



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 29-Jul-2020 | Report No: PIDA28710



BASIC INFORMATION

A. Basic Project Data

Country Haiti	Project ID P171976	Project Name Haiti Digital Acceleration Project	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 24-Jul-2020	Estimated Board Date 30-Sep-2020	Practice Area (Lead) Digital Development
Financing Instrument Investment Project Financing	Borrower(s) Ministère de l'Economie et des Finances d'Haïti	Implementing Agency Ministère des Travaux Publics, Transports et Communications	

Proposed Development Objective(s)

The Project Development Objectives are to increase access to broadband services in Haiti and establish the foundations of digital resilience to respond to shocks.

Components

- Component 1: Enabling environment of digital infrastructure and services
- Component 2: Broadband connectivity
- Component 3: Project management and implementation
- Component 4: Contingent Emergency Response Component (CERC)

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	60.00
Total Financing	60.00
of which IBRD/IDA	60.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	60.00
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IDA Grant	60.00
Environmental and Social Risk Classification	
Substantial	
Decision	
The review did authorize the team to appraise and negotiate	

B. Introduction and Context

Country Context

1. Haiti is a low-income country, that is often exposed to natural disasters and exogenous risks. Haiti with a population of 11.1 million¹ is one of the poorest in the world. Basic utilities such as electricity, water, roads, and telecommunications are inaccessible for many, particularly in rural areas where around 45 percent of the Haitian population lives.^{2,3} Recent achievements in poverty reduction have disproportionately benefited the urban population, and inequality remains high. Based on the most recent household survey in 2012, over half the population lived below the poverty line, on less than US\$2.41 per day, and more than 2.5 million lived below the extreme poverty line on US\$1.12 per day.⁴ The low earning power of most Haitians thus affects their ability to pay even for essential services, including the cheapest high-speed internet services. In the past decade, natural disasters have devastated the country, weakening its economy and institutions, and destroying its infrastructure. In terms of impact, the hydrometeorological events alone caused an average annual loss of around 2 percent of Gross Domestic Product (GDP)⁵ GDP between 1998-2018. Haiti should strengthen the resilience of its digital infrastructure and develop digital services to support business continuity mechanisms to protect vulnerable population from climate and human-induced risks. The impact of COVID-19 has exposed the lack of preparedness of most governments, individuals, and businesses to operate in a virtual world and has amplified the consequences of the digital divide between the connected and unconnected.

2. The COVID-19 pandemic has exacerbated the already weak economy and political instability in Haiti and could be detrimental to its human and economic development progress. The country's Gross Domestic Product (GDP) is estimated to have contracted by 0.9 percent in 2019 amid political turmoil, social discontent, riots, and protests against corruption.⁶ While the confirmed cases of COVID-19 remain relatively low compared to other countries in the region, the number of confirmed cases has been rising rapidly, and the country is still very vulnerable. The pandemic is expected to decrease GDP by 3.5 percent in 2020 as the service sector contracts, supply chains remain disrupted, and remittances fall⁷ as the global economy heads into recession⁸. The project is set within a broader international response to the pandemic crisis in Haiti. In addition to this operation, the World Bank is providing COVID-19 Fast Track Facility financing

¹ World Development Indicators, 2018.

² Idem.

³ The 2020 Fragile 15: Behind the FSI Rankings, Lives Upended. https://www.thenewhumanitarian.org/2020-fragile-states-index-rankings-lives-upended?utm_source=twitter&utm_medium=social&utm_campaign=social

⁴ <https://www.worldbank.org/en/country/haiti/overview>.

⁵ Global Climate Risk Index 2020.

⁶ The Economy in Time of COVID-19, the semiannual report of the Latin American and Caribbean region.

⁷ <https://www.worldbank.org/en/news/press-release/2020/04/22/world-bank-predicts-sharpest-decline-of-remittances-in-recent-history>

⁸ IMF, World Economic Outlook update, June 2020: real GDP expected (annual percent change) contraction of 9.4 percent for Latin America and the Caribbean Region: <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>



of US\$20 million⁹ and is reprogramming several projects using Contingent Emergency Response Components (CERCs).

Sectoral and Institutional Context

3. The connectivity market in Haiti is constrained by several endogenous factors but also presents opportunities for growth. In summary, challenges range from difficult and fragile operating environment and outdated legal and regulatory texts, to low earning power of the Haitians population. Access to electricity, a prerequisite to the usage of telecommunications devices and networks, is very low, standing at around 43 percent of the total population in 2018 and only 2.7 percent in rural areas. Yet coverage of mobile networks is relatively good, mobile operators and internet services providers are competing at the service and infrastructure level, and there is a growing demand for broadband and data services. All of which are strengths that the Haitian government can build on to further develop the digital infrastructure and services in Haiti.

4. The affordability of broadband services is one of the major barriers to connectivity for Haitians. Mobile broadband remains out of reach for a great share of the population given that it constitutes a considerable portion of their income: a 1 GB mobile broadband subscription costs 4 percent of the Gross National Income (GNI) per capita in Haiti, much higher than the region – a similar subscription only represents 0.9 percent and 0.1 percent of Jamaica’s and Dominican Republic’s GNI per capita respectively. This is an indication that mobile broadband services are unaffordable for many Haitians, and this is due to the high cost of service compared to income and driven by the difficult operating environment. Although the main bottleneck is the purchasing power, there are still some regulatory measures that can be implemented to impact the cost of operation and introduce further competition to improve affordability.

5. Broadband infrastructure is prevalent but in need of upgrade and extension to provide better quality services to all the population. 3G and 4G coverage in Haiti is around 83 percent and 43 percent of the population respectively. Currently, around 17 percent of the population lives in uncovered (*white*) areas by telecommunications networks. These represent a high-level coverage compared to the actual penetration of broadband services, which was only around 35 percent¹⁰ of the population in the first quarter of 2020. In terms of rural to urban divide, Gallup data shows that in 2018 around 86 percent of people in urban areas had access to a mobile phone to make calls, against 65 percent in rural areas. Wireless local loop and FTTx are however less prevalent across the island. Regarding the fiber optic backbone infrastructure, due to years of natural disasters, the networks have been disrupted in some areas and rely where needed on wireless technologies.¹¹ The country is linked to two submarine cables, both owned by Cable and Wireless¹², indicating a low level of competition at the international level. Each mobile operator (Digicel and Natcom) has access to one of the cables, and ISPs access international capacity through the mobile operators.

6. Revamping Haiti’s outdated telecom laws and regulations is critical to boosting digital infrastructure development through private sector solutions and promote competition. The Ministry of Transport, Post and Communications (MTPTC) as well as the *Conseil National de Télécommunications* (CONATEL) oversee the development of the sector, however despite many efforts during the past two decades, the legal framework and general policies of the sector have not been modernized. The absence of an effective wholesale broadband regime that allows open access to both international and national backbone infrastructure and the lack of incentives to share infrastructure represent inefficiencies and entry barriers into the market. Regulatory gaps on spectrum allocation also hinders the development

⁹ The Haiti COVID-19 Response Project (P173811) was approved on April 2, 2020.

¹⁰ Unique mobile internet penetration, GSMA 2020.

¹¹ Hurricane Matthew caused an estimated \$35 million in damage to telecom equipment in 2016. The deployment of a 3,000 km of fiber-optic network launched by Natcom in 2011, has significantly improved connectivity although it has been impacted by vandalism.

¹² According to estimates, installing an additional undersea cable would boost the Haiti’s economic growth by 0.1 percent a year, i.e. by US\$50 million by 2021 (Koutroumpis and Domond, 2017). Research shows that the arrival of submarine cables in 8 African countries is tied to a 4 percent to 10 percent rise in employment in those countries (Hjort and Poulsen, 2019).



of a more dynamic mobile telecom sector and technology adoption. Finally, the lack of clarity and consistency on direct and indirect taxation applied to the different players in the market also creates an unlevelled playing field.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The Project Development Objectives are to increase access to broadband services in Haiti and establish the foundations of digital resilience to respond to shocks.

Key Results

7. The project's main components address key bottlenecks and harness opportunities to develop Haiti's digital economy as a driver of growth, resilience, and a more effective response to the COVID-19 pandemic. The project aims to ensure that people in Haiti are empowered with access to broadband services at affordable prices and quality, and the skills needed to actively participate in an increasingly digital marketplace and society. It aims at leveraging connectivity to key public sectors, particularly Disaster Risk Management (DRM), health and education, to improve service delivery, stimulate the usage of digital services and improve the responses to shocks, including the ongoing COVID-19 crisis. Finally, the project will also help create a more competitive digital market, attract more investment and provide room for growth of digital firms.

8. The project will also support Haiti's climate mitigation efforts and strengthen its resilience to natural disasters, pandemics, and other shocks. It will support resilience of digital infrastructure and disaster recovery/business continuity of critical communications systems, databases, and public services in the event of a natural disaster or external shocks. It will also help contribute to reduced Green House Gas (GHG) emissions by eliminating the need to physically travel to access services and jobs and will promote the development of a clean, knowledge-based economy in the region.

9. The project incorporates themes of gender, inclusion, citizen-centric design, and citizen feedback to inform activity selection and implementation models. It will provide opportunities for women, girls, at-risk youth, and the disabled to access digital services and skills development to prepare them for the digitally enabled jobs of the future. Design of digital public services and reform of the underlying transaction processes will be based on feedback from end-users to ensure that they are user friendly and accessible to the widest audience possible.

D. Project Description

Component 1: Enabling environment of digital infrastructure and services

10. Subcomponent 1.1: *Supporting the development of a competitive digital infrastructure and services market.* This subcomponent supports the regulator (CONATEL), the line Ministry (MTPTC), the National Center of Geospatial Information (CNIGS - Centre National d'Informations Géospatiales) and other key stakeholders in developing sectoral strategies and regulations, strengthening their technical, monitoring and regulatory capacities, and procuring the necessary equipment to oversee developments in the sector. The activities detailed below will include a gender angle to identify the existing gender gaps for remedying actions.

11. Subcomponent 1.2: *Strengthening digital skills.* Aims to better equip individuals and businesses across the region for the jobs and economy of the future and to adapt to online activities. A preliminary study will be conducted to assess the gaps and needs for digital capabilities for various target beneficiaries. Following this study, the project will



finance digital capabilities training programs tailored to the needs of various groups of beneficiaries. This subcomponent will be implemented in collaboration with local partners such as universities, tech incubators, operators, local administrations and the Haitian diaspora. Specific efforts and targets are included to encourage maximum participation of women.

Component 2: Broadband connectivity:

12. Subcomponent 2.1: Supporting access to broadband services to key public service beneficiary institutions and the general public. Under this subcomponent, the Government will provide broadband connectivity to government institutions, health and education facilities, and several public Wireless Fidelity (WIFI) hotspots across the country. The government will purchase broadband services from the private operators (mobile operators and internet service providers (ISPs)) for the benefit of health and education facilities, government ministries and agencies, and public WIFI hotspots, all spread across the country. This will provide critical government and public sector functions with reliable broadband connectivity, and operators with anchor users for a considerable period, therefore allowing them to invest in network extension and upgrade. The project will carry out a feasibility study to define in more details the parameters of this component and will acquire the services of a transaction adviser to design the tender and the contract documentation.

13. Subcomponent 2.2: Enhancing the key public service beneficiary institutions’ networking services capability. Beyond the provision of connectivity services, the project will finance the development of intergovernmental network services and equipment to improve the efficiency of service delivery and the modernization and digitization of the GoH. This activity will include the acquisition of dedicated network services to connect and maintain one or several Government Wide Area Networks (GWANs), that will interconnect government buildings and institutions around the country. The project will also finance end-user equipment (e.g., IP telephony, communications rooms, secure servers) and software where needed and complement with basic energy sources if premises do not have the necessary energy sources to operate basic IT equipment.

14. Component 3: Project management and implementation: This component will support the Project Implementation Unit (PIU), *Unité Centrale d’Exécution* (UCE-MTPTC), in the management, implementation and monitoring of the project and associated activities as well as supporting capacity development and knowledge sharing for MTPTC, CONATEL, UCE and key beneficiaries.

15. Component 4: Contingent Emergency Response Component (CERC): This is an emergency component to anticipate needs in the event of climate or natural disasters and public health emergencies due to the high risk of shocks in Haiti.

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



Summary of Assessment of Environmental and Social Risks and Impacts

16. Environmental and Social (E&S) risks and impact screening has been undertaken throughout preparation, considering initial risks and impacts identified in the Concept Stage ESRS, those outlined in the Appraisal Stage ESRS, as well as any other risk factors identified during the environmental and social assessment process. E&S risk is classified as Substantial, based on the scale and scope of proposed project interventions, considering contextual political-economy risk in Haiti. Mitigation measures are set out in the E&S documents (ESIA, ESMF, RPF, SEP and LMP), which will be applicable to the project's associated infrastructure through inclusion of E&S requirements as part of the service contracts with the Mobile Operators and ISPs. A detailed description of risks and measures are included in the ESRS.

E. Implementation

Institutional and Implementation Arrangements

17. The PIU will be the existing UCE, hosted at the MTPTC, that has proven capable of preparing and implementing infrastructure operations in the sector. UCE has the required project coordination, fiduciary (procurement, financial management), monitoring and evaluation (M&E), and environmental and social safeguards expertise. However, UCE's technical, safeguards and fiduciary capacity will be strengthened throughout the project to ensure effective implementation due to its increased load of work as well as new technological and digital sector specialties needed with this new project.

18. The proposed project would be implemented using the institutional framework, procurement, environmental and social, procurement, financial management (FM) and disbursement arrangements in place under the previous WB-financed projects, all of which have demonstrated results and a capacity to absorb additional funds. The project, implemented through the UCE, will benefit from technical inputs from the CONATEL and other direct beneficiaries (further details on the implementation arrangement will be included in the Project Operations Manual).

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APPROVAL

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