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Report No: PAD4168

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 52.1 MILLION  
(US\$75 MILLION EQUIVALENT)

TO THE

REPUBLIC OF HAITI

FOR AN

ADAPTIVE SOCIAL PROTECTION FOR INCREASED RESILIENCE PROJECT

February 16, 2021

Social Protection and Jobs Global Practice  
Latin America and the Caribbean Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective December 31, 2020)

Currency Unit = Haitian Gourde (HTG)

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HTG 72.63 = US\$1

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US\$ 1.44= SDR 1

## FISCAL YEAR

October 1–September 30

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Country Director: Tahseen Sayed Khan

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## ABBREVIATIONS AND ACRONYMS

ADO	Agreement for Delivery of Outputs
ASA	Advisory Services and Analytics
ASPIRE	Adaptive Social Protection for Increased Resilience
BSEIPH	Bureau of the Secretary of State for the Integration of Persons with Disabilities ( <i>Bureau du Secrétaire d'Etat à l'Intégration des Personnes Handicapées</i> )
CAS	Social Assistance Fund ( <i>Caisse d'Assistance Sociale</i> )
CCT	Conditional Cash Transfer
CERC	Contingent Emergency Response Component
CONOPS	Concept of Operations
CPF	Country Partnership Framework
CSCCA	Superior Court of Accounts and Administrative Disputes ( <i>Cour Supérieure des Comptes et du Contentieux Administratif</i> )
ECVMAS	Survey on Household Living Conditions Following the Earthquake ( <i>Enquête sur les Conditions de Vie des Ménages Après le Séisme</i> )
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
EU	European Union
FAES	Economic and Social Assistance Fund ( <i>Fonds d'Assistance Economique et Sociale</i> )
FAO	Food and Agriculture Organization (of the UN)
FCV	Fragility, Conflict, and Violence
FM	Financial Management
FSP	Financial Service Provider
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GEMS	Geo-enabled Monitoring and Supervision
GoH	Government of Haiti
GRM	Grievance Redress Mechanism
HDVI	Haitian Deprivation and Vulnerability Index
ICT	Information and Communication Technology
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IHE	Haitian Childhood Institute ( <i>Institut Haïtien de l'Enfance</i> )
IMF	International Monetary Fund
IPC	Integrated Food Security Phase Classification
LMP	Labor Management Procedures
M&E	Monitoring and Evaluation
MAST	Ministry of Social Affairs and Labor ( <i>Ministère des Affaires Sociales et du Travail</i> )
MDUR	Municipal Development and Urban Resilience
MEF	Ministry of Economics and Finance ( <i>Ministère de l'Economie et des Finances</i> )
MICT	Ministry of Interior ( <i>Ministère de l'Interieur et des Collectivites Territoriales</i> )
MIS	Management Information System
MSPP	Ministry of Health ( <i>Ministère de la Santé Publique et de la Population</i> )

NGO	Nongovernmental Organization
NSPPP	National Social Protection and Promotion Policy
ODA	Official Development Assistance
ONA	Office for Old-Age Insurance ( <i>Office National d'Assurance Vieillesse</i> )
PHRD	Policy and Human Resources Development
PIU	Project Implementation Unit
POM	Project Operational Manual
PPE	Personal Protective Equipment
PROSYS	Strengthening Primary Health Care and Surveillance in Haiti ( <i>Projet de Renforcement de la Santé Primaire et de la Surveillance Épidémiologique en Haïti</i> )
PSC	Project Steering Committee
PWD	Person with Disabilities
SCOPE	System for Cash Operations
SDG	Sustainable Development Goal
SEA/SH	Sexual Exploitation and Abuse and Sexual Harassment
SEP	Stakeholder Engagement Plan
SIMAST	Information System of the Ministry of Social Affairs and Labor ( <i>Système d'Information du Ministère des Affaires Sociales et du Travail</i> )
SOP	Standard Operational Procedure
SSN	Social Safety Net
TOR	Terms of Reference
TPM	Third-Party Monitoring
TSPS	Social Protection Sectoral Roundtable ( <i>Table Sectorielle sur la Protection Sociale</i> )
UCT	Unconditional Cash Transfer
UN	United Nations
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
VSLA	Village Savings and Loan Association
WFP	World Food Programme



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DATASHEET

**BASIC INFORMATION**

Country(ies)	Project Name	
Haiti	Adaptive Social Protection for Increased Resilience Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P174111	Investment Project Financing	Substantial

**Financing & Implementation Modalities**

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
09-Mar-2021	30-Jun-2027

Bank/IFC Collaboration

No

**Proposed Development Objective(s)**

The PDO is to deliver cash transfers to targeted households and establish the foundations for an adaptive safety net system in Haiti to respond to shocks, including COVID-19.

**Components**

Component Name	Cost (US\$, millions)
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Delivering an Adaptive Social Safety Net	59.00
Establishing the Foundations for an Adaptive Social Protection System	8.00
Project Management, Monitoring and Evaluation	8.00
Contingent Emergency Response - CERC	0.00

**Organizations**

Borrower: Ministry of Economy and Finance  
 Implementing Agency: Ministry of Social Affairs and Labor

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	75.00
<b>Total Financing</b>	75.00
<b>of which IBRD/IDA</b>	75.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	75.00
IDA Grant	75.00

**IDA Resources (in US\$, Millions)**

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
<b>Haiti</b>	0.00	75.00	0.00	75.00
National PBA	0.00	75.00	0.00	75.00
<b>Total</b>	<b>0.00</b>	<b>75.00</b>	<b>0.00</b>	<b>75.00</b>

**Expected Disbursements (in US\$, Millions)**



WB Fiscal Year	2021	2022	2023	2024	2025	2026	2027
Annual	4.50	11.50	12.50	12.00	11.50	11.50	11.50
Cumulative	4.50	16.00	28.50	40.50	52.00	63.50	75.00

**INSTITUTIONAL DATA**

**Practice Area (Lead)**

Social Protection & Jobs

**Contributing Practice Areas**

**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● High
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Substantial
8. Stakeholders	● Moderate
9. Other	● Substantial
10. Overall	● Substantial





**COMPLIANCE**

**Policy**

Does the project depart from the CPF in content or in other significant respects?

Yes  No

Does the project require any waivers of Bank policies?

Yes  No

**Environmental and Social Standards Relevance Given its Context at the Time of Appraisal**

**E & S Standards**

**Relevance**

Assessment and Management of Environmental and Social Risks and Impacts

Relevant

Stakeholder Engagement and Information Disclosure

Relevant

Labor and Working Conditions

Relevant

Resource Efficiency and Pollution Prevention and Management

Relevant

Community Health and Safety

Relevant

Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Not Currently Relevant

Biodiversity Conservation and Sustainable Management of Living Natural Resources

Not Currently Relevant

Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Not Currently Relevant

Cultural Heritage

Not Currently Relevant

Financial Intermediaries

Not Currently Relevant

**NOTE:** For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

**Legal Covenants**

Sections and Description



Schedule 2 Section I A 1 to 5 (Institutional Arrangements)

1. The Recipient shall vest the overall responsibility for the implementation of the Project in MAST and ensure that: (a) Parts 1, 2 and 3 are carried out or caused to be carried out by MAST; and (b) Part 4 of the Project is carried out through one or more implementing agencies or entities, as shall be further defined in the CER Manual; all in accordance with the Operational Manual, and the ESCP, as applicable.

Sections and Description

Schedule 2 Section I B 1, 2 and 3 (Operational Manual)

1. The Recipient shall carry out the Project in accordance with a manual (the Operational Manual), satisfactory in form and substance to the Association {...}.

Sections and Description

Schedule 2 Section I C 1, 2 and 3 (Annual Work Plans)

1. Without limitation to the obligations set forth in Section I.B above, the Recipient shall carry out the Project in accordance with Annual Work Plans to be prepared and furnished to the Association not later than October 31 of each calendar year during the implementation of the Project (the first such Annual Work Plan being due one month after the Effective Date), and containing all activities proposed for inclusion in the Project for the next calendar year, including: (a) detailed timetables for the sequencing and implementation of proposed Project activities; (b) types of expenditures required for such activities and a proposed financing plan and sources of funding for such expenditures, including counter-part funds; and (c) any Operating Costs or Training that may be required under the Project.

Sections and Description

Schedule 2 Section I D 1, 2 and 3 (Contingent Emergency Response)

3. The Recipient shall undertake no activities under the Emergency Response Part unless and until the following conditions have been met in respect of said activities:  
(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and  
(b) the Recipient has ensured the preparation and disclosure of all environmental and social instruments as may be required for said activities in accordance with the CER Manual, the Association has approved all said instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.

Sections and Description

Schedule 2 Section I E 1 and 2 (Standard Output Agreement)

I. To facilitate the carrying out of Parts 1 and 2 of the Project, the Recipient, through the PIU, shall enter into and thereafter maintain an agreement (the Standard Output Agreement) with WFP, under terms and conditions approved by the Association, which shall include, inter alia: (a) the obligation of the Recipient to transfer the



proceeds of the Grant allocated under Category (2) to WFP; and (b) the obligation of WFP to: (i) comply with the Anti-Corruption Guidelines; (ii) provide the UCTP to eligible households under Part 1 of the Project, as further described in the Operational Manual; (iii) provide technical assistance to support MAST in implementing activities under Part 2 of the Project, and (iv) comply with the pertinent obligations set forth in Section I.F of this Schedule.

Sections and Description

Schedule 2 Section I F 1- 6 (Environmental and Social Standards)

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.

**Conditions**

Type	Description
Disbursement	<p>Schedule 2 Section III B 1 (b), (c) and (d) (Withdrawal Conditions; Withdrawal Period)</p> <p>1. Notwithstanding the provisions of Part A above, no withdrawal shall be made: {...}</p> <p>(b) for payments made under Category (2) until and unless the Association has received the executed copy of the Standard Output Agreement in form and substance satisfactory to the Association; or</p> <p>(c) for payments made under Category (3) until and unless the Association has received an assessment report confirming the capacity of MAST to implement UCTP in accordance with the Operational Manual, all in form and substance satisfactory to the Association.</p> <p>(d) for Emergency Expenditures under Category (4), unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said expenditures:</p> <p>(i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include the proposed activities in the Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;</p> <p>(ii) the Recipient has ensured that all environmental and social instruments as may be required for said activities in accordance with the CER Manual have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.F of this Schedule;</p> <p>(iii) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.D.2 of this Schedule, for the purposes of said activities; and</p> <p>(iv) the Recipient has adopted the CER Manual, in form and substance acceptable to the</p>



Association, and the provisions of the CER Manual remain in accordance with the provisions of Section I.D.1(a) of this Schedule so as to be appropriate for the inclusion and implementation of said activities under the Emergency Response Part.

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## I. STRATEGIC CONTEXT

### A. Country Context

1. **Haiti continues to face low levels of economic growth due to recurrent shocks and high political uncertainty.** The World Bank Group (WBG) classifies Haiti as affected by Fragility, Violence and Conflict (FCV). There is low public confidence in the government; much of 2019 witnessed anti-government demonstrations, known as “Peyi Lòk”,<sup>1</sup> arising from the release of results from a probe initiated by the Superior Court of Accounts and Administrative Disputes (CSCCA, *Cour Supérieure des Comptes et du Contentieux Administratif*) on the use of the Petro-Caribe fund.<sup>2</sup> The terms of most legislators ended in January 2020 without an election to replace them, allowing the country’s president to rule by decree.<sup>3</sup> Political tensions have increased significantly since mid-January, 2021, over disagreements about the end of the presidential term. The political agenda for 2021 will be marked by legislative, local and presidential elections, and expected continued tensions. To further exacerbate this situation, armed gangs are increasingly active, particularly in the Port-au-Prince area.<sup>4</sup>

2. **Haiti has not made substantial progress toward eradicating poverty in the last decade.** The latest official poverty data indicate that 58.5 percent of the population were poor in 2012, and more recent World Bank estimates indicate only a marginal change, with 57 percent of the population being poor in 2017. With an estimated gross domestic product (GDP) per capita of US\$1,313 in 2020 and a population of over 11 million, Haiti is the poorest country in the Latin America and the Caribbean region and among the poorest countries in the world. GDP growth averaged only 1.8 percent between 2015 and 2018 and was estimated to have contracted by 3.4 percent in fiscal year 2020.<sup>5</sup> The vast majority of extremely poor households are concentrated in rural areas, where the population relies primarily on agricultural livelihoods, which have been adversely affected by drought, natural disasters, and other climate change impacts. Poverty also disproportionately affects children and youth. As of 2012, poverty incidence for children under 15 was 12 percentage points higher than for young adults between ages 15 and 24.<sup>6</sup> Poverty and vulnerability in Haiti have been further exacerbated by the economic lockdown in 2019 and the COVID-19 pandemic and associated economic downturn in 2020. Haiti reported its first case of the novel coronavirus on March 19, 2020, and as of February 10, 2021, the Ministry of Public Health and Population reported 11,969 cases and 246 deaths. The COVID-19 pandemic is expected to have long-lasting effects on household welfare as well as consequences for the health care system, poverty, and the economy, including an increase in extreme poverty<sup>7</sup> from 25.9 percent in 2019 to 27.3 percent in 2020.<sup>8</sup>

<sup>1</sup> ‘Peyi Lòk’ refers to a lockdown form of protest whereby businesses, schools, and public transportation are generally halted, leading to shortages of food, gas, and other necessities.

<sup>2</sup> Petro-Caribe is an oil alliance involving 18 Caribbean member states and Venezuela. The CSCCA reports can be found at [https://www.csc.ca.gouv.ht/rapports\\_petro\\_caribe.php](https://www.csc.ca.gouv.ht/rapports_petro_caribe.php)

<sup>3</sup> Haiti’s Political and Economic Conditions, Congress Research Services, 2020 <https://www.justice.gov/eoir/page/file/1316076>

<sup>4</sup> Armed Conflict Location & Event Data Project, 2021. <https://acleddata.com/2021/02/02/ten-conflicts-to-worry-about-in-2021/#1612195820235-14ee80d6-2b08>

<sup>5</sup> The World Bank. 2020. *World Development Indicators*. <https://databank.worldbank.org/source/world-development-indicators>.

<sup>6</sup> World Bank. 2014. *Investing in People to Fight Poverty in Haiti: Reflections for Evidence-based Policy Making (English)*. Washington, D.C.: World Bank. <http://documents.worldbank.org/curated/en/222901468029372321/Reflections-for-evidence-based-policy-making>.

<sup>7</sup> At the US\$1.90 poverty line.

<sup>8</sup> Haiti Macro Poverty Outlook, October 2020. <http://pubdocs.worldbank.org/en/302511582655271446/mpo-lac.pdf>.



At the household level, COVID-19 will affect labor and non-labor income, consumption, and access to health and education services, all of which are critical for the promotion of human capital. While remittances dropped significantly in March and April 2020, they have since rebounded, a likely consequence of crisis support programs in the US and Canada (the top countries sending remittances). Remittances contributed 38.5 percent of GDP in Haiti in 2019, but since the poorest households are less likely to be recipients of remittances, their crisis mitigating effect is limited for the most vulnerable.<sup>9</sup>

**3. Despite some recent progress, Haiti lags other countries in the region as well as worldwide in key human capital indicators.** The Human Capital Index 2020 estimates that a child born in Haiti today will be only 45 percent as productive when she/he grows up as she/he could be with complete education and full health.<sup>10</sup> Access to quality health, sanitation, and nutrition services is limited, particularly in rural areas, with disproportionate consequences for women and young children. Some progress has been made in health indicators, including access to prenatal care, maternal mortality, and infant mortality. However, as of 2017, less than half of all children were fully vaccinated, and the utilization of health services is very low, with an average of 0.5 outpatient visits per person per year. Less than 40 percent of all women gave birth in a health facility, and coverage of postnatal maternal and child health was similarly limited.<sup>11</sup>

**4. The Haitian population suffers from very high levels of food insecurity and malnutrition.** Rising staple food prices, the volatility of the gourde, sociopolitical unrest, deteriorating security conditions, and declines in agricultural production have greatly reduced access to food for the poorest households. In September 2020, 42 percent of the population are facing acute food insecurity and are in urgent need of action.<sup>12</sup> As of January 2020,<sup>13</sup> 6 percent of children under age 5 suffered from global acute malnutrition<sup>14</sup> (an increase from 4.1 percent in 2012<sup>15</sup>), while 23 percent suffered from chronic malnutrition. Climate change exacerbates the risks of food insecurity and malnutrition in two ways. First, the frequency and intensity of climate-induced natural disasters affect crop production and agriculture infrastructure and assets. Second, long-term climate change impacts in Haiti affect reliability of water resources needed for food production. In addition, nutrition is likely to be affected by climate change in Haiti through related impacts on dietary diversity and health, among others.

**5. Haiti ranks as one of the countries with the highest exposure to multiple natural hazards,<sup>16</sup> including hydrometeorological hazards, droughts, earthquakes and tsunamis, and landslides and torrential debris flows.** Climate change is expected to further exacerbate these risks. According to the

<sup>9</sup> IHE and ICF 2018; World Bank 2020

<sup>10</sup> World Bank. 2020. *The Human Capital Index 2020 Update: Human Capital in the Time of COVID-19*. World Bank, Washington, DC

<sup>11</sup> *Institut Haïtien de l'Enfance (IHE) and ICF. 2018. Enquête Mortalité, Morbidité et Utilisation des Services (EMMUS-VI 2016-2017)* Port-au-Prince, Haiti, and Rockville, Maryland, USA: IHE et ICF.

<sup>12</sup> Integrated Food Security Phase Classification (IPC). 2020. *Haiti: Acute Food Insecurity Situation August 2020 - February 2021 and Projection for March - June 2021*. <http://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1152816/>.

<sup>13</sup> Nutrition and Mortality Survey (SMART), Ministry of Health (*Ministère de la Santé Publique et de la Population, MSPP*) and United Nations Children's Fund (UNICEF), 2020.

<sup>14</sup> Global acute malnutrition, or wasting, is defined by low weight-for-height and/or edema, combining both moderate and severe acute malnutrition.

<sup>15</sup> Survey of Household Living Conditions Following the Earthquake (*Enquête sur les Conditions de Vie des Ménages Après le Séisme, ECVMAS*), 2012.

<sup>16</sup> Dilley, Maxx; Chen, Robert S.; Deichmann, Uwe; Lerner-Lam, Arthur L.; Arnold, Margaret. 2005. *Natural Disaster Hotspots: A Global Risk Analysis*. Washington, DC: World Bank.



Global Climate Risk Index (2020), Haiti is among the top three countries in the world most affected by impacts of natural disasters based on the period from 1999 to 2018. With 96 percent of its population living at risk, Haiti has the highest vulnerability rating in terms of cyclones among the region's small island states. In addition to the hydrometeorological hazards, Haiti is also located in a seismically active zone, intersected by several major tectonic faults. The country's high population density coupled with the large number of informal structures and weak public and private infrastructure render the country and its population particularly vulnerable. Climate change is expected to have a significant impact in Haiti, including a 50 percent reduction in precipitation and a 4°C rise in temperatures by 2080, with consequences including weaker agricultural productivity, increased difficulty in accessing drinking water, higher incidence of climate-sensitive diseases (dengue, malaria, and typhoid fever), and a loss in biodiversity. Extreme climate events such as droughts and floods will also likely be more frequent.

## B. Sectoral and Institutional Context

6. **Following the 2010 earthquake, social assistance needs were primarily addressed through humanitarian and short-term responses, with an unprecedented amount of aid flows.** While Haiti is the country in Latin America that receives the highest share of international Official Development Assistance (ODA),<sup>17</sup> it has not contributed to significant poverty reduction nor the development of sustainable systems to protect the vulnerable populations. The need for a strategic and structured approach to social safety nets (SSNs) resulted in the formulation of the Social Assistance strategy 'Ede Pep' in 2012, followed by the Action Plan for Accelerating the Reduction of Extreme Poverty<sup>18</sup> in 2014. These approaches identified a set of elements required to underpin the implementation of a social protection system, such as a national targeting system, a unique beneficiary registry, an integrated service delivery model at the communal level, and a national fee waiver program for basic education (*Programme de Scolarisation Universelle Gratuite et Obligatoire*).

7. **Following initial momentum, political uncertainty and lack of fiscal space reduced resources and support for the sector and social protection policy.** Post-earthquake, the level of aid decreased rapidly, and several sources of revenue have since depleted (for example, PetroCaribe) or significantly decreased (for example, special taxes on remittances and international phone calls). At the same time, limited social spending has been further squeezed by expenditures on energy subsidies. Levels of expenditures on social protection in Haiti (around 1.4 percent of GDP) in 2013 were comparable to the averages for low-income countries, but well below those of other countries in Latin America and the Caribbean, and two-thirds of the budget was financed through the PetroCaribe fund and special taxes. Data quality and availability on the government financing of social programs are challenging because of the multiplicity of actors, different definitions of social protection, and the lack of systematic reporting.<sup>19</sup> As a result of the decrease in sector funding, the financial foundations of most programs under the Ede Pep umbrella collapsed, and most programs were terminated due to insufficient resources and weak administrative systems to operationalize them.

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<sup>17</sup> Representing 14 percent of all ODA flows to Latin America and the Caribbean (OECD, 2019). Between 2010 and 2017, ODA flows to Haiti amounted to US\$1.35 billion—almost twice as much ODA than the country received in 2000–2009.

<sup>18</sup> <https://www.haitilibre.com/docs/parpsynthese.pdf>.

<sup>19</sup> IMF (International Monetary Fund) 2020. *Haiti Selected Issues*.



8. **The current social protection system is very weak and fragmented, and most government-financed programs have been either discontinued or inactive due to recent fiscal and political events.** Lack of transparency in the identification of beneficiaries and funding have plagued the implementation of the few existing government-funded programs, for which limited to no data are available. The Social Assistance Fund (*Caisse d'Assistance Sociale, CAS*) provides monthly transfers to the elderly and PwDs, contributory health insurance and pensions are offered by the Office for Work Accidents, Health and Maternity (*Office d'Assurance Accidents du Travail, Maladie et Maternite*) and the Office for Old-Age Insurance (*Office National d'Assurance Vieillesse, ONA*), but those are only available to formal workers. The Economic and Social Assistance Fund (*Fonds d'Assistance Economique et Sociale, FAES*) provides food assistance through food banks and distributions, primarily as part of shock response programs, including the COVID-19 government response.<sup>20</sup> It also operated the *Ti Manman Cheri* cash transfer, with a reported 120,000 beneficiaries, although information about the scope, outreach, and effectiveness of the program is largely lacking. The FAES is also implementing a cash-for-work program with support from the Inter-American Development Bank (IDB), through NGOs targeting vulnerable youth in urban areas. The largest cash transfer program, *Kore Lavi* (funded by the United States Agency for International Development [USAID]), was launched in 2013 and reached around 18,000 households but stopped in October 2019. The food security and nutrition program (11th European Development Fund), supported by the European Union (EU), is providing food vouchers to vulnerable households in the North-West department and is implemented by the Ministries of Agriculture, Social Affairs and Labor, and Health.

9. **Recent efforts led by the Government and donors have contributed, however, to the development of two essential policy elements of the social protection system: a social protection strategy and a social registry.** Following the nationwide launch of the Social Protection Working Group in 2016 by MAST with support from the United Nations (UN) World Food Programme (WFP) as well as other donors, including the World Bank and USAID, several regional and nationwide consultations were held with stakeholders. The National Social Protection and Promotion Policy (NSPPP) was finalized in February 2020 and was adopted by the Council of Ministers in June 2020.

10. **The NSPPP offers an ambitious strategic framework for the design of the social protection system in the short and medium terms.** The NSPPP sets to reach the following goals by 2040: (a) reducing poverty and inequality; (b) reducing economic, social, and institutional injustices; and (c) giving citizens the right to access social protection and promotion as mechanisms to enhance their capacity to live better lives. The NSPPP has four strategic axes that revolve around the main life cycle stages (children, working age, health, and old age) as well as around shock responsiveness. The NSPPP also identified priority beneficiaries, including: (a) populations living in extremely vulnerable areas (socioeconomically and in terms of lack of access to services and exposure to various shocks); (b) children under age 5; (c) pregnant and lactating women; (d) elderly over age 60; (e) Persons with Disabilities (PwDs); and (f) the extremely poor and socially vulnerable groups.

11. **Among the priority beneficiaries identified by the NSPPP, women as well as PwDs face many obstacles and are more vulnerable to shocks and natural disasters, including those that are climate induced.** Rates of maternal mortality are five times higher than the regional average, and women suffer from poor nutrition and limited access to services, particularly among the poorest quintile. Health

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<sup>20</sup> FAES is a social fund, established in 1990, that operates under the Ministry of Finance. The institution is responsible for managing some social transfers (mainly food and cash) as well as implementing cash-for-work programs at the local level.





disparities for women translate into health disparities for their children, which contributes to the intergenerational transmission of poverty and low human capital. Female heads of households, particularly of the poor and extreme poor, are less likely to have access to a national identification document,<sup>21</sup> which inhibits financial inclusion and access to services. Women also face significant disadvantages in the labor market<sup>22</sup> as entrepreneurship and engagement in small and medium enterprises is limited, particularly among poor women.<sup>23</sup> PwDs are among the most vulnerable and most likely to be discriminated against in Haiti. Observed and anticipated climate change impacts, including rising temperatures and changes in precipitation patterns and severity, represent a particular threat for PwDs. PwDs with limited mobility, those requiring assistance in activities of daily living or suffering from dementia, may for instance not be able to receive or act upon emergency instructions or be able to communicate their needs in an emergency and are thus particularly vulnerable to negative health impacts following extreme events.<sup>24</sup> The COVID-19 crisis has introduced additional threats for both women and PwDs, including a projected rise in domestic violence and increased difficulties in accessing essential goods and services during periods of economic lockdown. PwDs have been particularly affected by the COVID-19 pandemic due to underlying health needs that make them particularly vulnerable to severe symptoms of COVID-19.

12. **The MAST has also embarked in the development of a comprehensive social registry (Information System of the Ministry of Social Affairs and Labor [*Système d'Information du Ministère des Affaires Sociales et du Travail, SIMAST*]), which now covers around 19 percent of the population.** This registry was originally developed as a beneficiary registry to support the *Kore Lavi* cash transfer program in 2013. The SIMAST has become an essential information system for informing the design of social protection programs in a data-scarce context.<sup>25</sup> All SIMAST households are georeferenced, which allows for quick identification of the households that might be affected by natural disasters, including disasters linked to climate change. In addition, the SIMAST categorizes all households according to the Haitian Deprivation and Vulnerability Index (HDVI) which serves as a proxy for household poverty and can be used for targeting.<sup>26</sup> Supported by the WFP, as well as other partners (including the World Bank through the Improving Maternal and Child Health through Integrated Social Services project, P123706), the MAST has managed to rapidly expand the coverage of the SIMAST. It is now critical to expand the share of the population included in the SIMAST and to strengthen procedures to establish the SIMAST as a foundational tool for social protection planning and implementation, including for emergency response.

13. **While various institutions form part of the social protection system, the NSPPP identifies the MAST as the lead agency in the sector.** As such, it will host the Secretariat of the Social Protection and Promotion Inter-ministerial Committee and is the main institution responsible for operationalizing the NSPPP, with the support of other line ministries and agencies, including the CAS, ONA, and the Bureau of the Secretary of State for the Integration of Persons with Disabilities (*Bureau du Secrétaire d'Etat à l'Intégration des Personnes Handicapées, BSEIPH*). The donor community has increasingly supported the

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<sup>21</sup> Carte d'Identité Nationale, or CIN.

<sup>22</sup> World Bank 2014

<sup>23</sup> World Bank Group. 2015. *Country Partnership Framework for the Republic of Haiti for the Period FY16–FY19*. Report No. 98132-HT. World Bank, Washington, DC.

<sup>24</sup> United States Environmental Protection Agency. 2016. *Climate Change and the Health of People with Disabilities*.

<sup>25</sup> The last census was conducted in 2003.

<sup>26</sup> The HDVI is a score based on 20 indicators including demographics, health, education, labor, food security, and dwelling characteristics collected as part of the SIMAST surveys. See annex 2 for details on the SIMAST and HDVI.



MAST, including through programs with the EU, the Swiss Agency for Development and Cooperation, the WFP, and the World Bank. Nonetheless, the institutional capacity of the MAST needs to be strengthened at the central and local levels to effectively respond to its policy mandate.

14. **COVID-19 and its associated socioeconomic crisis requires an emergency social response to address the needs of an already very vulnerable population**, now suffering from lockdowns, job losses, and increased out-of-pocket health expenditures. The Government of Haiti (GoH) announced an ambitious COVID-19 emergency response including: (a) cash transfers of HTG 3,000 (US\$28) for 1.5 million households through the mobile money platform MonCash (operated by Digicel); (b) food distributions for 1 million households; and (c) the payment of half the salary to 60,000 employees in the textile sector. The MonCash government-financed transfer faces important operational challenges, including missing data on up-to-date phone numbers for vulnerable households initially targeted via the SIMAST, high exclusion rates as the most vulnerable households often do not have phones<sup>27</sup> or are affiliated with other service providers, and monitoring issues.<sup>28</sup> The Municipal Development and Urban Resilience (MDUR, P155201) project's Contingent Emergency Response Component (CERC) was activated to respond to the COVID-19 crisis, supporting the distribution of emergency cash and mobile money transfers to about 38,000 households through the WFP, for a total budget of US\$19 million.

15. **There is now a growing consensus among partners to adopt a longer-term development approach that builds the Government's capacity to gradually take the lead in the delivery of social protection interventions and relies on the SIMAST's HDVI as a harmonized targeting tool.** The EU, IDB, WFP, and USAID are supporting the utilization, expansion, and strengthening of the SIMAST through their projects by identifying or registering their beneficiaries in the social registry. The SIMAST Technical Committee (supported by the Improving Maternal and Child Health through Integrated Social Services project, P123706) coordinated the various initiatives and provides a platform to discuss adaptations of the methodology and strategic priorities. The Cash Working Group brings together all actors that are using cash-based interventions to coordinate their activities and launched a work stream to monitor price trends in emergency cash transfer areas.

16. **In this context, the proposed Adaptive Social Protection for Increased Resilience (ASPIRE) Project builds a bridge beyond the emergency humanitarian approach, addressing Haiti's immediate extreme vulnerability issues, while laying the foundations for human capital investments over the medium and longer terms.** The proposed investments will support the implementation of the NSPPP and policy priorities by focusing on building a shock-responsive safety net focusing on the most vulnerable households with children, pregnant women, and PwDs. The impact of assistance provided through a safety net program can be transformative across a beneficiary's resilience capacities: preparedness (through accumulating savings or investing in human capital), coping (smoothing consumption and lessening the need for negative coping strategies), and adaptation (diversified livelihoods, including those in light of observed and anticipated climate change impacts). With a view toward longer-term development, the operation would also support the development of the institutions needed to establish the basic delivery mechanisms of a national SSN system, thereby allowing for an expansion to other population groups, including for example the elderly, in the future. Furthermore, the project would build on the experiences

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<sup>27</sup> The most recent SWIFT survey (February/March 2020) estimated that half the population owns a cell phone.

<sup>28</sup> It is to this date unclear how many transfers were executed; the latest information in the press was 264,324 (<https://www.haitilibre.com/article-31776-haiti-actualite-zapping.html>).



and lessons learned to date of partners and the World Bank's COVID-19 emergency social response in Haiti in providing humanitarian assistance and safety net support, adopting a flexible and 'learning-by-doing' approach. As such, it would gradually scale up what is already working, adjusting the design during implementation, as needed.

### C. Relevance to Higher Level Objectives

17. **Promoting shared prosperity and ending extreme poverty.** The project will contribute to the World Bank's twin goals of ending extreme poverty and promoting shared prosperity, in line with the GoH's NSPPP against poverty, discrimination, exclusion, and inequality in the Haitian population. The project will contribute to reducing vulnerability to food insecurity through the provision of a safety net program including direct cash transfers and activities promoting good practices in health, nutrition, hygiene, and financial inclusion, thereby supporting better living conditions, services, and opportunities in areas where the population suffers from very high levels of vulnerability and food insecurity, which also stems from climate change. The project will also support the establishment of institutions needed to deliver an adaptive SSN. It will thus directly contribute to Sustainable Development Goal (SDG) 1 (No Poverty) via SDG 1.3 "Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable."

18. **The proposed project aligns well with the main objectives of Haiti's Country Partnership Framework (CPF) and its adjustment to support the GoH's response to COVID-19 crises.** The proposed project is well aligned with the World Bank Group's CPF for the Republic of Haiti FY16–FY19,<sup>29</sup> discussed by the Board of Executive Directors on September 29, 2015. Building a well-targeted and sustainable safety net system is consistent with the CPF's three main areas of focus: (a) inclusive growth; (b) human capital; and (c) resilience and the cross-cutting themes of transparency, accountability, and sustainability by strengthening the country's natural disaster preparedness with a rapid response mechanism to provide income support to the vulnerable populations with the largest needs. It also aligns with the Country Program Adjustment Responding to COVID-19<sup>30</sup> and the WBG COVID-19 Crises Response Approach Paper,<sup>31</sup> in particular its thematic pillars 2 and 4 focusing on the social response for protecting poor and vulnerable people from the impact of the economic and social crisis triggered by the pandemic, while also supporting long-term institution strengthening to improve social protection delivery systems in Haiti.

19. **The project is also well aligned with the World Bank's Strategy for Countries affected by Fragility, Conflict, and Violence (FCV) 2020–2025,** which recognizes social protection as a key entry point for addressing the impact of violence and a priority to enhance human capital and productivity, fight poverty, reduce inequalities, and contribute to social peace. The strategy also emphasizes that addressing fragility effectively requires a fundamentally different development approach based on innovative solutions and an adapted toolkit. As such, the strategy encourages working across the humanitarian-development nexus and engaging in partnerships with the UN in fragile situations as will be done with WFP in this project.

<sup>29</sup> Report No. 98132-HT. The CPF period was originally set from FY16 to FY19. However, after the Performance and Learning Review of the CPF was completed in 2018, CPF milestones were extended until 2021 while a new CPF is prepared.

<sup>30</sup> See Annex 4.

<sup>31</sup> <http://documents1.worldbank.org/curated/en/136631594937150795/pdf/World-Bank-Group-COVID-19-Crisis-Response-Approach-Paper-Saving-Lives-Scaling-up-Impact-and-Getting-Back-on-Track.pdf>



20. **The ASPIRE Project is well aligned with the Government’s efforts to mitigate and adapt to climate risks, as outlined in the National Social Protection and Promotion Policy adopted in 2020,**<sup>32</sup> which identifies shock-responsive social protection as a major pillar to be operationalized in collaboration with the Civil Protection Committee’s National Strategy for Disaster Risk Management. The project will support these efforts and contribute to addressing climate change through five interventions. First, the regular cash transfers are climate-adaptive because they will help build resilience of those households that are the most vulnerable to climate-related shocks and worsening livelihood conditions by facilitating a diversification of livelihoods, building savings, and avoiding negative human capital-eroding coping strategies<sup>33</sup> and refrain from livelihood practices such as logging which in turn have climate change mitigation impact.<sup>34</sup> Second, the accompanying measures will amplify the impacts of the cash transfers on resilience by including savings interventions to generate a buffer to absorb climate shocks; enable investments in adaptation or adjustment of livelihood portfolios; and support investments in human capital and community capability to manage the impact of climate shocks on child development and food security. Third, the CERC will allow for the cash transfers to be expanded in response to climate shocks. Fourth, the project will support the expansion and the development of emergency registration procedure for the social registry, including vulnerable households’ precise location, thereby allowing for a quicker response to climate-related crises through rapid identification and targeting of beneficiaries. Finally, the project will establish reliable payment service providers and ensure service continuity, including through the promotion of mobile money for the cash transfers, to help beneficiaries receive their transfers quickly, even when physical distributions are restricted.

21. **The ASPIRE Project is also aligned with the Government’s Economic Recovery Plan Post COVID-19 for 2020–2023.**<sup>35</sup> In particular, the plan identifies the development of human capital and social inclusion as one of its pillars, including health, education, and social protection priorities. The plan aims at providing a response to social needs due to the COVID-19 crisis in the short- and medium-terms, including through the implementation of programs tackling food insecurity and the institutionalization of social transfers as a mechanism for poverty reduction.

## II. PROJECT DESCRIPTION

### A. Project Development Objective

#### PDO Statement

22. **The objective is to deliver cash transfers to targeted households and establish the foundations of an adaptive safety net system in Haiti to respond to shocks, including COVID-19.**

<sup>32</sup> The NSPPP was approved as evidenced by the Presidential Order dated June 5, 2020, published in the official gazette No. 102, dated June 12, 2020.

<sup>33</sup> Premand, P., and Q. Stoeffler. 2020. “Do Cash Transfers Foster Resilience? Evidence from Rural Niger.” Policy Research Working Paper 9473, World Bank, Washington, DC.

<sup>34</sup> A recent study of Indonesia’s national antipoverty program *Keluarga Harapan* (Family Hopes Program) finds that, although the program has no direct link to conservation, it reduced deforestation as a side benefit. Ferraro, P. J., and R. Simorangkir. 2020. “Conditional Cash Transfers to Alleviate Poverty Also Reduced Deforestation in Indonesia.” *Science Advances* 6 (24).

<sup>35</sup> The Economic Recovery Plan Post COVID was launched on January 11, 2021. Details on the plan can be found here: <https://budget.gouv.ht/le-plan-de-relance-economique-post-covid-19-pour-la-periode-2020-2023-officiellement-lance>



23. **An adaptive social protection system is defined and measured by the strength of programs, data and information, finance, and institutional arrangements to help build the resilience of poor and vulnerable households to shocks by directly investing in their capacity to prepare, cope, and adapt.** The ASPIRE Project will invest in a safety net program to improve households' resilience through regular unconditional cash transfers (UCTs). It will also improve their coping capacity in case of shocks (such as natural disasters, including climate change-induced ones, or health crises) through emergency horizontal and vertical scale-up of the cash transfer. This will be possible through the development of the social registry to serve as a basis for the identification of beneficiaries for the scale-up of the cash transfers in case of shocks. The ASPIRE Project will also support accompanying measures that will help beneficiary households to better prepare for and adapt to shocks by providing them with information on best practices in hygiene, nutrition, maternal health, COVID-19 prevention, and financial inclusion. It will support the Government's institutional capacity to manage and monitor the delivery of an SSN, for instance through a management information system (MIS), as well as develop the leadership of the MAST in coordinating social protection. Finally, it will inform adaptive financing through costing exercises and identification of financing sources, including for shock response.

#### PDO Level Indicators

- (a) Number of beneficiaries of the social safety net program,<sup>36</sup> by gender;
- (b) Percentage of female direct recipients of the cash transfer;
- (c) Number of households added to SIMAST;
- (d) Number of households with updated SIMAST information;
- (e) Adoption of standard operating procedures to scale up cash transfers in response to shocks;
- (f) Cash transfers paid to eligible beneficiaries during climate hazard/disaster event;

### B. Project Components

#### Component 1: Delivering an Adaptive Social Safety Net (US\$59 million)

24. **The project targets the most vulnerable households based on their socio-economic situation and household composition.** This component would provide adaptive UCTs and complementary accompanying measures to around 18,000 households (or 90,000 individuals) living in distressed areas who are chronically poor and vulnerable to shocks. The targeting will be based on the HDVI as well as demographic composition of the household, including the households categorized as 'most vulnerable' according to the HDVI and with children under age 5, pregnant women, or PwDs. Activities supported under Component 1 will seek to promote households' resilience, defined as the ability for households to prepare for, cope with, and adapt to shocks, through both cash transfers and accompanying measures

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<sup>36</sup> Targeted according to the eligibility criteria defined in the scope section of Component 1 and annex 2.



complementing each other in a manner that protects households' well-being and minimizes shocks' negative impacts.<sup>37</sup> Detailed activities are described in Annex 2.

25. **The project targets geographical areas that are particularly vulnerable to natural hazards, and the selection of geographical areas outlined at the outset of implementation may be subject to adjustments based on the realities on the ground.**<sup>38</sup> A possible area identified for initial rollout is the department of Grande Anse, which is the westernmost department of Haiti and faces very high exposure to earthquakes (due to its proximity to the Enriquillo-Plantain Garden fault), erosion, and landslides. It additionally faces moderate to high exposure to hurricanes and tsunamis and moderate exposure to droughts and floods.<sup>39</sup> Grande Anse is prone to natural disasters and lacks adequate disaster risk reduction mechanisms and is particularly ill prepared for rare but catastrophic events.

26. **The unconditional cash transfer will target female direct beneficiaries and ensure scalability.** Targeted households will receive an unconditional income support stipend of around US\$29 on a monthly basis.<sup>40</sup> Mothers or female caregivers of children would be the direct recipients of the transfer whenever feasible and for as long as they are eligible. Households with children under age 5 would be eligible for a limited period while households with PwDs would face no prior time limitation, but rather would be graduated out of the program should they not be classified as 'most vulnerable' anymore, according to the HDVI, over the course of the program. The design will also ensure scalability, both vertically (in terms of benefit size) and horizontally (in terms of coverage), as well as flexibility to allow for rapid response to shocks, for example, through anticipated payments, all of which is defined in the Project Operational Manual (POM).

27. **The accompanying measures will focus on financial inclusion as well as health and nutrition activities.** The accompanying measures supported by the project would be gradually implemented, only after a threshold of implementation capacity (including of field staff) as well as a minimum number of cash transfer cycles have been executed successfully, ensuring the capacity of the PIU to supervise these activities in addition to the cash transfer. The measures will rely on existing models and networks to keep their design very simple, while offering an important opportunity for resilience building of households. The health and nutrition measures will focus on building synergies with the existing network of community health workers, including coaching at the community and household levels to promote best practices in hygiene, nutrition, maternal and child health, and COVID-19 prevention. The financial inclusion dimension will build on approaches already tested in Haiti during the *Kore Lavi* program and currently implemented by several NGOs,<sup>41</sup> by supporting village savings and loan associations (VSLAs) and capacity building to use digital money. The focus on financial inclusion in the accompanying measures will contribute toward closing the gender gap in the use of financial services between men and women in Haiti, based on a

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<sup>37</sup> Bowen, Thomas, Carlo del Ninno, Colin Andrews, Sarah Coll-Black, Ugo Gentilini, Kelly Johnson, Yasuhiro Kawasoe, Adea Kryeziu, Barry Maher, and Asha Williams. 2020. "Adaptive Social Protection: Building Resilience to Shocks." Washington, DC, World Bank.

<sup>38</sup> See annex 2 for details on the selection of areas for implementation.

<sup>39</sup> *Atlas des menaces naturelles en Haiti*.

<sup>40</sup> The magnitude of the stipend will be revised regularly as well as aftershocks to reflect inflation and currency devaluation. It is currently estimated at around US\$29. The benefit size has been set to represent 20 percent of the Minimum Expenditure Basket for food, health, and education for a family of 5. It is also aligned with the emergency cash transfer provided by the GoH during the COVID-19 crisis (HTG 3,000) and is larger than the *Kore Lavi* voucher value (US\$25).

<sup>41</sup> Including CARE, Mercy Corps, and ACTED.



gradual approach in which women beneficiaries gain both exposure to financial services and tools, as well as improve their financial literacy through group training sessions.<sup>42</sup> The accompanying measures will, wherever feasible, be planned in collaboration with the Bank-financed health operation Strengthening Primary Health Care and Surveillance in Haiti (PROSYS, P167512),<sup>43</sup> which aims at increasing the utilization of primary health care services.

## **Component 2: Establishing the Foundations for an Adaptive Social Protection System (US\$8 million)**

28. **The project will establish the foundations to operationalize the NSPPP.** Component 2 will develop the management and administrative capacity of the MAST to deliver social protection programs to poor and vulnerable households. In Haiti, this process has been defined as the ‘institutionalization’ of the country’s capacity to deliver social protection programs, which is currently held almost exclusively by the WFP. In this context, activities supported under Component 2 seek to: (a) expand and improve data quality and functioning of the social registry (SIMAST); (b) develop and implement a strategy to gradually institutionalize the registry and the delivery of SSN in MAST; (c) develop an MIS, including a payment platform, for the MAST to enable key delivery mechanisms, including registration, payments, monitoring and evaluation (M&E), and a grievance redress mechanism (GRM); and (d) strengthen the governance of the NSPPP and capacity of its stakeholders. The project envisions to support the following activities:

- (a) **Expand and improve data quality and the functioning of the social registry SIMAST.** With the interventions supported by the project, an additional 200,000 households will be registered in SIMAST, with registrations through census sweeps in the most vulnerable areas (defined in terms of poverty levels and also in terms of natural disasters and climate change impacts) as well as on-demand focusing on vulnerable households. Clear protocols for SIMAST data updates, links with beneficiary lists, quality control and verification, user access, and data protection will be endorsed and applied. The establishment of standard procedures will be crucial to ensure a harmonized, objective, and transparent registration and updating process, ultimately resulting in improved planning and delivery of cash transfers, including in shock response.
- (b) **Strengthen management of and institutionalize the SIMAST.** With the interventions supported by the project, the SIMAST will be transferred from WFP to the MAST with standard operational procedures (SOPs) endorsed by the Technical Committee. The WFP would continue to have full access to the SIMAST and play a role assuring adequate oversight, utilization, and transparency of the registry. The registry would be hosted in the MAST, with appropriate information and communication technology (ICT) infrastructure, protocols for data access and utilization, and a communications strategy to assure its use and visibility by stakeholders delivering social assistance to poor and vulnerable households. Clear protocols for data update, quality control, and eligibility verification will be developed and applied.
- (c) **Transition from a humanitarian to a development, shock-responsive social protection approach.** The project will contribute to move from a humanitarian-centered emergency

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<sup>42</sup> According to the 2017 Findex, 35 percent of adult men over age 15 have an account with a bank or other type of financial institution (including a mobile money service) compared to 30 percent of adult women. Refer to annex 3.

<sup>43</sup> While PROSYS is not supporting a Program-for-Results in Grande Anse, the project does support the routine vaccinations in the area.



response to a flagship social protection program that promotes protection and has the capacity to respond to shocks. This will be achieved by moving away from ad hoc and iterative short-term humanitarian responses that do not build institutional capacity, to the development of a crisis response system relying on clear delivery mechanisms and coupled with interventions that are proven to support human capital development. The SIMAST registry will serve as the basis to identify and reach out to affected populations aftershocks, including climate-related crises, through the use of household characteristics and precise location to guide emergency response (as described in Annex 2, SIMAST data for shock-response), in line with the shock-responsive mechanisms laid out in the NSPPP. The project will also support the institutional and financing dimensions of adaptive social protection through its support to the development of a contingency plan to respond to shocks through emergency cash transfers, delineation of steps to deliver emergency response, an analysis of financial cost of potential future scale-ups and identification of sources of financing and coordination mechanisms across agencies, including through the Social Protection Sectoral Roundtable (*Table Sectorielle de la Protection Sociale*, TSPS).

- (d) **Develop a functional MIS, including a payment system, for the MAST to implement the NSPPP.** With the interventions supported by the project, the MAST will have an information system that will support both the SIMAST registry and the operations and delivery processes for the implementation of the NSPPP (registration, payments, GRM, and M&E system). The information system will be web-based with a modular approach (with proper dashboards for better monitoring) and guidelines for access and use of information. The MAST will develop the capacity to process robust, traceable, and secure payments for its SSNs; have contracts with financial service providers (FSPs) in place; and have service standards. Staff will be trained to use and maintain the system based on written SOPs. The information system will have clear governance protocols to adequately regulate data privacy, access, and use.
- (e) **Support the governance of the NSPPP and capacity of its stakeholders.** The NSPPP was adopted in June 2020, but there is limited capacity across institutions to operationalize and for the MAST to ensure leadership. With the interventions supported by the project, the MAST and other stakeholders (FAES, CAS, and BSEIPH) will improve their capacity to contribute to the adequate implementation of the NSPPP. This will be attained by using project funds to (i) support the logistics to assure the rollout of effective meetings for the TSPS (including a proper moderation, a planned agenda, development of minutes, and so on) and (ii) develop and implement operational social protection plans at the departmental and central levels. Good practices will be disseminated for a better coordination and planning of social programs at the central and local levels.

### **Component 3: Project Management, Monitoring and Evaluation (US\$8 million)**

29. **The project will support the establishment of a PIU, as well as multiple tools to ensure monitoring and evaluation.** Component 3 will support project management and coordination, including the establishment of a Project Implementation Unit (PIU) at the MAST responsible for project M&E, procurement, financial management (FM), safeguards, and citizen engagement. The PIU will be responsible to manage and oversee the standard agreement between the MAST and the WFP, as well as to manage, implement, and oversee all other expenditures under the project. Due to the intrinsic





difficulties to supervise project implementation in Haiti, the component is expected to build the MAST's capacity to leverage field-appropriate technology for digital data collection and analysis using the Geo-enabled Monitoring and Supervision (GEMS) and third-party monitoring (TPM) activities. GEMS and TPM will assure an adequate remote supervision and will allow the MAST and the World Bank to conduct real-time risk monitoring and portfolio mapping for better coordination across activities, teams, and partners at the local level. The component will also finance the design and implementation of an impact evaluation to assess the impact of the delivery of the UCT and of its accompanying measures, as well as the targeting accuracy of the HDVI.

#### **Component 4: Contingent Emergency Response Component - CERC (US\$0)**

30. Due to Haiti's high vulnerability to natural disasters and shocks, including those exacerbated by climate change, a CERC will be added to the project. This provisional component is designed as a mechanism for rapid response in the event of an eligible emergency, ensuring scalability of the safety net horizontally (adding beneficiaries of the cash transfer). This component would be activated upon request from the GoH, according to the provisions of the Project Operations Manual. It will also reflect lessons from the operational experience acquired in Haiti in responding to natural catastrophic events and shocks, including health emergencies. This component would not have any initial funding allocation, but in the event of an eligible emergency, uncommitted funds could be reallocated from other components in accordance with an Emergency Action Plan prepared by the GoH and the CER's manual. The amount of uncommitted funds to be allocated to this component will be decided at the time of the emergency in agreement with the World Bank.

#### **C. Project Beneficiaries**

31. **The safety net is expected to reach 90,000 individuals in poor and vulnerable households (approximately 18,000 direct beneficiaries) annually, albeit with a gradual rollout.** Households with small children, pregnant women, and/or PwDs, living in vulnerable areas, will be targeted with cash transfers and accompanying measures. The project will make payments to female heads of households whenever feasible and encourage the participation of men and women in the accompanying measures. Targeting of beneficiaries will be conducted in two stages, first with a selection of priority geographic areas and thereafter with a selection of households in the identified areas, building on existing information sources. The targeting methodology for Component 1 is detailed below and elaborated further in Annex 2.

32. **Selection of areas.** The project will be implemented in areas that are predominantly rural, in zones categorized as distressed<sup>44</sup> and prone to natural disasters, where implementation is feasible given security conditions and where no other partner is implementing an SSN program. Areas where links with other World Bank-financed operations can be established (in particular in the human development sector and disaster risk management, as described in Annex 2) will be prioritized. Only a subset of eligible communes may be covered due to the limited budget.

33. **Selection of beneficiary households.** Following an update of the SIMAST information or first registration for households new to the area and not previously included in the SIMAST in the selected

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<sup>44</sup> See Annex 2 for details on the definition of distressed areas.

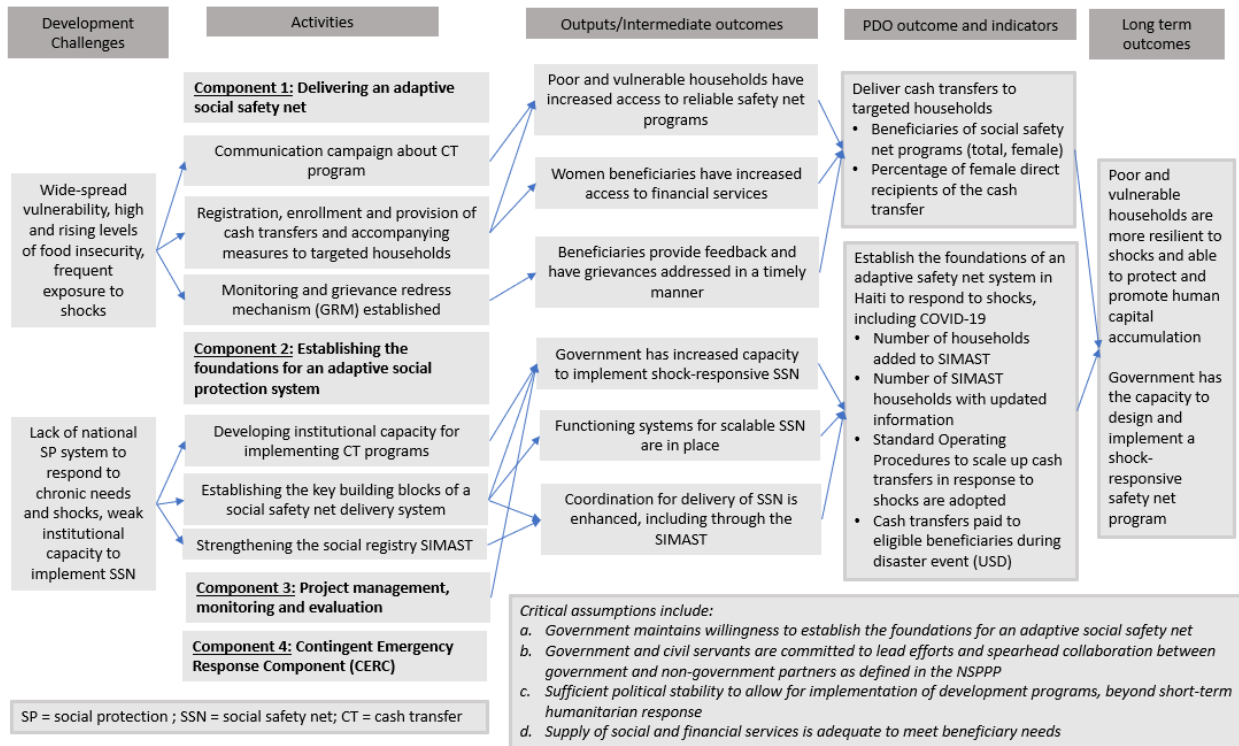


communes, the MAST, with the WFP support, will produce the lists of households with pregnant women and children under five years and/or a PwD, classified as most vulnerable based on the HDVI.

D. Results Chain

34. The ASPIRE Project would provide reliable cash transfers to poor and vulnerable households to support their resilience, while strengthening government capacity to design and implement a shock-responsive safety net program for longer-term human capital growth. This project is expected to meet urgent needs and mitigate shocks in the short term, while in the medium to longer terms, a reliable and scalable safety net system would help households smooth consumption gaps, secure basic needs, diversify livelihoods, and invest in human capital. The increased resilience will allow to avoid negative coping mechanisms that may have irreversible adverse impacts on human capital, such as limiting food intake or lowering its quality, not seeking health care, or taking children out of school. The project is also expected to lay the foundations for a national safety net delivery system in Haiti that is owned, designed, and implemented by the Government. The project aims at a gradual handover of the direct delivery of cash transfers to the MAST once it has sufficient capacity in place.

Figure 1. Results Chain



Note: CT = Cash transfer; SP = Social protection; SSN = Social safety net



## E. Rationale for Bank Involvement and Role of Partners

35. **The World Bank is well placed to support the social protection sector in Haiti given its global, regional, and FCV country-specific technical expertise.** The World Bank has extensive experience supporting countries worldwide to design, implement, and evaluate cash transfers and scalable safety net systems that protect the poor and vulnerable from shocks, while promoting resilience. The World Bank has deep expertise in developing social protection delivery systems, in particular scalable mechanisms as part of adaptive social protection systems. This includes experience in the design of social registries for objective and transparent targeting of the poor and vulnerable, particularly in times of shocks (economic and/or natural disasters), which will be crucial to inform investments into the SIMAST and increase its potential as a targeting mechanism, including for disaster response. Further, the World Bank brings expertise in supporting governments to develop objective and accountable targeting mechanisms, strong citizen-based socially accountable GRMs, and technology-based payment transfer systems, among others. The World Bank has long-standing experience working closely with governments and nongovernmental partners to develop social protection operations in capacity-constrained fragile contexts, such as the Central African Republic, the Democratic Republic of Congo, and the Republic of Yemen<sup>45</sup>. Finally, the World Bank has substantial experience supporting efforts to strengthen humanitarian-development links and building the resilience of households and communities for medium-term recovery and longer-term development outcomes.

36. **The project has been designed in close consultation with and inputs from development partners and UN agencies.** This collaboration will continue and expand during the implementation, supervision, and M&E of the project, particularly through the various working groups and platforms established to coordinate efforts across relevant complementary development activities. These include the MAST-led TSPS, the SIMAST Technical Working Group, and the WFP/Mercy Corps-led Cash Working Group. The program was also discussed with the EU, as part of the collaborations through the Global Facility for Disaster Reduction and Recovery to evaluate the MDUR CERC (emergency cash transfer and SIMAST on-demand registration), as well as the ongoing work on the Unbreakable modeling team to inform ex ante potential needs for disaster response and disaster risk financing strategy. The Government and partners, including IDB, EU, and USAID, will have the option to expand the program beyond its initial six years and to scale it up to other communes in Haiti through co-financing or parallel financing, as this first operation aims at establishing a flagship SSN and setting up the mechanisms necessary for its delivery.

37. **This project builds on ongoing engagement in the social protection sector and recent experience in implementing COVID-19 emergency cash transfers.** The project will build on the NSPPP and the social registry developed under the World Bank-financed Improving Maternal and Child Health through Integrated Social Services Project (P123706) and the Rapid Social Response-funded Advisory Services and Analytics (ASA) “Analytical underpinning for the development of building blocks for an adaptive social protection system” (P168193) and also draws on the World Bank’s ongoing learning from the activation of the MDUR CERC for emergency cash transfers (through the WFP) as part of the COVID-19 response. The project also builds on the World Bank-financed COVID-19 Response and Resilience Development Policy Operation (P171474) approved on June 29, 2020, which included the adoption of the NSPPP as a prior action and development of a disaster risk financing strategy as a result.

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<sup>45</sup> Examples include P159053 (Yemen), P152512 (Central African Republic) and P145196 (Democratic Republic of the Congo)



38. **The proposed operation will support the inclusion of PwDs and build on the Promoting and Human Resources Development (PHRD) grant ‘Promoting Inclusion of PwDs in Social Protection and Employment Programs’ (P145468) currently implemented by the BSEIPH.** Specifically, under Component 1, the PwDs identified through the SIMAST survey (for whom the Washington Group<sup>46</sup> information will be collected as part of the PHRD grant program) classified as the most vulnerable through the HDVI will be eligible to be safety net beneficiaries in the areas covered by the program. Furthermore, under Component 2, the expansion and strengthening of the SIMAST will include a systematic inclusion of the disability module in newly registered households with a PwD, allowing for wider availability and quality of information on PwD to inform the design of social protection programs, as well as capacity-building activities for the BSEIPH.

#### F. Lessons Learned and Reflected in the Project Design

39. **An established evidence base has shown that cash transfers can reduce poverty, food insecurity, and malnutrition and increase uptake of health services in low- and middle-income countries worldwide.** Cash transfers protect households from shocks by preventing them from falling into deeper poverty and by allowing households to avoid negative coping strategies that can be damaging to productive activities and human capital formation. Additionally, cash transfer programs are an effective mechanism to directly reach poor and vulnerable children and families most at risk for human capital deficits, contributing to greater benefits for marginalized groups and thereby helping reduce inequality. A growing number of cash transfer programs are prioritizing children’s health and development to capitalize on a ‘window of opportunity’ during the first five years of life.

40. **The design of the ASPIRE Project builds on a rich experience of cash transfer programs implemented in similarly challenging operating environments.** World Bank-funded SSN programs in countries such as Madagascar, Somalia, and Niger<sup>47</sup> often pursue a ‘dual track’ of delivering cash to address the immediate needs of poor and vulnerable households, while building institutional capacity of the government over the longer term to manage adaptive social protection systems. Accompanying measures boost the benefits of cash and contribute to sustained poverty reduction by providing direct interventions or incentives to use existing services that protect and promote human capital and/or facilitate livelihoods development. Integrated ‘cash plus’ programs implemented worldwide have been shown to enhance food security, maternal and child nutrition, utilization of health services, parenting practices, and child language and cognitive skills, with accompanying measures contributing to benefits above and beyond the impacts of cash alone.

41. **The project design reflects lessons learned from other FCV countries, particularly those with high levels of institutional and social fragility.** Global experience shows that in similarly constrained operating and fiscal environments, cash transfer programs can provide the basic platform for developing an adaptive social protection system. A recent World Bank diagnostic on SSNs in Haiti<sup>48</sup> highlights the need to develop a limited number of core programs that are well targeted, scalable, and of simple and

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<sup>46</sup> The Washington Group on Disability Statistics promotes and coordinates international cooperation in the areas of health statistics focusing on the development of disability measures suitable for census and national surveys. <https://www.washingtongroup-disability.com>.

<sup>47</sup> See for example P141323 (Madagascar), P171346 (Somalia) and Niger (P123399)

<sup>48</sup> World Bank. 2020. “Priority areas and interventions of social safety nets in Haiti”, World Bank, Washington, DC.



transparent design. The World Bank FCV Strategy further notes that in contexts of extremely limited government capacity, such as in Haiti, UN agencies may assume a more integral role in project implementation and monitoring, including through direct financing. In these cases, interventions must prioritize rebuilding national or local systems, institutional strengthening and capacity building, and sustainability. Experience with cash transfers in Somalia and the Republic of Yemen highlight the importance of leveraging capacity and expertise of development partners and the private sector as well as establishing transparent targeting criteria and robust mechanisms for risk management.

42. **Lessons learned from other fragile contexts are reinforced by recent experiences in Haiti, including implementation of the *Kore Lavi*<sup>49</sup> and *Ti Manman Cheri*<sup>50</sup> social protection programs.** *Kore Lavi* focused on ‘getting the basics right’ to ensure transparent, accurate targeting and regular cash transfer delivery. These elements allowed beneficiaries to plan for consumption, school fees, health care needs, or short-term livelihood investments, which were supported through accompanying measures that focused on nutrition and productive inclusion through VSLAs. Around 38 percent of *Kore Lavi* beneficiaries participated in VSLAs, which a qualitative evaluation found to be perceived positively by both beneficiaries and the community as a whole. The existence of numerous community-initiated VSLAs throughout the country, including in Grande Anse, shows that they are a community structure with room to be strengthened. The project will aim to leverage existing VSLAs or establish new ones and use them as the primary mechanism for the group session that will be delivered under the accompanying measures model. A gradual approach will encourage participation in VSLAs as a soft condition to promote financial and social inclusion of beneficiaries, which will help close the gender gap in financial inclusion. Both beneficiaries and non-beneficiaries will be able to participate in the VSLAs and the monthly group sessions. The experience of *Kore Lavi* also highlighted the need for realistic program objectives that reflect institutional capacity and proactive planning for handover to the Government within a reasonable time frame (*Kore Lavi* lacked a transition plan, and transfers were discontinued in October 2019). On the other hand, the experience of *Ti Manman Cheri* pointed to numerous challenges that resulted from a rushed and unnecessarily complex approach. A lack of targeting instruments, weak payment systems to proceed with digital payments, and limited implementation capacity contributed to irregular and inconsistent program delivery. In addition, lessons from the evaluation of emergency cash transfers as part of the COVID-19 response will be incorporated into the design of the ASPIRE Project safety net. These would include, for instance the experiences gained with mobile money transfers as well as any aspects of delivery that could be improved, whether on communication, registration, or distribution.

43. **Elements of program design, including transfer size and the role of accompanying measures, are incorporated to enhance sustainability of impacts.** Global experience suggests that effective transfer size is at least 20 percent of the national poverty line whereas lower benefit levels can inhibit greater human capital and livelihood impacts.<sup>51</sup> The monthly household voucher amount of US\$25 under *Kore Lavi* supported basic consumption but was generally perceived as insufficient for beneficiary households to invest in new or improved livelihoods. The Fonkoze graduation model for the ultra-poor relies on a very small cash transfer (around US\$12) and in-kind support as well as intensive coaching. While the VSLA and nutrition accompanying measures were considered more sustainable aspects of the program, with

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<sup>49</sup> *Kore Lavi* was a USAID funded safety net operating relying on food vouchers, operating between 2013 and 2019.

<sup>50</sup> *Ti Manman Cheri* was a Government funded mobile money transfer program, operating between 2012 and 2015.

<sup>51</sup> Esser, A., C. Bilo, and R. Tebaldi. 2019. “How Can Cash Transfer Programmes Work for Women and Children? A Review of Gender- and Child-Sensitive Design Features.” Working Paper 178. International Policy Centre for Inclusive Growth.



benefits and changed behaviors lasting after the voucher distribution ended, beneficiary graduation was never formally defined nor systematically measured. Finally, previous programs have not included rigorous evaluations to assess program impact. Therefore, an impact evaluation is proposed to build the evidence base around cash transfer programming in Haiti and create buy-in from the Government and other development partners to continue to invest in the social protection system.

44. **Importantly, the design of the project capitalizes on recent successes that will contribute to enhanced coordination and sustainability of social protection programs in Haiti.** The adoption of the NSPPP and the expansion of the SIMAST registry will serve as key points of departure for the proposed project to continue to build program and policy momentum in the social protection sector. As the NSPPP defines the MAST as the lead agency for social protection in Haiti, the proposed capacity-building elements place a heavy emphasis on developing the structural and administrative capacity of the MAST as well as activities to expand coverage and strengthen the SIMAST. The social registry will be used to support the transparent identification of beneficiaries based on its proxy means test (HDVI) and further developed throughout the life of the project to be part of the integrated MIS at the MAST.

### III. IMPLEMENTATION ARRANGEMENTS

#### A. Institutional and Implementation Arrangements

45. **The MAST will be the project implementing entity responsible for overall implementation of the project.** The MAST is recognized in the NSPPP as the lead agency for social protection with a mandate over social assistance, social insurance, and labor market regulation. The MAST will set up a PIU to support implementation and have fiduciary responsibility. The PIU would be as autonomous as possible to reduce bureaucracy and expedite contract signing and management while ensuring proper functional relations and accountability to the ministry's own departments. The PIU will be a mix of civil servants from the ministry and consultants, to ensure government ownership and adequate transfer of knowledge and capacity beyond project completion.

46. **Given weak institutional capacity at both central and departmental levels, the MAST would sign an agreement for delivery of outputs (ADO) with the WFP to support the implementation of Components 1 and 2.** The ADO will follow the 'Standard Form of Agreement for Use by World Bank Borrowers: Delivery of Output Service Contract'. The WFP was selected to support the MAST to implement Components 1 and 2 given its experience and track record of implementing cash-based transfers globally. The WFP has a long history and unique expertise in delivering cash transfers and accompanying measures in Haiti and collaborating with the MAST, including through the *Kore Lavi* program (2012–2019) and its support to the development of the NSPPP. The WFP-implemented UN emergency cash transfer program, CONOPS, is now operating in all departments of Haiti in response to the food insecurity and COVID-19 crises, providing emergency assistance (428,555 beneficiaries in December 2020) through distributions of cash (in envelope and through the mobile money platform, MonCash) and food. The WFP is also implementing the emergency cash transfer and social and behavioral change communication for the COVID-19 emergency response CERC (MDUR, P155201).

47. **The implementation of Component 1 will thus initially be carried out with the support of the WFP with the technical assistance required to ensure a transition from WFP to MAST of the safety net**



**management.** The contract would include a gradual transition of activities to be performed from the WFP to the MAST, ensuring an alignment of incentives toward a government-owned and government-operated safety net, with the MAST in charge of all aspects of implementation of the safety net by the end of the project. A TPM agency will be recruited by the MAST to ensure compliance to the implementation guidelines. Despite the support of the WFP in implementation, the program will be promoted as a government-owned program and the MAST will participate and learn throughout the process.

48. **The MAST will implement Component 2, with technical assistance support from the WFP as part of the same Standard Output Agreement for Component 1 for** (a) drafting terms of reference (TOR) for all activities and consultancy services that will be procured, (b) conducting market research to identify suitable providers of goods and services, (c) supporting contract management, and (d) building capacity of the MAST to take over the management of the safety net program.

49. **The WFP is uniquely equipped to provide the technical assistance necessary to build the MAST's institutional capacity to manage the social registry (SIMAST) and the core processes to implement a national SSN.** The WFP already has developed and implemented core processes to deliver a safety net with the MAST (including registration, payments, and delivery of accompanying measures) through the *Kore Lavi* program and has in the last six years collaborated with the MAST in the development of the SIMAST.<sup>52</sup> The WFP has a leading role in Haiti in terms of generating knowledge and learning, which was used by the Government in the development of its social protection policy and action plan, thus offering a comparative advantage over other private or nonprofit organizations that could offer similar project implementation support. The WFP's 'institutionalization team' will be in charge of supporting the transfer of these core processes to the MAST. The WFP is capable of mobilizing international consultants to help the MAST develop the processes necessary as well as a strong relationship with the main actors and stakeholders of the Haitian social protection system (including donors), which would facilitate inter-institutional coordination, cooperation, and policy coherence. The WFP's presence in Port-au-Prince, as well as in the targeted rural areas would also facilitate regular interactions between teams to provide continuous support.

50. **Given the limited experience of the MAST in project implementation and the need of the project to engage various structures within the ministry, including at the departmental level, the creation of a PIU was deemed preferable to the implementation of the project by an existing directorate under the ministry.** The PIU will be managed by a project coordinator who will be competitively selected and report to the Director of the Analysis and Planning Unit in the MAST (a civil servant). Both project-funded staff and civil servants supporting the project will be included in missions and capacity-building activities to ensure collaboration and sustainability. The project coordinator and director of analysis and planning at MAST will be responsible for the selection and supervision of the PIU staff who will be recruited on a competitive basis and will include, among others, an operations specialist, a technical specialist, a SIMAST specialist, a communications officer, a payment specialist, an MIS officer, a safeguards specialist, an M&E officer, an FM specialist, and a procurement specialist. The PIU will be in charge of: (a) planning and coordinating the implementation of project activities; (b) managing fiduciary activities; (c) managing the

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<sup>52</sup> The SIMAST could never be transferred to the MAST due to the inadequacy of the MAST office to house the registry, due to security and connectivity issues, and has thus been housed at the WFP offices.



agreement for delivery of outputs with the WFP; (d) preparing annual work programs and budgets; and (e) producing project progress and financial reports.

51. **A Project Steering Committee (PSC) will be designated to provide a consultative platform, providing guidance for the project and for inter-ministerial coordination.** The PSC will be led by the Director of the Analysis and Planning Unit of the MAST and will include representatives from the MSPP, MICT, Ministry for Women’s Rights (*Ministère a la Condition Feminine et aux droits des femmes*), BSEIPH, and Civil Protection Directorate (*Direction de la Protection Civile*). The PSC will report to the existing TSPS, which has the mandate of supervision and coordination of the NSPPP implementation and includes a broad range of stakeholders, including the representatives from the Prime Minister’s Office, the FAES, the Ministry of Economics and Finance (*Ministère de l’Economie et des Finances*, MEF) and the Ministry of Planning (*Ministère de la Planification et de la Cooperation Externe*). The PSC will meet as needed but not less than twice per year to review progress in implementing the activities, advise on performance targets and timeline for proposed activities under the different components, and provide overall policy and coordination guidance.

52. **The project will support the MAST to carry out procurement so it can build its own capacity to contract and manage service legal agreements with various providers.** The WFP will engage experts to assist MAST in the process of developing TOR and technical specification, researching the market, and managing contracts. The project will also introduce mechanisms to reduce administrative processes related to procurement and payments. In particular, the Bank team and the MAST identified a ceiling amount for contracts that will be signed by the Coordinator or Director of Analysis and Planning, without necessarily requiring the signature of the Minister, as this process often takes time and creates delays. As part of the transition of the safety net implementation from the WFP to the MAST, the MAST will directly select providers previously selected by the WFP competitively (conditional on their satisfactory performance) to ensure continuity in the services provided to the beneficiaries. Direct payments will also be available as a disbursement method for large contracts.

## **B. Results Monitoring and Evaluation Arrangements**

53. **The MAST will have overall responsibility for the monitoring and supervision of project activities, supported by the WFP.** The project will support the strengthening and establishment of core monitoring systems within the MAST, with a comprehensive MIS to be established to monitor implementation progress. This will make it possible to monitor the selection of beneficiaries, payments, and complaints, among other elements. The MIS will include the socioeconomic data of the safety net beneficiaries collected via the SIMAST surveys in the original registration, as well as follow-up recertifications.

54. **Iterative Beneficiary Monitoring through Third Party Monitoring will be leveraged as a means of citizen engagement and feedback.** Additionally, Geo-Enabling for Monitoring and Supervision (GEMS),<sup>53</sup> will be used to monitor the delivery of the social safety net as well as to provide insights and

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<sup>53</sup> Geo-Enabling for Monitoring and Supervision (GEMS):

<http://documents1.worldbank.org/curated/en/271431561153010274/pdf/Geo-Enabling-Initiative-for-Monitoring-and-Supervision-GEMS.pdf>





identify course corrections as needed. These tools can also be used in remote supervision and monitoring under the current COVID-19 pandemic and other crises or shocks that might restrict people's movement.

55. **A dedicated M&E officer will be hired by the MAST PIU to lead project M&E and will report to the Project Coordinator.** The WFP will ensure timely and quality monitoring of the activities and would report on progress and challenges or issues to the MAST. The MAST will provide the World Bank with semiannual implementation progress reports, in a format outlined in the POM. Progress reports will include information on PDO-level indicators and intermediate outcome indicators, disbursements, FM (including project financial reports and audits), procurement, social and environmental safeguards, GRM, and updated annual plan of activities. The MAST will hire a TPM agency to undertake quarterly monitoring and verification of the cash transfer component and accompanying measures, including verification of the targeting mechanism, registration in the SIMAST, beneficiary identity verification, compliance of the payment delivery agents, and beneficiary feedback. The quarterly TPM exercise will be conducted on a sample of beneficiaries, including through visits to payment sites and beneficiaries' homes or phone surveys in case of travel restrictions.

56. **A Midterm Review will be carried out at the latest 36 months after the project's effectiveness.** The review will assess in detail the progress toward meeting the Project Development Objectives (PDOs) as measured by the key performance indicators and the progress in the institutional and policy development areas that are supported by the project. Results from some of the evaluations carried out under this project (at least the baseline and first follow-up measurement) would then be available and used to assess the relevance and pertinence of the project design and its main implementation features. Results from the midterm review will inform the further implementation, including the shifting of responsibilities for the delivery of the safety net from the WFP to the MAST according to conditions described in the Operations Manual, and supervision of the project.

### C. Sustainability

57. **The project design places an emphasis on unlocking a national poverty reduction and risk mitigation mechanism that will continue to grow beyond the life of the project.** The project aims to set the foundations of a national safety net system that can become a central element for the GoH's social protection and poverty reduction strategies. To ensure the sustainability of the investments, the project needs to tap into additional donor funding and ensure the GoH's commitment to open fiscal space for financing social transfers. To achieve this, the project will (a) support government institutions (that is, MAST, FAES, and sectoral roundtables) to develop a coherent and integrated SSN policy, (b) improve the central and local capacity of the GoH to manage cash transfer programs, and (c) promote sectoral dialogue with the MEF and other donors to ensure an adequate fiscal space for financing social transfers. The ongoing energy subsidy reform constitutes an opportunity for the GoH to open fiscal space for social protection policy. As such, the actions conducted by the project need to go hand in hand with a high-level macro-policy dialogue to improve targeting, efficiency, and effectiveness of social expenditures.

58. **Building institutional capacity for shock responsiveness will encourage stakeholders to tap on national systems to respond to emergencies, including those that are climate change induced.** Building institutional ownership and capacity to respond to shocks in Haiti will encourage development partners, including humanitarian agencies, to contribute financing to shock-responsive programs through Government-led delivery systems, instead of implementing separate projects outside national systems.



Once a Government-led shock responsive safety net program demonstrates impact and is trusted, it will provide a platform and systems for international partners to move toward an integrated and well-targeted national social assistance mechanism.

59. **The beneficiary data resulting from expanding the coverage and improving the quality of the SIMAST will improve coordination across stakeholders and will increase transparency in the allocation of social transfers.** A larger and better SIMAST will promote its use as an entry point to identify the eligibility of households that could benefit from different social protection programs. Doing so will foster coordination, avoid duplication, and promote transparency and efficiency in the allocation of social transfers to poor and vulnerable households. Finally, through the planned impact evaluation assessing the effects of cash transfers on household welfare, the project will develop scientific evidence of the impacts of these investments on human capital accumulation. International experience has shown that such evidence is key in building stakeholder’s consensus to develop a harmonized social protection policy in terms of beneficiary identification, program delivery, and financing.

60. **Successful implementation and delivering of results on the ground are expected to promote the program as the Government’s flagship program, including through branding with a Creole name: *Klere Chimen*.**<sup>54</sup> This should increase the likelihood of mobilizing additional funding, including the potential of a gradual shift from humanitarian and donor funding to long-term domestic funding of the national shock-responsive safety net program supported by this project. The MAST is also seeking support from other development partners to sustain the delivery of the cash transfer beyond the duration of this operation, as well as expand its coverage to other vulnerable areas. Accompanying measures that rely on existing structures tend to be both more cost-effective and sustainable, as programs can link beneficiaries to existing services rather than developing entirely new ones. Linking to existing structures is a priority in Haiti given the large number of local and international organizations and government and nongovernment agencies that are active throughout the country and across sectors. Furthermore, experience and evidence on health and nutrition interventions are particularly robust in Haiti, which suggests that future interventions can learn from what has been done in the past while leveraging existing resources and expertise.

#### IV. PROJECT APPRAISAL SUMMARY

##### A. Technical, Financial and Economic Analysis

61. **Cash transfers have a strong record of improving household welfare and human capital outcomes, particularly for women and children in poor households.** A meta-review<sup>55</sup> on the impact of safety nets in Africa shows that safety nets significantly increase consumption and reduce poverty. Cash transfer programs enhance child welfare by increasing dietary diversity; expanding the use of preventive health services; and improving children’s health, nutrition, and cognitive and noncognitive outcomes.<sup>56</sup>

<sup>54</sup> Which can be translated to “light on the path.”

<sup>55</sup> Ralston, Laura; Andrews, Colin; Hsiao, Allan. 2017. *The Impacts of Safety Nets in Africa: What Are We Learning?* Policy Research Working Paper; No. 8255. World Bank, Washington, DC.

<sup>56</sup> Fiszbein, Ariel; Schady, Norbert; Ferreira, Francisco H.G.; Grosh, Margaret; Keleher, Niall; Olinto, Pedro; Skoufias, Emmanuel. 2009. *Conditional Cash Transfers: Reducing Present and Future Poverty*. World Bank Policy Research Report. Washington, DC:



UCT programs that target parents and young children have consistently been found to increase food and household expenditure, reduce poverty, improve health and nutrition practices, and increase the frequency of health care visits. UCTs are often used more widely in the contexts of limited service availability or limited operational capacity, as monitoring and verification of conditions can be both time- and resource-intensive. While a sharp distinction is often made between UCTs and conditional cash transfers (CCTs), the programmatic differences between the two tend to be more subtle. Many UCT programs are delivered with a particular purpose and encouraged use for the cash, while many CCT programs have ‘soft’ conditions with limited enforcement or event monitoring of compliance (see Annex 3 for further discussion on CCTs, UCTs, and the role of accompanying measures).

**62. Numerous studies show that, if given sufficient cash and accompanying measures, a poor family will make productive investments.** Early interventions in particular have the potential to mitigate the negative effects of poverty, promote equitable opportunities, and generate high rates of return. Early childhood is the fastest period of human growth and development and serves as the foundation for lifelong human capital accumulation. A stable flow of cash transfers can drive sustained benefits for children’s human capital, leading to transformative effects on household resources, time use, and household stress by allowing household members—particularly women—to invest in household well-being and nurturing care (see Annex 3 for ex-ante poverty simulations of the cash transfer in Haiti).

**63. Beyond the direct impacts of cash transfers and accompanying measures on the well-being of the population, having an operational and coordinated social protection system is cost-efficient.** First, safety nets have been proven to mitigate the depletion of human capital after periods of economic shocks, natural disasters, and other social shocks, such as the COVID-19 pandemic, and be cost-efficient. The social and economic consequences arising from economic shocks and natural disasters, such as income and well-being losses, can be very high if households do not have a positive coping mechanism. Many factors, such as the depth of income losses or the value of what is lost or damaged (including how long it takes to rebuild), can translate into medium- and long-term income, asset, and human capital losses. Adequate coping mechanisms and ex-post support protect households and individuals exposed to shocks and help them smooth consumption losses. For a given asset loss, a wealthy household might easily recover, while a poor household might suffer from major, long-lasting impacts. A study of 117 countries shows that adaptive social protection programs can reduce welfare losses,<sup>57</sup> with an estimated benefit of at least US\$1.30 per dollar disbursed in post-disaster transfers.<sup>58</sup> In Haiti, every dollar invested in a cash transfer targeted to extremely poor households results in US\$1.94 in well-being losses avoided.<sup>59</sup> Second, coordinated systems can help decrease duplicated benefits; facilitate information exchanges across programs, including referrals; and automate repetitive tasks and reduce error, fraud, and corruption, through cross-checks with the civil registry and other relevant institutions. Iraq’s Social Safety Net

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World Bank; Bastagli, F., Hagen-Zanker, J., Harman, L., Barca, V., Sturge, G., Schmidt, T. and Pellerano, L., 2016. Cash transfers: what does the evidence say. *A rigorous review of programme impact and the role of design and implementation features*. London: ODI.

<sup>57</sup> Defined as a measure of the utility of consumption lost (including lost labor income and housing services, cost of reconstruction, and use of resources such as savings or insurance payouts) during household’s recovery from shock.

<sup>58</sup> Hallegatte, S., M. Bangalore, and A. Vogt-Schilb. 2016. “Socioeconomic Resilience, Multi-Hazard Estimates in 117 Countries.” Policy Research Working Paper 7886. World Bank, Washington, DC.  
<http://documents1.worldbank.org/curated/en/885041478880630169/pdf/WPS7886.pdf>.

<sup>59</sup> Unbreakable model Haiti, forthcoming.



Information System, for example, helped the Government save over US\$18 million through identification of duplicates and ghost beneficiaries.<sup>60</sup>

**B. Fiduciary**

**(a) Financial Management**

64. The FM function will be carried out by the PIU under the MAST. The creation of this new PIU will help the MAST to develop and strengthen its capacities to manage and implement projects related to social protection. Component 1 will be executed by a UN agency (WFP) through a contract with the GoH. This agency has proven capacity in terms of cash transfer programs and will be using its own policy requirements and standardized internal processes when engaging UN agencies under World Bank-financed projects.

65. The PIU under the MAST will have overall fiduciary responsibility. Basic FM arrangements have been discussed and agreed, and the design of specific processes and procedures are described in the POM. The project requires sound operational arrangements, including for FM, which need to be maintained throughout the project's life. The proposed PIU does not have experience with the World Bank's policies and procedures, and strong hands-on support by the Bank team will be needed throughout the project's cycle. To adequately support the orderly recording of project transactions and provision of reliable and timely information, an accounting system will be implemented at the PIU level.

66. The Bank conducted an assessment of MAST's FM capacity in October 2020. As a result of this assessment and based on the information provided earlier, the main challenges include: (a) limited experience executing World Bank-financed projects; (b) required arrangements in terms of budgeting, funds flow, and reporting arrangements for activities not yet being in place; and (c) cumbersome procedures at the MAST level in payment processes affecting timely execution.

67. To manage fiduciary risk, the following measures need to be taken: (a) recruit an FM specialist dedicated to the project; (b) install a tailored accounting system, including validation of agreed financial reports, at the beginning of the implementation stage; and (c) provide FM trainings to the staff in the implementing entities before commencing project implementation and as needed during implementation.

68. Cash transfers under Component 1 will be managed and processed by the UN agency (WFP) under a standard agreement for World Bank-financed projects under the modality borrower contracting or indirect financing. The WFP has proven capacity in cash transfers, having experience since 2005 and in particular in Haiti during the years 2011 and 2012 after the earthquake that affected the country. For this kind of operation, the WFP applies a tool called SCOPE (System for Cash Operations) which is a beneficiary information and transfer management platform.

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<sup>60</sup> World Bank. 2013. "Iraq: Investing in Infrastructure and Institutions to Create an Environment for Sustainable Economic Revival and Social Progress." <https://www.worldbank.org/en/results/2013/10/04/iraq-investing-in-infrastructure-and-institutions-to-create-an-environment-for-sustainable-economic-revival>.



**(b) Procurement**

69. Procurement for the project will be carried out in accordance with the World Bank's Procurement Regulations for IPF Borrowers for Goods, Works, Non-Consulting and Consulting Services, dated July 1, 2016 (revised in November 2017 and August 2018), hereafter, Procurement Regulations. The project will be subject to the Guidelines on Preventing and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants. The project will use the Systematic Tracking of Exchanges in Procurement to plan, record, and track procurement transactions.

70. Procurement will be carried out by the PIU hosted at the MAST, which has limited experience in the implementation of World Bank Group-financed operations. The PIU will be responsible for managing and overseeing the standard agreement between the MAST and the WFP as well as for managing, implementing, and overseeing all other expenditures. The PIU would be as autonomous as possible to reduce bureaucracy and expedite contract signing and management while ensuring proper functional relations and accountability to the ministry's own departments.

71. The major planned procurement packages include, for Component 1, a Standard Output Agreement with the WFP including contracts for FSPs to cover cash transfers to beneficiaries, administrative costs linked to the delivery of the transfers and accompanying measures, goods (such as materials to deliver the accompanying measures, including for example communication tools), and consulting services to deliver accompanying measures to households; to train staff; and to foster communications and awareness campaigns and other operating costs (including the WFP fee). For Component 2, procurement packages include, consultancy services to develop SOPs for the safety net as well as analytical studies, goods, and services to register households into the SIMAST; consulting services and equipment to improve the MAST's management capacity (for example, development of MIS, payment, M&E, and GRM systems); and capacity-building and knowledge management activities (dissemination, logistics, and organization of meetings). The strategy for this project is built on direct contracting with the WFP for Component 1 activities and the acquisitions of other packages through normal procurement processes. The MAST has prepared a streamlined Project Procurement Strategy for Development, and all competitive processes will be published via national and international means as appropriate.

72. The main weaknesses identified during the procurement assessment in December 2020 are the following: (a) the lack of delegation in the decision-making mechanism, as the Minister is responsible to sign documents and approve all contract regardless the amount; (b) inexistence of appropriate filling system; (c) no compliance for contract award publication; and (d) no internal and external oversight on procurement activities. The main risks identified and associated to procurement are: (a) delays in the implementation of projects and; (b) poor deliverables due to the lack of sufficient anticipation and appropriate contract management mechanism in place, as well as potential loss of procurement documents; and (c) noncompliance with the Bank's procurement framework and high number of complaints.

73. These risks will be mitigated by: (a) the appointment of an experienced procurement specialist; (b) provision of technical assistance by WFP to MAST PIU during the first two years of the project implementation; (c) the conduct of an annual procurement audit during the project life; and (d) the



provision of training in World Bank Procurement Regulations and on contracts management for the procurement specialist and technical expert.

74. Operational Costs. Operational costs financed by the Project would be incremental expenses, including office supplies, vehicles operation and maintenance cost, maintenance of equipment, communication costs, rental expenses, utilities expenses, consumables, transport and accommodation, per diem, supervision costs, and salaries of locally contracted support staff. Such service needs will be procured using the procurement procedures specified in the POM accepted and approved by the Bank.

75. Filing and record keeping. The Operations Manual sets out the detailed procedures for maintaining and providing readily available access to project procurement records, in compliance with the Grant Agreement. The Implementing Agency will assign one person responsible for maintaining the records. The logbook of the contracts with a unique numbering system shall be maintained.

76. The procurement arrangements applicable under the Contingent Emergency Response Component are described in the Emergency Operation Manual prepared by the Borrower and agreed with the Bank.

77. Procurement plan. The client has prepared a detailed 18-month procurement plan. This plan was agreed with the Bank during negotiations. The Procurement Plans will be updated in agreement with the Bank Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

C. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

D. Environmental and Social

78. Environmental risk is low. Adverse environmental risks and impacts related to project activities are likely to be minimal or negligible. The main anticipated environmental risk is likely to be around waste management, particularly the need for project workers to dispose of their personal protective equipment (PPE) safely during the period when COVID-19-related protective measures are to be followed.

79. Social risk is substantial. While the overall social benefits are expected to be positive, potential social risks and impacts include sexual exploitation and abuse and sexual harassment (SEA/SH) and GBV, project workers' exposure to the COVID-19 virus, transmission of the virus to local communities and beneficiaries, and the deployment of security forces for cash transport and distribution.

80. Risk mitigation measures. Mitigation measures for the abovementioned environmental and social risks are set out in the Environmental and Social Management Framework (ESMF), the Stakeholder Engagement Plan (SEP), and Labor Management Procedures (LMP). The commitments from these



instruments are captured in the Environmental and Social Commitment Plan (ESCP) and include: (a) comprehensive health and safety measures; (b) waste management guidelines; (c) labor and contract management procedures, including the enforcement of codes of conduct; (d) transparency, inclusiveness, and participation of beneficiaries in designing and implementing the project activities; (e) communication and stakeholder engagement activities to continue throughout project implementation; and (f) a grievance mechanism, covering both workers and project stakeholders at large. One of the most salient issues under the project is the identification of extremely poor households and vulnerable populations, including female-headed households and PwDs, entitled to receive the cash transfers and accompanying measures. It is thus critical to ensure that the measures to reach the extreme poor are effective. This will be addressed through the development of fair and transparent SOPs for the targeting, registration, and payment of beneficiaries and investing in robust M&E systems, under Component 3. The PIU will comprise a dedicated and qualified Environmental and Social Specialist for the duration of project implementation. The ESMF, SEP, LMP, and ESCP have been developed, underwent virtual public consultation in November 2020 and were published online on November 23<sup>rd</sup>, 2020.<sup>61</sup> A detailed description of the risks and a summary of mitigation measures are included in the Environmental and Social Review Summary.

**81. Citizens' engagement and social accountability will be promoted throughout the program cycle.**

The Project's SEP identifies project stakeholders, means to ensure effective project communication and consultation with each stakeholder group, and indicators to monitor its implementation. All project-supported interventions, including social and environmental safeguards measures, have been disclosed and consulted to ensure that stakeholders' input is considered in project design and implementation arrangements. The project will, for instance, support community outreach in the rollout of the social registry, a GRM for the safety net, as well as beneficiary households and community monitoring through TPM, Iterative Beneficiary Monitoring (IBM) and GEMS. This set of tools will be part of the project's monitoring system, which will systematically flag any problems requiring adjustments in the delivery of the safety net, thus ensuring transparency, a closed feedback loop through the systematic analysis of IBM results informing project implementation, social accountability and the protection of the rights of the participants. As part of the SEP implementation, the project will also support the establishment of a dedicated project website hosted by the MAST, which will include a description of project activities, key project documents, periodic updates on progress and results, and a grievance mechanism.

## V. GRIEVANCE REDRESS SERVICES

82. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit

<sup>61</sup> See <https://haitidata.org/documents/129> and <http://documents1.worldbank.org/curated/en/340371603899099121/pdf/Appraisal-Environmental-and-Social-Review-Summary-ESRS-HT-Adaptive-Social-Protection-for-Increased-Resilience-P174111.pdf>



<http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>.

For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## VI. KEY RISKS

83. **The overall risk of the operation is assessed as Substantial.** The rating for each category is detailed in the following paragraphs.

84. **The Political and Governance risk is assessed as High.** Changes in administration in Haiti have been frequent in the last years and are expected to continue with upcoming elections. Such changes could lead to unexpected realignments in the Government's policy objectives, as well as turn-over of technical counterparts. The country's chronic fragility is characterized by sociopolitical instability and a volatile security situation, which have the potential to create bottlenecks and delays in implementation of the proposed project. Weak governance and accountability continue to constrain the Government's capacity to lead and implement social programs. These risks will be mitigated by ensuring that the work undertaken under the project is supported by a broad coalition of stakeholders, including development partners. These risks will be partially mitigated through proactive engagement by the Government, with the support of the Bank, as issues arise, and adaptability of the project team and operation to adapt to evolving situations.

85. **The Macroeconomic risk is assessed as High** due to the ongoing economic crisis, now compounded by the COVID-19 pandemic. The country had been reeling from a lingering political crisis that wreaked havoc on the economy, with GDP estimated to have contracted by 0.9 percent in fiscal year 2019, when COVID-19 hit. The pandemic will entail considerable costs, as containment measures including reduced labor and production capacity are imposed to mitigate the spread of the virus. Hence, GDP growth was revised downward for fiscal year 2020 from 1.0 percent to -3.5 percent. Macroeconomic risks could affect the Government's capacity to open fiscal space to finance cash transfers (and other SSNs) once project funding is over, undermining the sustainability of the reforms and institutional capacity supported by the project. In addition, the volatility in the exchange rate and inflation can increase costs of certain activities, including the data collection costs, or require adjustments in the cash transfer amounts. To mitigate these risks, higher costs to reflect recent appreciation of the local currency were accounted for in the planning of the activities, and provisions for adjustments in the cash transfer amount are included in the POM. The team will also closely interact with the IMF and macro teams on the broader ongoing reform dialogue, to explore the possibility that such reform be accompanied by an adequate fiscal space to finance SSN to protect the welfare of the most affected households.

86. **Sector Strategies and Policies risk is assessed as Substantial** due to the history of fragmentation in the social protection sector in Haiti and to the country's dependence on external actors to implement SSNs at the local level. While recently the GoH has taken the right steps to envision a more coherent social protection policy through the establishment of the TSPS and the adoption of the NSPPP by the Council of Ministers, there are still mixed institutional interests that compete for fiscal space for the delivery of cash transfers. To mitigate these risks, the project will support consensus building around social protection policy directions. The MAST will, with the support of the Bank, lead the social protection roundtable including, sectorial ministries and donors to facilitate efforts to move toward more harmonized and





coherent social protection policies and programs. Furthermore, the World Bank team will maintain close coordination with the MEF in the context of the ongoing subsidy reform, to advocate that such reforms go hand in hand with adequate funding of SSNs.

87. **The Project's Technical Design risk is rated as Substantial.** Government capacity and experience in managing social protection programs in Haiti is limited, and a PIU will need to be built in MAST. Cash transfer programs can be complex to operate, and this complexity is compounded by the fragile and violent context, as well as the COVID-19 pandemic. This is the first MAST-managed cash transfer program, and the technical design of the project involves a transition in the implementation of activities from WFP to MAST once adequate capacity has been built. To mitigate these risks, the project includes a simple design of the cash transfer (no conditionalities, transparent eligibility rules and a clear benefit structure), and important investments to strengthen the capacity of MAST, as well as clearly defined procedures for the transition from WFP to MAST as detailed in the POM and Standard Output Agreement with WFP. The project design will rely on a third-party firm as well as digital technologies and remote arrangements (e.g., GEMS) to monitor the progress and the results of the project, thus partially alleviating the implementation and monitoring burden on the GoH. With regards to supervision missions, when possible the team will rely on remote mission, as is currently the case under COVID-19, and on the local WB staff to supervise project development.

88. **The Institutional Capacity for Implementation and Sustainability risk is assessed as Substantial** due to the limited capacity of the MAST to carry out the activities at both the national and departmental levels and due to limited overall fiscal space to fund and finance SSNs. To mitigate these risks, the project will rely on the WFP to support the MAST in implementing activities and provide capacity-building activities throughout preparation and implementation, which will also draw on the experience that will be gained under the current MDUR (P155201) CERC emergency cash transfer, as well as the ASA on local governance. A PIU will be established to support the day-to-day implementation and monitoring of the project. The PIU will also oversee developing and transferring technical capacity to the MAST once project financing is depleted. The project intends to develop the MAST's capacity to deliver SSNs locally, which will in turn decrease the GoH's dependency on external actors to mobilize aid responses to households in times of shock. The project will also facilitate dialogue and discussion, generate data and information, and document lessons to further build institutional capacity and program sustainability within the MAST.

89. **Fiduciary risks are Substantial.** Capacity assessments were conducted to evaluate project risks for FM and procurement and determine mitigating measures for the adequate fiduciary functions for the project. The relevant challenges faced by the project include: (a) MAST's limited experience executing World Bank-financed projects, and (b) the need to establish a new PIU in the MAST to support project implementation. An important part of the project will be implemented by the WFP through an agreement between the MAST and the WFP, but in addition, the MAST will need to put in place adequate supervision and monitoring procedures to ensure that project activities are satisfactorily implemented and accounted for. To mitigate fiduciary risks, the MAST has started the recruitment process for experienced fiduciary staff, who will receive additional training from World Bank and the WFP.

90. **Environmental and Social risks are rated Substantial.** Identified environmental and social risks and impacts include project workers' exposure to the COVID-19 virus; transmission of the virus to local communities and beneficiaries; waste management, particularly the disposal of PPE in the COVID-19 context; risks related to SEA/SH; the deployment of security forces for cash transport and distribution;



and discrimination in the targeting of beneficiaries. There will be close coordination with local security forces, in line with the requirements and criteria set forth for their use in the project's safeguard instruments, and the project will aim to reduce distribution of cash as much as possible, by using other, more secure payment mechanisms. The environmental and social risk management instruments present an overview of the main risks and potential impacts associated with the project, and robust mitigation measures have been developed, including an adequate communication strategy, GRM, and COVID-19 prevention measures in the delivery of the safety net. These include an ESMF, SEP, LMP, and ESCP, as highlighted earlier. The ESMF and ESCP outline a series of capacity-building and institutional strengthening activities for implementing entities during project implementation.

91. **Other Risks, including the COVID-19 pandemic, are assessed as Substantial.** Although the rate of new COVID-19 infections has dropped significantly in Haiti since the peak in mid-July 2020, a second wave is now ongoing. The targeting and distribution processes for cash transfer beneficiaries present a risk of COVID-19 spreading. To mitigate this risk, social distancing and crowd limitations will be enforced at distribution sites, in addition to all workers wearing appropriate PPE. Distribution cycles will also be limited to the minimum necessary number, and mobile money will be relied on as much as feasible to avoid physical distributions of cash. The MSPP personnel and Department of Civil Protection volunteers could also be present on site to enforce the COVID-19 spreading mitigation measures and lead communication on COVID-19 prevention for all beneficiaries. An adjusted SIMAST registration methodology is being developed to mitigate COVID-19 spreading, including by relying on phone surveys. Also, accompanying measures supported under Component 1 will provide information to households about strategies to minimize the risks of COVID-19 infection, as well as actions to cope with the illness and contain its spread.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Haiti

Adaptive Social Protection for Increased Resilience Project

Project Development Objectives(s)

The PDO is to deliver cash transfers to targeted households and establish the foundations for an adaptive safety net system in Haiti to respond to shocks, including COVID-19.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
<b>Adaptive social protection system and access to social programs to poor and vulnerable populations</b>							
Beneficiaries of social safety net programs (CRI, Number)		0.00	30,000.00	60,000.00	90,000.00	90,000.00	90,000.00
Beneficiaries of social safety net programs - Female (CRI, Number)		0.00	13,500.00	27,000.00	45,000.00	45,000.00	45,000.00
Percentage of female direct recipients of the cash transfer (Percentage)		0.00	55.00	60.00	65.00	75.00	80.00
Number of households added to SIMAST (Number)		0.00	25,000.00	50,000.00	100,000.00	150,000.00	200,000.00
Number of SIMAST households with updated information (Number)		0.00	10,000.00	20,000.00	30,000.00	40,000.00	60,000.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Standard Operating Procedures to scale up cash transfers in response to shocks are adopted by Social Protection Roundtable (TSPS) (Yes/No)		No	No	Yes	Yes	Yes	Yes
Cash transfers paid to eligible beneficiaries during climate hazard/disaster event (Amount(USD))		0.00	100,000.00	200,000.00	300,000.00	400,000.00	500,000.00

**Intermediate Results Indicators by Components**

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
<b>Delivery of an unconditional cash transfer with accompanying measures</b>							
Percentage of households receiving payments within the timeframe specified in the POM (Percentage)		0.00	50.00	60.00	70.00	80.00	80.00
Percentage of beneficiary households receiving payment through modality other than cash distribution (Percentage)		0.00	10.00	20.00	30.00	40.00	40.00
Percentage of households receiving accompanying measures on a regular basis as defined in the POM (Percentage)		0.00	10.00	20.00	30.00	40.00	50.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Percentage of beneficiaries consulted during feedback surveys (Percentage)		0.00	5.00	10.00	25.00	40.00	50.00
Percentage of female beneficiaries who own and operate a bank or mobile money account or participate in a Village Savings and Loan Association (VSLA) (Percentage)		0.00	5.00	10.00	15.00	20.00	25.00
<b>Establishing the foundations for an adaptive SSN system</b>							
Percentage of SSN beneficiaries managed through MAST (Percentage)		0.00	0.00	0.00	50.00	100.00	100.00
MAST has a manual (Standard Operating Procedures) and an automated payment platform to manage contracts with Payment Providers (Yes/No)		No	No	No	Yes	Yes	Yes
The Government contributes to the financing of expenditures linked to SIMAST and/or Klere Chimen through Annual Work Plan (Yes/No)		No	Yes	Yes	Yes	Yes	Yes
<b>Project Management and Evaluation</b>							
Impact evaluation generating lessons (Yes/No)		No	No	No	Yes	Yes	Yes
Percentage of GRM complaints addressed and responded to within the timeframe outlined in the POM (Percentage)		0.00	50.00	60.00	70.00	80.00	80.00



**Monitoring & Evaluation Plan: PDO Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Beneficiaries of social safety net programs		Quarterly	WFP SCOPE, MAST MIS	WFP quarterly report, MAST MIS	PIU and WFP
Beneficiaries of social safety net programs - Female		Quarterly	WFP SCOPE, MAST MIS	WFP quarterly report, MAST MIS	PIU and WFP
Percentage of female direct recipients of the cash transfer	Percentage of direct beneficiaries who are female	Quarterly	WFP SCOPE, MAST MIS	WFP quarterly report, MAST MIS	PIU and WFP
Number of households added to SIMAST	Cumulative number of households newly registered in SIMAST	Bi-annually	SIMAST	SIMAST bi-annual report	PIU and SIMAST team
Number of SIMAST households with updated information	The updating of information in SIMAST is crucial to ensure its relevance. This indicator capture the cumulative number of updating surveys conducted by the project.	Bi-annually	SIMAST	SIMAST bi-annual report	PIU and SIMAST
Standard Operating Procedures to scale up cash transfers in response to shocks are adopted by Social Protection Roundtable (TSPS)	Standard Operating Procedures to scale up cash transfers in response to shocks are adopted by Social Protection	Yearly	MAST	MAST	MAST



	Roundtable (TSPS), delineating steps to deliver emergency cash transfers and identifying sources of financing and coordination across agencies				
Cash transfers paid to eligible beneficiaries during climate hazard/disaster event	This indicator is a climate indicator proxying the establishment of an adaptive social protection system responsive to disasters, including climate change induced ones, through the cumulative value of cash transfers distributed in response to disasters. It is however contingent on a disaster happening, and as such could be not be achieved if no disaster happens	Annually	WFP and PIU	SCOPE and MAST MIS	PIU

**Monitoring & Evaluation Plan: Intermediate Results Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Percentage of households receiving payments within the timeframe specified in the POM	Percentage of beneficiary households receiving their payment within timeframe stipulated in POM. This indicator captures the	Quarterly	WFP / MAST Progress reports	WFP SCOPE, MAST MIS	PIU and WFP

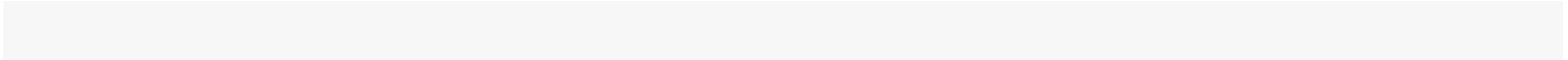


	performance of the cash transfer delivery system.				
Percentage of beneficiary households receiving payment through modality other than cash distribution	Percentage of beneficiary households receiving their payment through modality other than cash distribution (including digital, bank)	Quarterly	WFP / MAST Progress reports	WFP SCOPE, MAST MIS	PIU and WFP
Percentage of households receiving accompanying measures on a regular basis as defined in the POM	Percentage of beneficiary households receiving the accompanying measures on a regular basis as defined in the POM. This indicator capture the gradual roll-out of accompanying measures.	Quarterly	WFP / MAST Progress reports	WFP SCOPE, MAST MIS	PIU and WFP
Percentage of beneficiaries consulted during feedback surveys	Citizen’s engagement indicator. Around 1% of beneficiary households will be interviewed each month to collect feedback and inform potentially needed adjustments in the delivery of benefits.	Quarterly	Third Party Monitoring survey	Survey for subset of beneficiaries - a sample large enough will be surveyed to ensure the target is met, accounting for non-response. The percentage represents the ratio of total number of surveyed beneficiary households over the total number of beneficiary households.	TPM, PIU
Percentage of female beneficiaries who own and operate a bank or mobile money	Percentage of women beneficiaries who report	Quarterly	Third Party Monitoring	Survey for sub-sample of beneficiaries	TPM, PIU





account or participate in a Village Savings and Loan Association (VSLA)	owning and operating an account with a bank, other financial institution, or mobile money		Survey		
Percentage of SSN beneficiaries managed through MAST	Seeks to measure the progress in developing the integrated management information system	Annually	PIU	MAST MIS	PIU
MAST has a manual (Standard Operating Procedures) and an automated payment platform to manage contracts with Payment Providers	Indicator of the development of the safety net management capacity in MAST	Annually	MAST	Key informant interviews	MAST
The Government contributes to the financing of expenditures linked to SIMAST and/or Klere Chimen through Annual Work Plan	This indicator reflects the Government's budget contributions to the Annual Work Plan, and therefore its ownership and the sustainability of the activities.	Annual	Annual Work Plans	Annual Work Plans	PIU
Impact evaluation generating lessons	Impact evaluation generating lessons	Once	PIU	PIU	PIU and Bank
Percentage of GRM complaints addressed and responded to within the timeframe outlined in the POM	Percentage of cases that are referred to the PIU through various grievances channels and are addressed by the PIU or MAST within stipulated timeframe	Quarterly	PIU	Ratio of grievances addressed over total cases received	PIU





## ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Haiti

Adaptive Social Protection for Increased Resilience Project

### A. Project Institutional and Implementation Arrangements

- 1. The MAST will be the recipient of the IDA grant, with funds disbursed directly to the PIU according to the procedures outlined in the fiduciary management section.**
- 2. The MAST will be the project implementing entity responsible for coordinating and supervising the implementation of the project.** The MAST is recognized in the NSPPP as the lead agency in the social protection system with a mandate over social assistance, social insurance, and labor market regulation. The MAST's organizational structure includes the minister, below whom are a permanent secretariat, a cabinet, and the director general, under whom are six technical directors responsible respectively for labor, employment, artisan affairs, legal affairs, administrative affairs, and analysis and planning. The MAST will set up a PIU to support implementation to be hosted in the Directorate of Analysis and Planning. The PIU will be responsible for the day-to-day management of the project and will report to the Director of the Analysis and Planning Unit. The PIU would be as autonomous as possible to reduce bureaucracy and expedite contract signing and management while ensuring proper functional relations and accountability to the ministry's own departments. The PIU will be a mix of civil servants from the ministry and consultants, to ensure government ownership and adequate transfer of knowledge and capacity beyond project completion. Moreover, the MAST has nine regional offices. The project envisions financing field operation officers in the local offices where project activities will be implemented, to oversee program delivery at the local level, and to serve as a liaison between local partners and the central PIU.
- 3. The MAST will enter into a Standard Output Agreement with the WFP to support project implementation.** This service agreement with the WFP will include (a) support for the implementation of cash transfers and accompanying measures and (b) technical assistance to develop the MAST's technical and fiduciary capacity to implement social protection programs. For this purpose, and to ensure that implementation can start while the MAST's capacity is being strengthened, the project will finance technical assistance from the WFP through an ADO (details in the following paragraphs).
- 4. The MAST would have overall responsibility for the implementation of project activities, supported by the WFP.** The project will support the strengthening and establishment of the core monitoring systems within the MAST, with a comprehensive MIS to be established to monitor implementation progress. This will make it possible to monitor the selection of beneficiaries, payments, and complaints, among other elements. The MIS will include the socioeconomic data of the safety net beneficiaries collected via the SIMAST surveys, in the original registration as well as follow-up recertifications. The fiduciary processes have been established in the POM.
- 5. Given the weak institutional capacity at both the central and departmental levels, the MAST would sign an ADO with the WFP to support the implementation of Components 1 and 2.** The ADO will follow the 'Standard Form of Agreement for Use by World Bank Borrowers: Delivery of Output Service Contract'. The WFP was selected to support the MAST implement Components 1 and 2 given its



experience and track record of implementing cash-based transfers in Haiti and globally. The WFP has most recently been implementing emergency cash transfers to respond to the current food insecurity and COVID crises in Haiti since November 2019. The WFP is also implementing the emergency cash transfer and social and behavioral change communication for the COVID-19 emergency response CERC (MDUR, P155201). Moreover, the WFP had a leading role in Haiti generating knowledge and learning which was used by the Government in the development of its social protection policy and action plan, thus offering a comparative advantage over other private or nonprofit organizations which could offer similar project implementation support.

6. **The project will support the MAST to carry out procurement so it can build its own capacity to contract and manage service legal agreements with providers.** The WFP and the World Bank experts will assist them in the process. Given the MAST's limited capacity and limited experience implementing World Bank procurement guidelines, the number of contracts supported under the project will be limited to no more than 15.

7. **The MAST will provide the World Bank with semiannual progress reports, including implementation reports in a format outlined in the POM.** Progress reports will include information on PDO-level indicators and intermediate outcome indicators, disbursements, FM (including project financial reports and audits), procurement, social and environmental safeguards, GRM, and updated annual plan of activities.

8. **The MAST will hire a TPM agency to undertake quarterly monitoring and verification of the cash transfer component,** including verification of the targeting mechanism, beneficiary identity verification, compliance of the payment delivery agents, and beneficiary feedback. The quarterly TPM exercise will be conducted on a sample of beneficiaries and will include visits to payment sites as well as to beneficiaries' home.

### **Implementation Support Plan**

9. **The WFP will support the MAST implement Components 1 and 2 given its unique experience and track record of implementing cash-based transfers in Haiti and globally.** The WFP has also been an important actor in the development and management of the SIMAST database. All these factors make the WFP uniquely positioned to support the MAST along project implementation, conceptually and practically.

10. **A core World Bank technical team (Table 1.1), including a task team leader based in Washington, DC and World Bank core technical team members based in Washington, DC and Port-au-Prince, will provide hands-on support to implementing agencies and coordinate with development partners.** Moreover, the World Bank's implementation support team will leverage the presence of specialists in procurement and FM, safeguards, and communication, in the Haiti office, all of whom have had significant experience in supporting programs in an FCV setting. To ensure strong and continuous implementation support, a yearly supervision budget will be established for supervision activities to cover World Bank staff and consultants' travel expenses.



Table 1.1. Implementation Support Team

	Staff Weeks per Year	Number of Support Missions per Year
Task team leader	12	4
Social protection sector specialists	8	4
Procurement specialist	8	2
FM specialist	5	2
Environmental and Social specialists	5	2
Technical consultants (ICTs, payments, M&E, and so on)	38	12
GEMS specialist	4	12

11. **There will be at least two annual implementation support missions (which will be held virtually if COVID-19 travel restrictions are in place) in addition to ongoing and specific technical and fiduciary support and technical assistance in areas such as social protection policy operationalization.** Local consultants will carry out field visits to targeted areas where project interventions are being rolled out. The implementation support will be enhanced by setting out a GEMS system to monitor real-time implementation activities. Also, the project will rely on TPM to assess whether implementation follows the process agreed in the POM. The World Bank technical team will also provide support to the PIU to develop its capacity to oversee operational audits, financial audits, and M&E to ensure timely and effective feedback to inform any necessary adjustments in project implementation. Based on the implementation support missions, the task team will collaborate with clients and other stakeholders in developing a list of actions required to ensure the continued proper implementation of the project.

12. **A Midterm Review will be carried out, at the latest, 36 months after the project’s effectiveness.** The review will assess in detail the progress toward meeting the PDOs as measured by the key performance indicators, as well as assess progress in the institutional and policy development areas that are supported by the project. Results from some of the evaluations carried out under this project (at least the baseline and first follow-up measurement) would then be available and used to assess the relevance and pertinence of the project design and its main implementation features. Results from the midterm review will inform the further implementation, including the shifting of responsibilities for the delivery of the safety net from the WFP to the MAST, as well as implementation support of the project.

13. **An impact evaluation will be carried out to assess the outcomes of the SSN program and inform its potential scale-up.** The evaluation will determine the ASPIRE Project’s efficacy in reducing vulnerability and food insecurity, increasing resilience in beneficiary households, and contributing to long-term determinants of resilience, such as human capital accumulation. The impact evaluation will use qualitative and quantitative methods, and it will cover several activities: evaluation design and validation, monitoring and supervision of data collection, analysis of baseline and end line data, workshops with the Government to inform social protection planning, and dissemination of results.

**B. Financial Management**

14. **Overall fiduciary responsibility will rely on the PIU under the MAST.** Financial management arrangements have been discussed and agreed, and descriptions of the design of specific processes are included in the Project Operation Manual. The project requires sound operational arrangements,



including for financial management, which need to be maintained throughout the Project's life. The proposed PIU does not have experience with the Bank's policies and procedures, and a strong hands-on support will be needed throughout the project's cycle. In order to adequately support the orderly recording of project transactions and provision of reliable and timely information, an accounting system will be implemented at the PIU level.

15. **Cash transfers under Component 1 will be managed and processed by the UN Agency World Food Program (WFP)** under a standard agreement for operations under Bank-financed projects under the modality borrower contracting or indirect financing. WFP has proven capacity in cash transfers having experience since 2005 and in particular in Haiti during the years 2011 and 2012 after the earthquake that affected the country. For this kind of operations WFP applies a tool called SCOPE (System for Cash Operations) which is a beneficiary information and transfer management platform.

16. **An FM Assessment of MAST's capacity was conducted by the Bank in October 2020.**<sup>62</sup>As a result of this assessment and based on the information provided above, main challenges include: (a) MAST's limited experience executing Bank-financed projects; (b) required arrangements in terms of budgeting, funds flow, and reporting arrangements for activities are not yet in place; and (c) cumbersome procedures at the MAST level in payment processes may affect timely execution.

17. **Considering the project's design and the above listed risks and challenges, the FM risk for this project is deemed Substantial.** The FM function will be carried out by a PIU under the MAST that is not yet in place and that needs to be settled in order to implement the project. The creation of this new unit will help the MAST to develop and strength its capacities to manage and implement projects related to social protection.

18. **In order to manage fiduciary risk, the following measures need to be taken:** (a) recruit a qualified financial management specialist dedicated to the project; (b) install a tailored accounting system, including validation of agreed financial reports, at the beginning of the implementation stage; and (c) provide financial management trainings to fiduciary staff in the PIU prior to the commencement of project implementation, and during implementation as needed.

### C. Financial Management Arrangements

19. **Organization and Staffing.** A project implementation unit inside MAST will need to be created in order to execute the project's activities. Specialized staff with experience in the Bank's policies will need to be recruited and hired, and financial management training and hands-on support will be provided by the Bank, as needed. A financial management training explaining the basic concepts affecting the project's implementation was given to the focal point designated by the Minister for this project. Another financial management training is expected to take place once the financial management specialist assigned to this project is incorporated (expected by the end of March 2021). A model of terms of reference for this position was shared with the PIU, including the minimum experience requirements and tasks required.

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<sup>62</sup> The assessment was conducted in accordance with the Bank's Operational Policy and Bank Procedures for Investment Project Financing, and in line with the Financial Management Manual for World Bank Investment Project Financing (IPF) Operations (OPCS5.05-DIR.01, issued February 10, 2017).



20. **Budgeting arrangements.** The project will be financed entirely with IDA grant proceeds, without Government counterpart funding. The PIU inside MAST will be responsible for planning project activities and preparing the annual operational plan and budget, to be approved by the Bank before the end of the fiscal year and monitored periodically through the overall and fiduciary supervision and project progress and financial reports (bi-annual interim unaudited financial reports and annual audits). The budget process is clearly detailed in the Project Operational Manual and tailored to the project's needs. The annual operational plan and budget, specifying activities by project components and subcomponents and also including detailed information on operational costs, will also be prepared by the PIU and reviewed and approved by the Bank.

21. **Accounting system.** As of February 2021, there is no financial management system in place deemed suitable for Bank-financed projects. An adequate accounting system will need to be put in place to support the orderly recording of project transactions and provision of reliable and timely information. A model of terms of reference has been shared with the PIU and the bidding process is expected to be launched as soon as the project becomes effective in order to have the accounting system established and operable at the beginning of implementation. During this transition period, the PIU will record and prepare the financial reports using an auxiliary system (Excel sheets). Once the accounting system is in place, the PIU will need to ensure that relevant users are trained accordingly to keep track and report on project's expenditures in accordance with the Bank's financial management requirements.

22. **Financial Reporting.** The proposed project will use Cash Basis Accounting for preparation of the project's semi-annual interim financial reports (IFRs) and audited annual financial statements. These financial reports would be prepared manually by the PIU on the basis of the auxiliary records until the accounting system is in place. IFRs should specify sources and uses of funds, reconciling items (as needed) and cash balances, with expenditures classified by component and by disbursement category; and a statement of investments reporting the current semester and the accumulated operations against ongoing plans and footnotes explaining the important variances. Draft format and content of the IFRs have been discussed and reviewed, with the understanding that the reports will be prepared and submitted to the Bank on a fiscal semester basis no later than 45 days after the end of each calendar semester. The reports would be prepared in US dollars.

23. **Internal control and internal auditing.** The Project Operational Manual describes, among other, specific financial management arrangements and internal control procedures, as well as specific mechanisms to control and safeguard the project's financial information and assets to ensure that Project activities are satisfactorily implemented and accounted for. Internal processes and procedures will need to be adjusted and streamlined in order to provide for adequate segregation of duties, as well as clear roles and responsibilities for approval and authorization of payments.

24. **External Audit.** Annual audits on project financial statements and eligibility of expenditures will be performed in accordance with Bank policy, under terms of reference and by an independent auditor acceptable to the Bank.

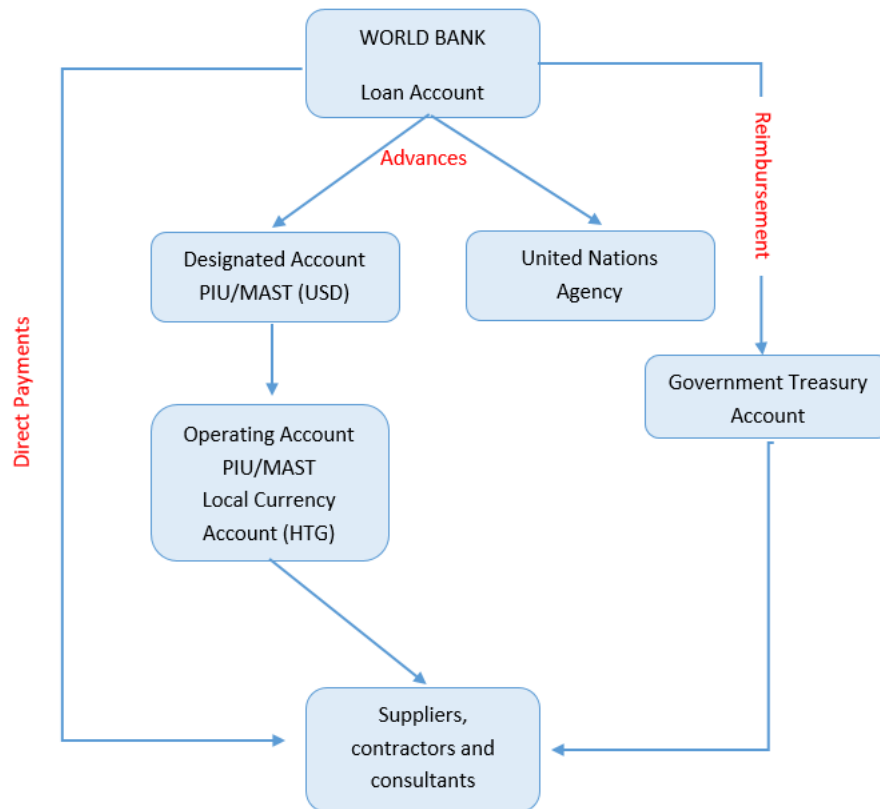
25. **FM supervision.** The Bank will conduct at least two FM supervision missions per year. FM performance and compliance will also be monitored through the review of bi-annual IFR and yearly audit reports.



D. Disbursements

26. **The main disbursement method to be used is the advance of funds.** Project funds will be advanced to a designated dedicated account to be managed by PIU; an additional account (an Operating Account) in local currency (HTG) will be opened for managing funds and making payments for Project activities. Advanced funds will be documented by PIU to account for grant proceeds and replenish the designated account using Statement of Expenditures (SOE) agreed with the Bank. Payments made to the WFP for activities under Component 1 will be advanced directly to the UN Agency according to the payment calendar included in the contract via a special commitment included in the ClientConnection system to set aside the required funds.

27. **The reimbursement method, payment disbursements and special commitments will be available for the project and included in the Disbursement and Financial Information Letter.**







## **ANNEX 2: Detailed Project Description**

**COUNTRY: Haiti**

### **Adaptive Social Protection for Increased Resilience Project**

#### **Targeting**

1. The targeting of beneficiaries will be conducted in two stages, first with a selection of geographical areas (departments and communes) and thereafter with a selection of households in the identified areas. It is important to recognize that the selection of geographical areas outlined at the outset of implementation may be subject to adjustments based on the realities on the ground. On the one hand, this is because the quality of data on population, demographics, and malnutrition is rather inadequate and the available figures are frequently based on strong assumptions. On the other hand, security considerations may introduce changes in the proposed selection. To mitigate against these constraints, it is important to build a reasonable degree for flexibility into the rollout of the program and adopt a very cautious approach regarding information campaigns to manage the expectations of stakeholders.

#### *Selection of Geographical Areas*

2. To select the communes prioritized for rollout, a two-step procedure is followed: (a) identification of communes in highly distressed departments and (b) prioritization of areas based on implementation capacity of the MAST and partners at the local levels, existing programs, and security constraints. The distress level is estimated based on four elements capturing food insecurity, child malnutrition, poverty, and hazardous living conditions, which are all linked to vulnerability to climate change, as detailed in Table 2.1.

3. Focusing on a limited number of areas will keep the scope of the cash transfer program manageable both in terms of budget sustainability and ease of developing and perfecting business processes and establishing functional implementation arrangements. Given the wide discrepancies between urban and rural living conditions and implementation modalities (with urban areas suffering from widespread insecurity and a lack of adequate methodology for the SIMAST surveys but wider access to services), focusing on rural areas in the first stage was deemed the most adequate approach to mitigate risks inherent to establishing a new SSN. Prioritizing rural communes will allow for increased resilience in areas that are most prone to shocks and reduce the push factor in rural-urban migration.



**Table 2.1. Criteria for prioritization of departments**

Vulnerability	Indicator and Source	Definition
Food insecurity	% of the population in IPC 3 (crisis) and 4 (emergency). Based on 2019 ENUSAN survey. <sup>a</sup>	IPC 3: Households either: have food consumption gaps that are reflected by high or above-usual acute malnutrition; or are marginally able to meet minimum food needs but only by depleting essential livelihood assets or through crisis-coping strategies. IPC4: Households either have large food consumption gaps which are reflected in very high acute malnutrition and excess mortality; or are able to mitigate large food consumption gaps but only by employing emergency livelihood strategies and asset liquidation.  Climate change exacerbates this risk of food security by negatively affecting dietary diversity.
Poverty	% of the population in extreme poverty. Based on 2012 ECVMAS estimates	International Poverty Line HTG 42.2 (2012) or US\$1.90 (2011 PPP) per day per capita. Climate change exacerbates this risk of poverty by negatively affecting livelihoods
Child malnutrition	% of children under the age of 5 who suffer from acute global malnutrition  Based on 2020 MSPP/UNICEF/European Commission Humanitarian Office SMART survey	Based on weight for height ratio and WHO criteria.  Climate change exacerbates this risk of food security by negatively affecting livelihoods and dietary diversity.
Precarious living conditions	% of the population living in a precarious dwelling  Based on 2012 ECVMAS	The following dwellings are considered precarious: kay ate (buildings with a combined roof and walls), slums, ajoupas (rural homes with thatch, straw, or palm leaf roofs), tents and temporary housing. Housing conditions are an important dimension of household resilience to natural disasters, including those that are climate-change induced.

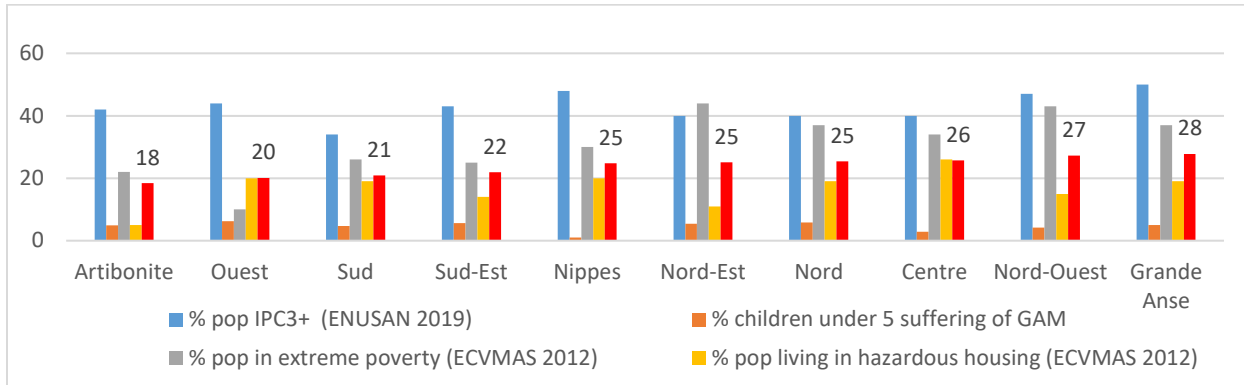
Note: PPP = Purchasing power parity; WHO = World Health Organization;

a. Haiti IPC Technical Working Group includes around 20 members—from the Government, UN agencies (Food and Agriculture Organization [FAO] of the UN, WFP, Joint United Nations Programme on HIV/AIDS, United Nations Office for the Coordination of Humanitarian Affairs, and United Nations High Commissioner for Refugees), NGOs, and academics and is housed within the Ministry of Agriculture and Rural Development (*Coordination Nationale de la Sécurité Alimentaire*), with technical and secretariat support from the FAO.

4. The levels for each indicator and department are shown in Figure 2.1. The distress level is an average of the four indicators. The three most distressed departments are the Grande Anse, North-West, and Centre.



Figure 2.1. Distress Levels by Departments



Source: World Bank team

5. The department of Grande Anse is the most distressed department for nearly all indicators, followed by the Centre department. The Grande Anse department has been entirely covered by the SIMAST census sweeps in the recent past, therefore offering greater availability of data on households' well-being than in other areas and will thus be prioritized for the rollout of the program. Natural disasters have devastated parts of Grande Anse in the past. In addition to the 2010 earthquake, 44 percent of Haiti's past hurricanes have hit Grande Anse department. Hurricane Sandy affected the department in 2012, and in 2016, Category 4 Hurricane Matthew cut a path of destruction across Haiti (more than 20 percent of the population were affected), causing widespread damage in Grande Anse. Eighty percent of housing in the department was destroyed, with damages and losses after this event estimated at the equivalent of 22 percent of GDP.<sup>63</sup>

6. For a potential second department, Centre will be considered. The department of North-West is already included in the EU 11<sup>th</sup> European Development Fund program, which targets food-insecure households with basic services, including malnutrition prevention as well as productive inclusion programs.

7. In a second stage, local capacity constraints for the MAST as well as the presence of implementing partners, potential links to other World Bank-financed operations (in particular in health), the ability of the payment agencies to disburse payments in those communes, the lack of existing or planned cash transfer programs, and security issues will be considered to identify the prioritized communes within the selected departments.

8. Only a subset of eligible communes may be covered due to the limited budget, and given the approximate projected beneficiary load figures, the rollout will be conducted gradually. The beneficiary load figures may be affected by two major dimensions. First, the most recent demographics and housing census in Haiti dates back to 2003. A new census has been in the making since 2013, but it has been delayed due to a lack of financing and limited capacity, so that only population projections are available. These figures should be used with caution, as they likely do not reflect the reality of the country, given the number of shocks experienced since 2003, including the 2010 earthquake and 2016 Hurricane Matthew. These climatic events altered the living conditions of the population, as well as its spatial

<sup>63</sup> <https://www.worldbank.org/en/results/2017/10/20/rapidly-assessing-the-impact-of-hurricane-matthew-in-haiti>.



distribution. Evidence from the SIMAST census sweep surveys for instance shows a pattern of lower numbers of households living in rural areas in comparison with projections, a likely consequence of a rural-urban migration or emigration, particularly of working-age individuals. Second, the deterioration of socioeconomic conditions, especially with the ongoing food security, political, economic, and COVID-19 crises, may result in a larger number of eligible households based on the HDVI.

#### *Selection of Beneficiary Households*

9. Following a census-sweep SIMAST survey in the selected communes to register or update household information, the MAST, with WFP support, will produce lists of households with pregnant women and children under 5 and/or a PwD classified as most vulnerable based on the HDVI.

10. The prevalence of disability based on a study in the Port-au-Prince metropolitan area in 2012 was estimated at 4.1 percent of persons ages 5 and over reporting some difficulty in at least two functional domains or a lot of difficulty or incapacity in one domain.<sup>64</sup> The prevalence of disability is higher for women than for men and increases with age. Around 16 percent of households had at least one member with disabilities. The most commonly cited causes of disability were birth or congenital anomalies, noncommunicable diseases, and the earthquake. These trends were confirmed in the EMMUS 2016–2017 survey, which found 3 percent of the population over age 5 to have a lot of difficulty and 1 percent as incapable of functioning in one domain, with one-fifth of the population over age 60 considered disabled. Visual disability is the most prevalent form of disability, followed by cognitive disability.

11. Households with children under age 5 would be eligible for a limited period while households with PwDs would face no prior time limitation, but rather would be graduated out of the program should they not be classified as ‘most vulnerable’ anymore according to the HDVI over the course of the program.

12. **Registration.** The identified eligible households will be contacted to gather additional information required for identify verification and their enrollment, including birth certificates or identification cards, their children’s birth dates, as well as information regarding the selected payment modality (cash distribution, mobile money, or other depending on the local availability of financial services). Households will also be informed of the modality of the program, including on their eligibility (ending at the youngest child’s fifth birthday), encouraged attendance in the accompanying activities, and the payment schedule.

13. **Program scalability.** The design will ensure scalability in response to shocks, including natural disasters or pandemics, through either vertical (in terms of benefit size) or horizontal (in terms of coverage) expansion, or anticipated payments. The mechanism for the cash transfer shock response is defined in the POM. In addition, The CERC will allow for a rapid mobilization of funds in case of an eligible emergency to fund cash transfers as well as other responses deemed necessary.

14. **Additional top-ups.** Once the UCT is fully operational, a pilot of incentivizing human capital accumulating behaviors through top-ups may be carried out if resources and conditions allow. This pilot may include the following approaches: (a) a resilience top-up as part of an exit strategy of households whose child celebrates his/her fifth birthday to promote school enrollment of the child and/or b) a top-

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<sup>64</sup> London School of Hygiene and Tropical Medicine and Handicap International. 2012. “Representation and evaluation of disability in Haiti.”



up to pregnant women to support costs (for instance, transportation) to promote prenatal or postnatal care. Both approaches would be piloted to assess their operational implications and relevance.

15. **Complementarity with humanitarian assistance.** The project will build complementarities between development and humanitarian assistance as follows:

- In communes selected in the UCT and benefiting from humanitarian assistance (primarily the WFP Crisis Response Plan CONOPS<sup>65</sup>), households categorized as eligible under both programs will be enrolled in the UCT but delivery of UCT benefits will be following the delivery of humanitarian assistance in sequence.
- As indicated in the SIMAST SOPs (but unfortunately rarely done), the program will send information back to the SIMAST team on the enrollment of beneficiaries under the UCT, thereby allowing other donors or humanitarian actors to be informed of the existing support for these households when targeting their beneficiaries and thus be complementary in coverage, reaching a larger share of the population.

16. **Planned contracts.** For Component 1, the main contracts will focus on (a) the delivery of cash transfers and (b) the delivery of accompanying measures, including for both administrative and distribution costs. The WFP will manage the delivery of both cash and accompanying measures in the first phase of the project. It will competitively select an NGO to implement the accompanying measures according to TORs drafted and endorsed by the MAST and select FSPs to implement the cash transfer. In the second phase of the project, the WFP will manage the cash transfer delivery, while the MAST will be responsible for directly contracting the delivery of accompanying measures to the beneficiary households. Finally, in the third phase, the MAST will directly contract the delivery of benefits to FSPs as well as the delivery of accompanying measures through an NGO, while ensuring the adequate management through its own information system.

17. **Budget.** Of the total project budget of US\$75 million, US\$59 million (78.6 percent) will be allocated to cash transfers and accompanying measures, including their delivery. With an estimated US\$38 million in direct cash transfer benefit (with other funds allocated to accompanying measures, delivery, SIMAST surveys for beneficiary communes, and administrative costs) over five years, the program could reach at least 18,000 households, or 90,000 individuals, assuming an average household size of five members and depending on the rollout timing.

Table 2.2. Distribution of Costs across Project Cycle in US \$

Activity	Modality	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Cash transfer	Implementation	WFP	WFP	WFP	MAST	MAST	MAST
	Costs	1.9 million	7.3 million	9.2 million	9.2 million	9.2 million	9.2 million
Accompanying measures	Implementation	WFP	WFP	WFP	MAST	MAST	MAST
	Costs	0.4 million	1.8 million	2.8 million	2.8 million	2.8 million	2.8 million

<sup>65</sup> The WFP CONOPS was launched in November 2019 following the declaration of the food insecurity crisis and focuses on providing households with four cycles of US\$82 or food. Households are identified through the SIMAST or community-based targeting, and funding has been provided by various donors, including USAID, European Commission Humanitarian Office, IDB, and World Bank, through the activation of the MDUR CERC (US\$19 million) in response to the COVID-19 crisis.



Activity	Modality	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Enrollment <sup>a</sup>	Implementation	WFP	WFP	WFP	MAST	MAST	MAST
	Costs	120 <i>thousand</i>	220 <i>thousand</i>	25 <i>thousand</i>	25 <i>thousand</i>	25 <i>thousand</i>	25 <i>thousand</i>

Note: a. This cost only includes the cost of distributing program cards and verifying documents for households identified as eligible for the program. The initial SIMAST registration or update for the communes/pre-identified households will be funded by Component 2 as part of the SIMAST expansion and strengthening.

18. **To enhance the visibility of the role of the MAST in delivering assistance, the WFP will ensure the Government branding of the program in its communication to communities and the general public.** The operational cycle for the cash transfer would include communication in the selected communes, the SIMAST survey data collection, identification of eligible beneficiaries, registration and enrollment of beneficiaries with a program card, payment and accompanying measures delivery, a GRM, and M&E. These delivery processes will benefit from the WFP’s experience in Haiti and their well-developed SCOPE beneficiary management platform, which is interoperable with the SIMAST social registry. The WFP will maintain the database of the project beneficiaries, which will be migrated to the MAST once the GoH’s capacity to manage the database is in place. Component 2 of the project will support the development of an information system to build the MAST’s capacity to manage the database during the life cycle of the project. While maintaining the database on behalf of the MAST, the WFP will apply its established personal data protection and privacy processes.

19. **Eligible expenditures under Component 1.** To achieve its objectives, Component 1 is expected to finance (a) cash transfers to beneficiaries; (b) administrative cost linked to the delivery of the transfers and accompanying measures, including the WFP fees; (c) goods (such as materials to deliver the accompanying measures, including communication tools); (d) consulting services to deliver accompanying measures to households, to train staff, and to foster communications and awareness campaigns; and (e) other operating costs.

20. **Eligible expenditures under Component 2.** To achieve its objectives, Component 2 is expected to finance: (a) technical assistance to help the MAST implement the component through the WFP’s Standard Agreement for Outputs, (b) consultancy services to develop SOPs for the safety net, (c) goods and services to develop the MAST’s central and local capacity to register households into the SIMAST, (d) consulting services and equipment to improve the MAST’s management capacity (for example, development of MIS, payment, M&E, and GRM systems), and (e) capacity-building and knowledge management activities (dissemination, logistics, and organization of meetings).

21. **Eligible expenditures under Component 3.** The project will finance, among others, (a) consultant services for project implementation, data collection, audits, communications, and training; (b) non-consultant services (for example, workshops); (c) goods, such as vehicles and office and ICT equipment to ensure adequate project implementation and supervision; and (d) operating costs (for example, salaries of temporary staff, training, office utilities, field travel, and per diems).



### ANNEX 3: Economic and Technical Analysis

#### COUNTRY: Haiti

#### Adaptive Social Protection for Increased Resilience Project

- 1. Cash transfer programs have been shown to benefit households in a number of important ways,** by increasing consumption, reducing poverty and food insecurity, promoting use of services, and facilitating investment in household livelihoods and human capital. Beyond material impacts, cash transfer programs have been found to reduce maternal depression and improve family psychological well-being by alleviating some of the pressures of financial strain and deprivation. At the same time, evidence on whether cash alone can contribute to sustained improvements in household well-being, notably after the transfers have ended, remains somewhat inconclusive.
- 2. CCTs aim to overcome these shortcomings by requiring beneficiary households to fulfill certain conditions—such as school enrolment or health checkups— to receive cash.** CCTs have been found to lead to improved behaviors in the short term and improved outcomes in the long term. For example, school attainment for adolescents has been shown to contribute to longer-term gains in employment and income and delayed marriage and childbearing for women<sup>66</sup>. However, CCTs can also exclude poor and vulnerable households that are unable to meet the conditions. Fulfillment of conditions can be time-intensive and place a disproportionate burden on women who tend to be the primary caretakers within the household. The success of CCTs depends on the availability of quality supply-side services as well as whether the conditions meet the specific—and highly variable—needs and preferences of the poorest and most vulnerable households. Importantly, monitoring and enforcement of conditions can be both resource and time intensive, particularly in contexts of limited operational capacity.
- 3. While UCTs can also lead to improved human capital outcomes, the effects are less likely to be sustained in the longer term after the transfers end.** There are a few notable exceptions: UCTs that reach adolescent girls and young women have been shown to reduce teen pregnancy and child marriage rates, while improving psychological well-being; and UCTs that reach pregnant women, mothers, and children under 5 lead to lasting improvements in beneficiary health and nutrition. Interventions that enhance health and nutrition during the early years can reduce stunting—an indicator of overall health and home environment—with meaningful implications for longer-term cognitive capacity, educational attainment, adult health, and economic productivity. Therefore, UCTs that target pregnant women, mothers, adolescent girls, and young children may have the greatest potential to bring benefits in the longer term.
- 4. The trade-offs between UCTs and CCTs have contributed to a rise in ‘cash plus’ programs that utilize softer conditions, known as accompanying measures, to boost the benefits of cash over time.** ‘Cash plus’ programs complement cash with additional inputs, links to existing services, or behavioral interventions that contribute to improved outcomes for beneficiaries. A growing number of programs worldwide have utilized accompanying measures to achieve greater outcomes most notably for women and young children. Recent examples from Nigeria and Haiti identify strong links between women’s access to resources and productive assets and investments in early childhood health and development. Impact

<sup>66</sup> Baird, Sarah; McIntosh, Craig; Ozler, Berk. When the Money Runs Out: Do Cash Transfers Have Sustained Effects on Human Capital Accumulation? Policy Research Working Paper; No. 7901. World Bank, Washington, DC.



evaluations of cash plus programs in Nigeria, the Republic of Yemen, Colombia, Madagascar, Mexico, Niger, and Peru, among others, have found that accompanying measures contribute to improved human development outcomes for women and children that go above and beyond the impacts of cash alone.

**5. In contexts of limited fiscal space and weak operational capacity, ‘cash plus’ programs are a practical option that balance the promotion of desired outcomes of CCTs with the flexibility of UCTs.**

Monitoring and enforcement of accompanying measures tend to be less intensive than conditions and can be decentralized to stakeholders at the local level. Program design can respond to priorities and vulnerabilities within a given context as well as the availability of local services and structures. In Bangladesh, nutrition-focused accompanying measures are delivered by community clinics that provide essential health services while local NGOs hold child nutrition and cognitive development sessions for cash transfer beneficiaries. In contexts where local government or NGO structures are nonexistent or inaccessible, community volunteers may conduct home visits and group training sessions. In Haiti, the *Kore Lavi* program is the most robust example of linking accompanying measures to a cash transfer program. *Kore Lavi* included maternal and child health and nutrition accompanying measures and supported financial inclusion by strengthening VSLAs.

**6. Cash transfer programs have been shown to alleviate some of the financial stress within poor households by relieving both time and income constraints.**

Income support helps households respond to shocks and avoid reliance on negative coping strategies. Women in Haiti bear a disproportionate burden of childcare and domestic work responsibilities but have limited time and resources available to invest in their own livelihoods and in the longer-term human capital of their children. Poverty contributes to maternal depression and emotional stress that can inhibit the ability of parents to adequately invest in themselves and their children. Cash transfer programs must also be gender sensitive and designed to respond to the needs, preferences, and responsibilities of women. As a result, the proposed project will reach women in beneficiary households with cash transfers and accompanying measures to enhance their resilience, human capital, and access to services.

**7. Early interventions have the potential to mitigate the negative effects of poverty, promote equitable opportunities, and generate high rates of return.**

Early childhood is the fastest period of human growth and development and serves as the foundation for lifelong human capital accumulation. Every dollar invested in early childhood development, including early stimulation and learning efforts, can yield between US\$6 and US\$17 in return.<sup>67</sup> Interventions that focus on early childhood health and nutrition are also highly impactful. Breastfeeding campaigns, for instance, are associated with reduced child morbidity and increased cognitive development in children,<sup>68</sup> which can lead to greater earnings in adulthood. Studies show that every dollar invested can generate up to US\$35 in economic returns, making breastfeeding promotion one of the most cost-effective investments a country can make.<sup>69</sup>

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<sup>67</sup> Garcia, Jorge Luis; Heckman, James; Leaf, Duncan Ermini; Prados, Maria Jose. *Quantifying the Life-Cycle Benefits of a Prototypical Early Childhood Program*. NBER Working Paper; No. 23479. National Bureau of Economic Research, Cambridge, MA.

<sup>68</sup> Victora et al. 2016. “Breastfeeding in the 21st Century: Epidemiology, Mechanisms, and Lifelong Effect.” *The Lancet* 387 (10017) P475–490.

<sup>69</sup> Walters, D., J. D. Eberwein, L. Sullivan, M. D’Alimonte, and M. Shekar. 2017. *An Investment Framework for Meeting the Global Nutrition Target for Breastfeeding*. Washington, DC, World Bank Group.  
<http://documents1.worldbank.org/curated/en/862561490038192552/pdf/113618-BRI-PUBLIC-Breast-4-web.pdf>.





8. **A stable flow of cash transfers can drive sustained benefits for children’s human capital**, leading to transformative effects on household resources, time use, and household stress by allowing household members—particularly women—to invest in household well-being and nurturing care. Generally, cash is spent first on more and better food, second on education and health expenses, and third on productive assets.<sup>70</sup> In Nigeria, providing information and conducting home visits to promote improved practices for pregnancy, childcare, and nutrition—particularly infant feeding—alongside a cash transfer program was found to improve dietary diversity and reduce stunting and child illness.

9. **The evidence on social programs in Haiti consists primarily of qualitative evaluations (for *Kore Lavi*) and quasi-experimental design (propensity score matching) for the graduation model of Fonkoze.** There are no known impact evaluations of a regular cash transfer program in Haiti to draw from, but ex ante simulations based on the latest household survey data<sup>71</sup> show the potential poverty impact of cash transfers. Simulations of poverty effects of such a targeted US\$29 monthly transfer on a nationwide scale for the extremely poor households with children under age 5 shows that it would reduce the overall share of extreme poor households with children in the population by more than half, from 11 percent to 5 percent (**Error! Reference source not found.**).

**Table 3.1. Poverty Simulations Based on ECVMAS 2012 (%)**

Department	Share of Population Who Are Extremely Poor	Share of Extremely Poor with Children under 5	Overall Share of Households Who Are Extremely Poor with Children before Transfer	Overall Share of Households Who Are Extremely Poor with Children after Transfer
Artibonite	22.3	74.7	11.37	5.38
Centre	34.5	66.6	17.17	8.73
Grande’Anse	37.3	71.6	20.49	11.64
Nippes	30.1	66.7	13.33	3.80
Nord	37.0	63.3	16.01	9.76
Nord-Est	44.4	65.6	22.14	11.01
Nord-Ouest	43.3	65.0	20.42	8.99
Ouest	9.9	70.5	4.91	1.55
Sud	25.5	68.7	13.02	4.91
Sud-Est	25.2	56.9	9.61	3.49
<b>Total</b>	<b>23.9</b>	<b>67.6</b>	<b>11.14</b>	<b>5.04</b>

Source: Authors’ calculations based on the ECVMAS 2012.

10. **Climate change and disasters disproportionately affect the most vulnerable in Haiti, who are net purchasers of food, living in low-quality housing in more exposed areas, and particularly vulnerable to both climate-related changes in living and livelihoods conditions as well as climate-related shocks.** In Haiti, where almost half of the population now suffers from emergency and crisis levels of food insecurity, a third of households reported reducing health and education spending, a fifth reported begging, and 7 percent reported putting their child in domestic work as coping strategies. These trends are reflected in

<sup>70</sup> The meta-review on safety nets in Africa identifies, on average, an increase in livestock ownership by 34 percent, an increase in earnings by 50 percent, and an increase in business ownership by 70 percent that are associated with safety net programs.

<sup>71</sup> ECVMAS, 2012.



the Notre Dame Global Adaptation Initiative, which ranks Haiti the 15th least ready country to face climate change, assessing that there is a great need for investments and innovations to improve readiness and a great urgency for action. Evidence indicates that families who benefit from cash transfers are less likely to use ad hoc and adverse coping mechanisms (such as the sale of productive assets or reduction of food intake) when exposed to climate shocks (such as floods and earthquakes). Cash transfers are also cost-effective, as shown by the Unbreakable model,<sup>72</sup> which indicates an average benefit-cost ratio of 1.3 in 117 countries, and as aforementioned, of 1.94 in Haiti. In that context, social protection operations are especially relevant for mitigating climate shocks in Haiti, particularly for coping with food insecurity and the hurricane season, as well as other natural disasters.

**11. Activities under Component 1 will seek to support households to strengthen their resilience, defined as the ability for households to prepare for, cope with, and adapt to shocks in a manner that protects their well-being and minimizes a shock's negative impacts.**<sup>73</sup> In particular, the cash transfer will aim to increase the beneficiaries' ability to prepare and cope with shocks by drawing on savings and the predictable and reliable provision of cash transfers to smooth consumption without relying on human capital eroding coping strategies but also adapt to shocks by making investments that reduce their exposure and vulnerability to shocks, such as by adjusting livelihood portfolios, building a larger, more diversified asset base, or leveraging those assets to relocate away from an area of spatially concentrated risk. The accompanying measures will support the preparation, coping, and adaptation ability of households by allowing households to access more information on the risks they face and adequate coping strategies, including better practices in health, nutrition, and financial inclusion as well as disaster preparedness training.

**12. The project will aim to close the gap in access to financial services, a critical dimension of resilience, between men and women.** According to the 2017 Findex,<sup>74</sup> 35 percent of adult men over age 15 have an account with a bank or another type of financial institution (including a mobile money service) compared to 30 percent of adult women. At the same time, women are more likely to save and invest in their children's human capital as compared to their male counterparts. Therefore, the focus on financial inclusion will support women's agency and empowerment while contributing to improved outcomes for their children. Communities in Haiti have a strong precedent of establishing VSLAs, which will be leveraged to the extent possible through the proposed accompanying measures to promote financial inclusion among female beneficiaries.

**13. The implementation of accompanying measures in Haiti will rely on the existing network of organizations and agencies that support health, nutrition, and financial inclusion activities in the zones of intervention.** This approach reflects the 'managed service convergence model' and is similar to programs implemented in Madagascar, Indonesia, Rwanda, and Mexico.<sup>75</sup> In this model, different actors

<sup>72</sup> Hallegatte, Stephane; Vogt-Schilb, Adrien; Bangalore, Mook; Rozenberg, Julie. 2017. Unbreakable: Building the Resilience of the Poor in the Face of Natural Disasters. Climate Change and Development; Washington, DC: World Bank.

<sup>73</sup> Bowen, Thomas; del Ninno, Carlo; Andrews, Colin; Coll-Black, Sarah; Gentilini, Ugo; Johnson, Kelly; Kawasoe, Yasuhiro; Kryeziu, Adea; Maher, Barry; Williams, Asha. 2020. Adaptive Social Protection: Building Resilience to Shocks. International Development in Focus. Washington, DC: World Bank.

<sup>74</sup> Demirgüç-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar, and Jake Hess. 2018. The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution. Washington, DC: World Bank. doi:10.1596/978-1-4648-1259-0.

<sup>75</sup> Arriagada, Ana-Maria; Perry, Jonathan; Rawlings, Laura B.; Trias, Julieta M.; Zumaeta Aurazo, Melissa. 2018. Promoting Early



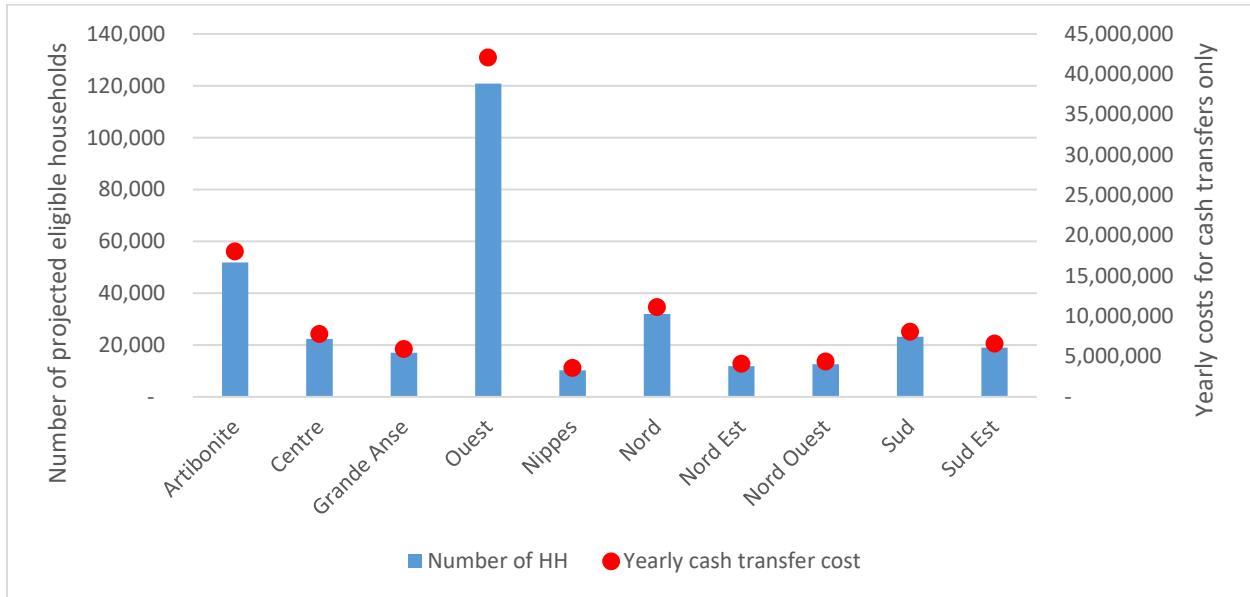
or agencies coordinate to bring the services of the cash transfer program and the accompanying measure to the same population. For example, in Madagascar, the National Nutrition Office and Ministry of Education work in coordination with UNICEF and other NGOs to deliver nutrition, health, and parenting services, while the Ministry of Social Protection and Social Fund for Development implement the cash transfer program with financing from the World Bank. In Haiti, many government agencies, UN agencies, and local and international NGOs implement relevant interventions which can be leveraged through the ‘convergence’ model. Finally, the proposed impact evaluation will fill a critical gap in the evidence base by examining the role of cash transfers and accompanying measures to improve health and nutrition behaviors and outcomes in Haiti.

**14. Investments in SSNs can also provide benefits for other sectors.** In contexts such as Haiti where availability of services is limited, particularly for poor and rural populations, the provision of cash transfers is more effective when matched with complementary supply-side investments in health, education, or nutrition services. Pairing supply-side investments with increased household demand—spurred both through the cash transfers themselves and through accompanying measures that link households to existing services—helps enhance the sustainability of both interventions while contributing to better human capital outcomes. Similarly, cash transfers can increase household engagement with markets, financial services, or entrepreneurial activities, by encouraging household consumption and investment in productive activities thereby acting as a catalyst for economic systems. However, the infusion of cash alone is often insufficient to facilitate benefits for other sectors, therefore requiring complementary measures to encourage productive investments.

**15. Fiscal sustainability.** While the current project is aiming at a limited geographic coverage given the limited resources, Figure 3.1 displays the level of funding required to provide the same cash transfer value (US\$29) to all departments and thus have nationwide coverage. Note that, given the limited coverage of the SIMAST in some departments, extrapolations were made to identify a projected percentage of eligible households and apply those thresholds to the census data information (in its 2015 projections). Overall, the projected number of eligible households for a nationwide coverage would be 321,102 (or around 15 percent of the population), for a cash transfer value of US\$111,744,609 per year. This represents 1.28 percent of the 2019 GDP, or around nine times the current MAST budget allocation. Note that this includes neither the administrative costs nor accompanying measures, and that the beneficiary household estimates are based on those categorized as most vulnerable according to the HDVI with children under age 5 and/or PwDs, but pregnant women are not included (as this information is not included in the SIMAST questionnaire).



Figure 3.1. Projected Number of Beneficiary Households and Cash Transfer Costs for All Departments



Source: World Bank team calculations

Note: HH = Household



## ANNEX 4: Haiti - Impact of COVID-19 and Country Program Adjustments

### COUNTRY: Haiti

#### Adaptive Social Protection for Increased Resilience Project

1. The World Bank Group's CPF FY16–FY21 for the Republic of Haiti<sup>76</sup> was discussed by the Board on September 29, 2015, and the Performance and Learning Review<sup>77</sup> was completed on June 27, 2018. The Bank's Systematic Country Diagnostic for Haiti is currently under preparation for FY22 Q1 delivery.

#### Impact of the COVID-19 Pandemic and Government Response

2. **The COVID 19 pandemic has significantly affected the development trajectory of an already ailing economy suffering from persistent political and social instability.** The health impact of COVID-19 in Haiti is not as severe as expected given the relatively low number of reported cases.<sup>78</sup> The pandemic, however, has adversely affected the Haitian economy. The GDP is estimated to have contracted by 3.1 percent in 2020 given the supply chain disruptions and the global economic downturn. The fiscal deficit is expected to widen to 6.8 percent of GDP (from a pre-COVID-19 forecast of 3.0 percent), as revenues fall and expenses increase, in part to tackle the pandemic. Inflation is projected to reach over 20 percent during the same period. The authorities are discussing an IMF Staff-Monitored Program, but progress is slow given delays in completion of one of the prior actions.

3. **The crisis is expected to reverse the limited gains on poverty reduction.** Extreme poverty rates are likely to increase due to high inflation rates and sensitivity to changes in the employment rate. It is estimated that a 20 percent price increase would cause extreme poverty to rise from 23.8 percent to 31 percent. There are noticeable regional differences, for instance, in Centre, extreme poverty could reach 45 percent, while in North-West it could reach as high as 56 percent. The remittances were not affected as much as expected, likely driven by the crisis support programs of the Governments of the United States and Canada (Haiti's top remittances-sending countries). Their mitigating impact on poverty may, however, be limited since poor households are less likely to be the recipients of these remittances.

4. **The Government announced early actions including containment measures and emergency support.** On March 19, 2020, the GoH declared a State of Emergency through a Presidential Decree, which set forth containment measures including closure of borders, schools, and restaurants; limiting of mobility; and mandatory quarantine of individuals originating from high-risk areas. Besides, the Government announced health care spending and transfers to support workers and households—including cash transfers and food rations for 1.5 million households. Large parts of the economy have since opened, and the Government is in the process of finalizing a program for socioeconomic recovery, focusing on five pillars: (a) economic diversification and growth, targeting agriculture, industry, tourism, and digital economy; (b) development of basic infrastructure and energy services; (c) support to small and medium enterprises and job creation; (d) human capital development; and (e) resilience to natural shocks.

<sup>76</sup> Report No. 98132-HT

<sup>77</sup> Report No. 124812-HT

<sup>78</sup> As of February 10, 2021, there were 11,969 confirmed cases and 246 deaths, representing a fatality rate of 2 percent.



## World Bank Group Response and Adjustment to the Country Program

5. **Remaining within the broad parameters of the Haiti CPF, the World Bank Group program was adjusted to support the GoH's response to the COVID-19 crisis.** These adjustments align with the priorities of the World Bank Group Approach Paper 'Saving Lives, Scaling-up Impact and Getting Back on Track'. The World Bank rapidly deployed and repurposed IDA resources in the FY20–FY21 pipeline and active portfolio. Over US\$160 million have already been approved, while an additional US\$150 million is being delivered in FY21 Q3–Q4. More than half of the existing portfolio was restructured to support the COVID-19 response, by refocusing activities and/or cancelling undisbursed balances for recommitment under new operations. The International Finance Corporation (IFC) recently approved a new Haiti strategy focused on rescue, restructure, and recovery phases, leveraging targeted reforms. The strategy builds on the joint Country Private Sector Diagnostic and other analysis in the key sectors of renewable energy, water, garments, and financial sectors, specifically as follows:

- (a) To save lives, the World Bank delivered a health operation (US\$20 million) in April 2020 as part of the global Multiphase Programmatic Approach to support the acquisition of medical supplies. The closing date of the ongoing health project was extended to continue supporting the client during the emergency phase. A Renewable Energy Additional Financing operation (US\$6.9 million, including US\$4 million IDA) was approved in September 2020 to support rapid deployment of solar energy solutions for health care facilities managing the COVID-19 response.
- (b) To protect the poor and vulnerable, a Development Policy Operation (US\$20 million) was approved in June 2020 supporting critical reforms for strengthening social protection and disaster risk management systems. In addition, a CERC (US\$19 million) was triggered in June 2020 under the MDUR project for emergency cash transfers to the vulnerable households. This proposed operation would serve as a more comprehensive social protection intervention aimed at strengthening the social registry of the vulnerable population and expanding the coverage of targeted cash transfers for poor households. Two of the education and water sector operations repurposed funds to support continuity of school feeding activities, remote learning, hand washing, and hygiene awareness campaigns, and so on.
- (c) To save livelihoods and ensure sustainable business growth and job creation, a CERC (US\$9.5 million) triggered under the Resilient Productive Landscapes Project in April 2020 is helping the farmers secure the cropping seasons and contribute to improving food security. The AF Rural Accessibility and Resilience Project (US\$33 million) approved in June 2020 is financing short-term infrastructure works including all-weather road access in the areas most affected by the crises. The proposed Private Sector Jobs and Economic Transformation operation (US\$75 million, FY21 Q3) will support recovery and resilience of small and medium enterprises. IFC's response is focusing on financial inclusion for increased support to micro, small, and medium enterprises lending and on manufacturing of PPE.
- (d) To strengthen policies, institutions, and investments for rebuilding better, the Haiti Digital Acceleration Operation (US\$60 million) approved in October 2020 is financing broadband access and digital connectivity for continuity of government services and support private investments in the sector. Before the project approval, priority government institutions



received equipment and connectivity support by utilizing the Project Preparation Advance and redirecting the information technology equipment procured under the ongoing Statistical Capacity Building Project. The Caribbean Regional Air Transport Connectivity Project (US\$84 million) approved in May 2020 and the Cap-Haitian Urban Development Project (US\$56 million) approved in March 2020 will also play an important role in supporting improvements in transport and municipal infrastructure necessary for post-COVID-19 recovery and growth. Similarly, IFC will support fintech, access to digital services, health, agribusiness, and infrastructure.

6. **The World Bank is adapting its portfolio supervision efforts to ensure timely implementation and results despite the COVID-19 disruptions.** The COVID-19 restrictions have compounded the access issues. World Bank teams are adapting the supervision approaches, utilizing technology and alternative means to continue interface with the clients and monitoring of project activities.

#### **Selectivity, Complementarity, and Partnerships**

7. The World Bank's response is being closely coordinated with the IMF, UN, IDB, and other development partners. By repurposing the existing portfolio and adjusting the pipeline, the World Bank continues to be selective in deploying resources based on its comparative advantage and complementarity with partners.