



Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 12-Mar-2018 | Report No: PIDC141948

BASIC INFORMATION

A. Basic Project Data

Project ID	Parent Project ID (if any)	Environmental Assessment Category	Project Name
P166319		C - Not Required	Haiti GDP rebasing
Region	Country	Date PID Prepared	Estimated Date of Approval
LATIN AMERICA AND CARIBBEAN	Haiti	12-Mar-2018	
Financing Instrument	Borrower(s)	Implementing Agency	Initiation Note Review Decision
Investment Project Financing	Ministère de l'Economie et des Finances	Institut Haïtien de Statistique et d'Informatique	The review did authorize the preparation to continue

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Financing (in USD Million)

SUMMARY

Total Project Cost	0.00
Total Financing	0.00
Financing Gap	0.00

DETAILS

B. Introduction and Context

Country Context

Haiti is the poorest and most unequal country in the Latin American and Caribbean (LAC) region and one of the poorest and most unequal in the world. With 27,750 Km² and an estimated 10.9 million people, Haiti is the third largest Caribbean nation, both by area and population size, after Cuba and the Dominican Republic (DR). Its proximity to the United States of America (USA), the world largest market, and preferential trade agreements with this country confer important advantages to Haiti. However, Haiti's history has been marred with political instability and weak institutions, which have so far prevented the country from taking advantage of such opportunities. After achieving independence from France in 1804, Haiti has known only

autocratic regimes and a succession of short-lived governments, hampering the development of institutions to support long-term growth and sustainable development. Today, with a GDP per capita of US\$ 728 per capita in 2015 and a Gini index of 0.61 (2012) Haiti is the poorest and the most unequal country in the LAC region and one of the poorest and most unequal country in the world.

Haiti's economic growth has accelerated after the 2010 earthquake, but not at a rate sufficiently high to make substantial progress towards the twin goals. Between 1990 and 2009, Haiti's growth rate averaged only 0.6 percent a year. After the 2010 earthquake, the growth rate surged to 3.3 percent on average over 2011-2015, driven by construction, hospitality and the garment and apparel export sectors. Poverty, however, remains endemic with 59 percent of the population currently not being able to meet their basic needs. The poor performance of the agricultural sector, where the vast majority of the rural population secure their livelihoods, has delayed further progress in poverty reduction. The agricultural sector's contribution to GDP growth has been negative since 2011. Inequality also remained high and unchanged between 2001 and 2012 (Gini of 0.61). Assuming inequality remains unchanged Haiti would need to accelerate the growth rate to at least 7 percent per year in order to reach the 3 percent extreme poverty target by 2030.

The impact of hurricane Matthew has been severe. Matthew hit the country in early October of 2016, leaving behind a heavy human toll^[1] and considerable material losses and damages. Total losses and damages amount to US\$ 1.9 billion (about 22 percent of GDP), 20 percent of which is from the public sector and 80 percent private. The agricultural sector was the most severely impacted, with losses amounting to 74 percent the productive sector's total loss, with potentially negative consequences for Haiti's growth path. Seven out of ten of Haiti's departments were affected, but the Great South (*Le Grand Sud*), comprising four departments (Grande'Anse, Nippes, South and South East), has been severely impacted.

[1] Official figures point to 546 dead and 129 missing persons.

Sectoral and Institutional Context

The government of Haiti (GoH) has adopted a national strategy for statistical capacity building (SNDS) and has started the process of updating the system of national account. In 2012, the GoH adopted a Strategic Plan for the Development of Haiti (PSDH) and initiated a vast public financial management and economic governance reform. In the context of that reform, the availability of updated economic statistics became a prerequisite for informed policy and decision making. A national strategy for statistical capacity building was thus adopted to, inter alia, update the system of national accounts (SNA) and rebase the GDP.

The National Accounts currently use 1987 as base year. Updated statistical information for evidence-based planning, policy formulation, implementation and informed debate lacks in Haiti. Particularly, effective policy analyses are constrained by the lack of updated national accounts. The current SNA uses 1987 as base year, not capturing the changes in the economy's structure since then and making effective policy analysis difficult.

The authorities understand the urgency for updating the SNA and rebasing the GDP to reflect the changes that have occurred in the structure and size of the Haitian economy. Updating the SNA estimates and rebasing the GDP would reduce the uncertainty in policy analysis and help increase the effectiveness of public policy.

The GoH has requested the World Bank to provide technical assistance and financing of an international consultant for updating the SNA and rebasing the GDP. The SNA updating and GDP rebasing process was initiated by the IHSI in December 2014, benefiting the assistance of the European Union (EU) via the French National Institute of Statistics and Economics Studies (INSEE) and the IMF via their Caribbean Research and Technical Assistance Center (CARTAC). However, the short term visits of the INSEE and CARTAC's consultants were not sufficient to build the needed capacity at IHSI in order to pull off the SNA updating and GDP rebasing, hence their recommendation to embed a consultant. The authorities requested the WB to lead the SNA updating and GDP rebasing process with this technical assistance.

Engagement and coordination with the IMF and the EU. The EU's (INSEE) support to the IHSI has been carried out under the institutional strengthening heading of the EU's State Building Contract project in Haiti, while the IMF's support through CARTAC was part of its broad engagement with Haiti under their Extended Credit Facility (ECF) program. As mentioned above, both the EU and the IMF used the short-term missions to help the Haitian authorities with the GDP rebasing process. Under the new approach of an embedded consultant required by the IHSI with the WB support, both the EU and the IMF will continue work in close collaboration with and under the coordination of the WB-sponsored Resident Consultant.

Relationship to CPF

The Haiti Systematic Country Diagnostic (2015) called attention to five priority areas which constitute the cornerstone of the Country Partnership Framework (CPF). Two of these priorities are: 1) maintain macroeconomic stability, while meeting developmental needs and 2) improving statistics and analytics. The medium-term priorities of the CPF are: 3) create greater economic opportunities and better jobs, including through infrastructure and human capital, 4) re-build the social contract, and 5) reduce vulnerabilities and build resilience. The SCD underlines the priority of developing statistics and analytics to underpin effective development policies, including the planning and targeting of programs. This is well captured in the CPF that gives great importance to the development of basic foundational data for public policies and build the statistical capacity of the Government. Therefore, this project fits into the CPF's strategy to help the GoH build its statistical capacity to allow better analysis and increase the effectiveness of public policy.

C. Project Development Objective(s)

Proposed Development Objective(s)

Strengthening the capacity of the Haiti Statistical Office (IHSI) through the rebasing of GDP.

Key Results

This technical assistance will primarily focus on hands-on training and appropriation of the techniques and methodology by IHSI’s staff to guarantee knowledge transfer and the project’s sustainability, making sure that capacity is built within the IHSI to be able to perform similar SNA updating exercises in the future. Given this approach, the key results expected by IHSI staff from this technical assistance are:

- Production of a technical note adapted to the Haitian context on all preparatory work leading to the updating of the SNA: the consultant works with IHSI staff to determine the methodological approach or procedures guaranteeing the continuity and sustainability of the SNA.
- Establishment of the resources/uses balance.
- Elaboration of the production and income generation accounts.
- Establishment of the intermediate consumption matrix.
- Construction of the Input-Output table.
- Establishment of the back-casted series, up to 1975, according to the new methodology.
- Revision of the current application of the national accounts on Excel and adaptation to the new methodology.
- Draft the SNA updating and GDP rebasing document, including the methodology and results.

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D. Preliminary Description

Activities/Components

Through re-basing of the national accounts to 2012 the project aims to capture structural changes that may have taken place in the Haitian economy since 1986-87, which is the current base year used for the National Account estimates through which the gross domestic product (GDP) is computed.

The project will engage a full-time resident technical advisor that will provide guidance, training, advice and assistance in leading the GDP rebasing exercise in order to ensure the exercise is successfully carried out and to transfer knowledge and capacity to IHSI staff so that such exercises can be completed in-house in the future.

Main activities and timetable

Deliverables	Timeline
-Products and activities nomenclature is finalized and validated -Sectoral statistics (by activities branch) are calculated based on the goods and services classification of the new methodology -Appropriate methodological notes are defined	January 2018

-International trade statistics are produced, consistent with the Balance of Payments and Customs data	
-Price indicators, different from the CPI, are available	May 2018
-Estimation methods are defined	
-Financial intermediation services indirectly measured is elaborated according to the 2008 SNA guidelines and methodological note is drafted	
-The methodological approach is suited to measure informal economic activities	July 2018
-Households and NPISH final consumption is estimated	
-Intermediate consumption matrix is elaborated	
-Technical notes on estimation methods are produced	September 2018
- Resources/Uses balance is established	
-Production and use accounts are constructed	
-IO table is built	December 2018
-Historical series are calculated	June 2019
-The SNA updating and GDP rebasing document, including the methodology and results obtained, is drafted.	November 2019
Completion of Haiti GDP rebasing, validation by the authorities and dissemination of results	December 2019

SAFEGUARDS

E. Safeguard Policies that Might Apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01		X	
Natural Habitats OP/BP 4.04		X	
Forests OP/BP 4.36		X	
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11		X	
Indigenous Peoples OP/BP 4.10		X	
Involuntary Resettlement OP/BP 4.12		X	

Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	

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