones. The proposed DPF is aligned with Haiti's national development priorities and with the World Bank Group's Country Partnership Framework (CPF) for the Republic of Haiti for FY16-FY19.

### Country Context

2. **Haiti is the poorest country in the Western Hemisphere and the only FCV country in the Latin America and Caribbean (LAC) region,** with a Gross Domestic Product (GDP) per capita of US\$870 in 2018 and a Human Development Index ranking of 163 out of 188 countries in 2016. Based on the most recent household survey (2012), over 6 million Haitians live below the poverty line with less than US\$2.41 per day, and more than 2.5 million fall below the extreme poverty line (US\$1.23 per day). A recent analysis of poverty trends based on a 2017 follow-up survey of Well-being via Instant and Frequent Tracking found no significant changes in poverty incidence, largely explained by the high vulnerability of households to shocks.

3. **Haiti is highly exposed to natural hazards primarily hurricanes, floods and earthquakes that have caused extremely severe human and economic impacts.** Over 93 percent of its surface and more than 96 percent of the population are exposed to two or more hazards. Hurricane Matthew resulted in estimated damages and losses equivalent to around 32 percent of GDP and the 2010 earthquake destroyed the equivalent of about 120 percent of GDP. The potential future maximum losses from hurricanes and earthquakes occurring within a 250-year return period are estimated at US\$1.6 billion (13.3 percent of 2016 GDP) and US\$2.41 billion (27.5 percent of 2016 GDP), respectively.

### Relationship to CPF

4. **The operation is aligned with Haiti's national development priorities and with the World Bank Group's Country Partnership Framework (CPF) for the Republic of Haiti for FY16-FY19.** The Project is aligned with the Government's 2010 Action Plan for National Recovery and Development of Haiti (PARDH), which outlines "preparation for the hurricane season and disaster risk management" and the Government's 2012 Strategic Development Plan (PSDH), which prioritizes the improvement of DRM. The CPF places a strong emphasis on building resilience by supporting the GoH to prepare for and prevent natural disasters and strengthen climate resilience. The Project directly contributes to the achievement of two of the CPF's objectives, Objective 8, Strengthen Natural Disaster Preparedness, and Objective 9, Improve Disaster Prevention and Strengthen Climate Resilience.

## C. Proposed Development Objective(s)

5. The development objective of the proposed DPF is to support the Government of Haiti to improve its capacity to manage disaster and climate-related risks and improve management of the socioeconomic and fiscal impacts of disasters. This objective will be achieved through reforms under the following pillars:

- Pillar A: Strengthening the Institutional Framework for Disaster Risk Management
- Pillar B: Enhancing Investments in Risk Reduction / Strengthening DRM in sectors
- Pillar C: Strengthening Emergency Preparedness and Response



- Pillar D: Strengthening Financial Capacity to Manage the Fiscal Impacts of Disasters

#### Key Results

6. The policy reforms included in this CAT DDO are aimed at preventing and reducing disaster and climate-related risks, increasing long-term resilience and ability to recover from the adverse impacts of natural catastrophes. Enhancing Haiti's resilience against disaster and climate risk will also contribute to reduce macroeconomic vulnerability. In 2016, damage and losses from Hurricane Matthew were estimated at about 32 percent of GDP an overall recovery and reconstruction needs at US\$2.7 billion<sup>1</sup>, including US\$0.7 billion in the public sector.<sup>2</sup> This CAT DDO will improve the management of contingent liabilities associated to disaster and climate-related risks and ensure access to quick liquidity in the event of a national emergency. Additionally, the CAT DDO will complement current financing instruments in Haiti such as the National Emergency Fund and the Caribbean Catastrophe Risk Insurance Facility (CCRIF) parametric catastrophe insurance, as part of a broader approach to Disaster Risk Management.

#### D. Concept Description

7. **Pillar A - Strengthening the Institutional Framework for Disaster Risk Management:** Reforms in this policy area will allow the Government of Haiti (GoH) to strengthen the legal and policy framework for Disaster Risk Management. Under this pillar, the proposed operation will support (i) the operationalization of the National Disaster Risk Management System (SNGRD); and (ii) the operationalization of the new Civil Protection General Directorate.

8. **Pillar B - Enhancing Investments in Risk Reduction / Strengthening DRM in sectors:** Reforms in this policy area will allow the GoH to strengthen its DRM planning and coordination capacity. Under this pillar, the proposed operation will support (i) the development of DRM sectoral plans; (ii) the strengthening of DRM institutional functions within key sectors; and (iii) the use of Disaster Risk information for strategic planning at the sector level.

9. **Pillar C – Strengthening Emergency Preparedness and Response:** Reforms in this policy area will allow the GoH to strengthen its emergency preparedness and response capacity. Under this pillar, the proposed operation will support (i) the development of contingency plans at all administrative levels; (ii) the development of contingency plans in key sectors; and (iii) the institutionalization of the Civil Protection Directorate network at the municipal level.

10. **Pillar D - Strengthening Financial Capacity to Manage the Fiscal Impacts of Disasters:** Reforms in this policy area will allow the GoH to strengthen financial resilience for improved DRM. Under this pillar, the proposed operation will support (i) the development of a Disaster Risk Financing Strategy; (ii) the establishment of a Disaster Risk Financing committee within the MEF; (iii) the development of operational rules for the use of the Emergency Fund; (iv) the development of a budget classifier to highlight DRM related expenditures in the National Budget; and (v) the creation of an adaptive social protection mechanism to respond to shocks.

<sup>1</sup> Hurricane Matthew Post-Disaster Damages and Needs assessment (PDNA), 2016.

<sup>2</sup> Government of Haiti. 2016. Rapid Assessment of Hurricane Matthew's Damages and Losses.



## E. Poverty and Social Impacts and Environmental Aspects

### Poverty and Social Impacts

11. **The poverty, social and environmental impacts of the prior actions included in this CAT DDO are expected to be positive.** The policies supported under this project are expected to reduce the country's vulnerability to natural hazards and support social and economic development by strengthening the DRM framework and improving its capacity to cope with disaster risks. According to the 2014 Poverty Assessment, economic vulnerability is extensive in Haiti: almost 85 percent of the population is either poor or vulnerable to falling into poverty, and nearly 75 percent of all households are economically impacted by at least one shock in 2012, including adverse natural events. Catastrophic events disproportionately affect the poorest and most marginalized populations who frequently settle in flood zones or coastal areas and live in vulnerable self-constructed housing, often in highly urbanized areas. While official poverty rates using more recent data are unavailable, there is some evidence that poverty and vulnerability rates have remained largely constant between 2012 and 2017. The policies under this operation are not expected to reduce poverty directly but rather contribute to preventing increased poverty in the event of an adverse natural event, which could lead to damaged productive assets, negative effects on employment, and disruption to public services.

### Environmental Impacts

12. **The Prior Actions for this operation will improve Haiti's capacity to manage its environment and natural resources and are thus likely to have positive impacts on the environment.** The adoption of the National DRM Plan will enable sectors to better reflect environmental considerations and risks in their planning and decision-making processes. Additionally, the proposed results under pillar D of the CAT DDO are fully aligned with Haiti's Nationally Determined Contribution submission under the United Nations Framework Convention on Climate Change<sup>3</sup>, in particular, with regards to the development of a Disaster Risk Financing Strategy for the country.

## CONTACT POINT

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### Borrower/Client/Recipient

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### Implementing Agencies

<sup>3</sup> Haiti's UNFCCC submission, 2017



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**APPROVAL**

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**Approved By**

Country Director:	Anabela Abreu	10-Sep-2019
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