

**PROGRAM INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: AB7527

Operation Name	Strengthening Governance in Education, Water and Sanitation
Region	LATIN AMERICA AND CARIBBEAN
Country	Haiti
Sector	PFM (20%), Education (40%), Water and Sanitation (40%)
Operation ID	P147166
Lending Instrument	Haiti Reconstruction Fund Development Policy Grant
Borrower(s)	REPUBLIC OF HAITI
Implementing Agency	MINISTRY OF FINANCE
	Ministry of Finance Rue Charles Summer Port-au Prince Haiti Tel: (509-3) 701-8058 Fax: NA
Date PID Prepared	June 5, 2014
Estimated Date of Appraisal	June 18, 2014
Estimated Date of RVP Approval	June 20, 2014
Corporate Review Decision	Following the corporate review, the decision was taken to proceed with appraisal of the operation.

I. Key development issues and rationale for Bank involvement

The proposed Grant supports the Government's strategy to strengthen transparency and institutions for budget management in education and water and sanitation. The World Bank is acting as partner entity to the Haiti Reconstruction Fund to prepare this operation.

II. Proposed Objective(s)

The proposed Haiti Reconstruction Fund Development Policy Grant supports the Government's strategic plan for Haiti's development (PSDH). The HRF Grant supports essential institutional reforms that increase transparency, and oversight in three main policy areas: (i) public financial management, (ii) education, and (iii) water and sanitation. Donors' recent sector-level engagement in education and water and sanitation has focused on sector investments whose implementation has been impeded by insufficient and evolving institutional frameworks and incomplete information on service delivery. The reforms supported by this operation will help to alleviate these constraints.

By strengthening Haiti's governance systems and increasing transparency, the proposed operation aligns its priority areas with the country's medium and long-term challenges. The significant post-earthquake inflow of reconstruction funds not only created pressure on the existing capacity to manage and execute funds, but also increased demand for better economic governance. In this context, the proposed Grant will enhance public resource use through improved budget management, better oversight of education and water and sanitation service delivery, and increased transparency around the availability and quality of these services.

Expected outcomes of the operation include: improved cash management by the Treasury; increased oversight of education services in non-public schools; better alignment of the education budget with the sector's priorities; increased information about schooling through timely and more widely accessible data on education service delivery nationwide; improved oversight of the water and sanitation sector; and increased transparency of water service availability and quality at the community level.

III. Preliminary Description

The measures supported by the Grant help foster the conditions needed to increase public spending efficiency and maximize the impact of the high level of donor financing in the transition period, following which grants are likely to return to pre-earthquake levels. Whereas strengthening public sector governance remains critical, growth-enhancing reforms also need to be promoted; the proposed Haiti Reconstruction Fund Grant supports institutional measures that will ultimately contribute to enhanced human capital and labor productivity through improved education and water services in the future.

The prior actions that the Government has already taken or will take to implement the program supported by this operation are as follows:

Prior action #1: The Government of Haiti, through its Ministry of Finance, issued the regulation requiring line ministries to submit annual forecasts of their monthly expenditures.

Prior action #2: The Government of Haiti (i) established a new regulatory framework for decentralized school accreditation; and (ii) adopted a regulation to create a consultative public-private accreditation group tasked with establishing accreditation criteria.

Prior action #3: The Government of Haiti, through the MENFP, adopted regulations for the (i) decentralization of the annual collection and compilation of school census data to Department-level Directorates, and (ii) publication of census results in the Statistical Yearbook and in Department-level flyers within 45 days of the close of the school year.

Prior action #4: The Government of Haiti, through the MENFP, has institutionalized the preparation and adoption of an integrated Annual Operational Plan in the context of the medium-term expenditure framework.

Prior action #5: The Government of Haiti, through the Primature, has submitted to the Senate for approval the nomination of DINEPA's Executive Board members so as to establish the management structure of DINEPA.

Prior action #6: The Government of Haiti, through DINEPA, has expanded its water sector oversight structure beyond water quality to include service quality and coverage, asset monitoring and revenue tracking in the CAEPA/OP monitoring framework.

IV. Poverty and Social Impacts and Environment Aspects

Poverty and Social Impacts

The actions supported by this Grant are likely to have positive poverty and social impacts. With respect to economic governance, strengthening PFM, planning and transparency will lead to more efficient allocations and better resource use to meet the needs of the Haitian population. The indirect impact of potential budget savings from more efficient use of public resources or better prioritization of key sector investments could be significant by creating the fiscal space for the Government to expand education, water and sanitation, health and other social services and increase the sustainability of their financing.

Implementing an effective school accreditation framework and creating a public-private consultative accreditation body will help the Government exercise better oversight and monitoring of non-public schools, which account for nearly nine-tenths of the total education system and enroll many poor students for whom education provides a path out of poverty. The new decentralized accreditation framework will facilitate school recognition and education quality measurement, providing a signal to parents about the nature of schooling options for their children, particularly in under-served rural and poor areas. The publication of the school census results will increase transparency by making it easier for potential consumers (i.e., students and parents) to identify the best schooling options, and more broadly will promote public accountability. The resulting increased oversight of the non-public school sector will help the Government (i) more effectively target subsidies such as school vouchers and free lunches, and (ii) achieve its education goals through a more integrated and comprehensive education system that is better aligned with the needs of the poor and marginalized.

The current weak supervision of the Water and Sanitation sector risks poor coordination and service delivery across the national territory, leaving certain population groups vulnerable to water-borne disease, inter alia. An effective DINEPA Board will provide a comprehensive and strategic approach that ensures adequate focus on vulnerable groups, as well as a consistent financing plan that is sustainable in the future. And the strengthened monitoring framework in rural areas will provide DINEPA with a better understanding of the coverage and quality of services, enabling it to improve efficiency and equity in the provision of water supply services, and more effectively target the poor. More generally, improved access to and quality of water and sanitation services will also

help mitigate serious potential health risks from inadequate or interrupted services during frequent storms, which in turn can have significant social and political costs.

Environment Aspects

The specific policies supported by the proposed HRF Grant are not likely to have a significant effect on the environment, forests or other natural resources. The proposed Grant focuses on institutional reforms, with no perceived negative environmental implications. On the positive side, improved governance, oversight and transparency of the water and sanitation sector will increase knowledge and uptake of clean water and ultimately sanitation services, which will reduce the incidence of water-borne diseases including cholera, and reduce environmental degradation due to pollution and run-off.

V. Tentative financing

Source:		(\$m.)
BORROWER/RECIPIENT		0.00
IDA Grant		0.00
Borrower/Recipient		
IBRD		0.00
Haiti Reconstruction Fund		17.33
	Total	17.33

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