

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

Report No.: PIDA21953

<b>Project Name</b>	HT Sustainable Rural and Small Towns Water and Sanitation Project (P148970)
<b>Region</b>	LATIN AMERICA AND CARIBBEAN
<b>Country</b>	Haiti
<b>Sector(s)</b>	Sanitation (16%), Water supply (46%), Public administration-Water, sanitation and flood protection (36%), Health (2%)
<b>Theme(s)</b>	Rural services and infrastructure (62%), Decentralization (36%), Other communicable diseases (2%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P148970
<b>Borrower(s)</b>	Ministry of Economy and Finance, MEF
<b>Implementing Agency</b>	DINEPA
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	10-Apr-2015
<b>Date PID Approved/Disclosed</b>	29-Apr-2015
<b>Estimated Date of Appraisal Completion</b>	06-Mar-2015
<b>Estimated Date of Board Approval</b>	26-May-2015
<b>Appraisal Review Decision (from Decision Note)</b>	The Team was authorized to appraise and negotiate at the ROC Meeting on February 27, 2015.

**I. Project Context**

**Country Context**

Haiti possesses several key strategic advantages but also faces considerable challenges. Its position in the middle of the Caribbean, proximity to the United States, young labor force, and rich cultural heritage offer a wide range of economic opportunities. However, Haiti's population of 10.4 million, of which 52 percent is rural, remains poor: 58.5 percent of Haitians live in poverty, and 23.8 percent in extreme poverty, with a GDP per capita at US\$820 in 2013. The highest poverty levels are found in rural areas where 63 percent of extremely poor households reside and basic services are severely lacking: access to water supply and sanitation (WSS) in Haiti is low with 62 percent for water (47 percent in rural areas) and 24 percent for access to improved sanitation (16 percent in rural areas).

In addition to challenges related to poverty and access to basic services, Haiti is highly exposed to natural disasters—hurricanes, floods and earthquakes. The devastating 2010 earthquake which struck Haiti resulted in damages and losses equivalent to 120 percent of GDP. In addition, weather-

related disasters are estimated to have caused damages and losses amounting to about two percent of GDP on average per year during 1975-2012. Nine months after the devastating 2010 earthquake, this vulnerability to flooding and heavy rains, coupled with the lack of access to WSS enabled a cholera epidemic to spread rapidly across Haiti, as well as to the neighboring Dominican Republic (DR). The cholera outbreak in Haiti has claimed to date more than 8,810 lives and affected more than 725,600 people, and in the DR, more than 31,600 suspected cholera cases, including 472 deaths, have been reported. The four provinces accounting for 64 percent of suspected cholera cases registered in the DR are Puerto Plata, San Juan, Santiago and Santo Domingo – provinces that are hundreds of kilometers away from the Haiti/DR border. Despite cholera coming from Haiti to the DR via border crossings, it spread quickly to the rest of the country, landing in its major cities. Cases first emerged near Santo Domingo and spread north across the country, with a dramatic spike during the rainy season. Toward the end of 2011, cholera eventually reached the Puerto Plata province where a World Bank financed operation is currently financing the Water and Sanitation in Tourist Areas Project. Even though it had started in a localized area in Haiti, cholera spread rapidly throughout the Island of Hispaniola, demonstrating strong cross-border externalities regarding its transmission.

One particular zone where communicable diseases and population dynamics can create strong externalities is the border area between Haiti and the DR. Approximately 90 percent of the Haitian population resides within 100 miles of the border, making this area both strategic and vulnerable: it includes some of the poorest areas in both countries and witnesses movement from migrants, workers and cross-border service users, and hosts bi-national markets. These externalities and the magnitude of such diseases point to the need for an island-wide approach to improve WSS services and hygiene practices, as well as water resources protection and disease surveillance, in order to control and prevent new outbreaks in both countries.

The focus must now shift from emergency measures to control cholera to supporting the goal of universal access to WSS and health services. The governments of Haiti and the DR, supported by the international community, successfully put in place crucial cholera prevention and control strategies, as shown by decreasing trends in cases and deaths, but new cases and outbreaks continue to be recorded. Importantly, both countries still face the development challenge of overcoming their vulnerability to water- and excreta-related diseases. According to Haiti's Mortality, Morbidity and Use of Health Services Survey (EMMUS-V, 2012) and the DR's Demographic and Health Survey (ENDESA, 2013), 21 and 18 percent of children under 5 years of age were diagnosed with diarrhea two weeks before the national surveys in Haiti and the DR, respectively. Additionally, 11 percent of deaths among children under 5 are attributable to diarrhea in Haiti, compared with 5 percent in the DR, and an estimated 50 percent of childhood malnutrition in Haiti is associated with repeated diarrhea or intestinal nematode-related diseases. To address these challenges, the Government of Haiti (GoH) and its development partners must balance the continued implementation of short-term response activities with medium- to long-term institutional strengthening and the roll out of sustainable WSS and health services in order to build resilience to cholera and other related diseases.

National efforts alone are critical but insufficient. Inter-country collaboration is essential to promote efficient preparedness and reduce regional vulnerability to cholera and other potential pandemics. While the responsibility to build, maintain and exercise capacity to detect and respond to public health events of potential international concern rest with each individual country, a regional surveillance system can contribute to the objectives of early detection and control of transboundary

threats at source. In January 2012, the governments of Haiti and the DR jointly launched the “Call to Action: A Cholera-Free Hispaniola”, and in support of this initiative, the Regional Coalition for Water and Sanitation to Eliminate Cholera in the Island of Hispaniola was established later in the same year. The Coalition was established by the Pan-American Health Organization (PAHO), UNICEF and the US Center for Disease Control and Prevention (CDC) to mobilize international support for major investments in WSS as the best means of eliminating transmission of cholera. The Coalition, of which the World Bank is a member, meets regularly and provides technical inputs for cholera elimination as well as fundraising. In this context, the World Bank hosted two high-level conferences in Washington, DC on April 11 and October 9, 2014 to present its approach in support of the GoH’s 10-year Cholera Elimination Plan and to raise commitments to provide WSS and health services in 16 priority communes identified jointly with UNICEF, the Ministry of Public Health and Population (MSPP) and the National Water and Sanitation Directorate (DINEPA). This Project is a direct response to these initiatives and high level commitments and forms a central part of the GoH’s strategy for addressing the cholera epidemic and for achieving universal access to WSS and health services. The Project will also build on these coordination mechanisms and exchange of experiences between the DR and Haiti and conduct an assessment in each country of the feasibility of implementing joint monitoring, including the identification of strategic entry points in each country on which the collaboration can be built.

Regional rationale. The Project meets the eligibility criteria of the IDA Regional Program in that: (i) it involves two countries, one of which considered to be a Fragile and Conflict-affected State (FCS); (ii) activities will generate cross-boundary benefits with the DR; (iii) there exists clear evidence of country and regional ownership; and (iv) there exists a platform for policy harmonization on which it will build.

### **Sectoral and institutional Context**

Water supply in rural areas and small towns. Access to quality water supply is a significant challenge in rural areas and small towns of Haiti. The population in rural areas is generally served through water points equipped with handpumps, while small towns are served with gravity-fed piped water systems supplied by spring catchments, from which water is delivered through standposts, water kiosks and household connections. A substantial portion of these water systems is not operational, for lack of sufficient funds for operation and maintenance (O&M) and less than ten percent of them are equipped with chlorination devices. To address these issues, the World Bank- and Interamerican Development Bank (IDB)-financed EPAR Program in the South Region demonstrated that volumetric billing could be socially acceptable in rural areas and small towns, and installed 23 “professional operators” (OPs) to operate and maintain water supply systems. These OPs are still in place and represent the basis on which the Project will build and expand to other regions of Haiti.

Sanitation in rural areas and small towns. Both urban and rural populations mostly rely on individual on-site sanitation solutions, as sustainable collection and treatment of sewage are practically non-existent across the country. The GoH has adopted a no-subsidy policy for household-level sanitation and focuses on behavior change, education and promotion to lead households to construct/improve their own latrines as well as provision of institutional sanitation in public schools, health institutions and public spaces such as markets. The low access rate to improved sanitation facilities makes open defecation frequent in Haiti, particularly in rural areas where it stands at 38 percent. In addition, DINEPA’s Sanitation Department is limited in staff at the

central level and has no presence at the deconcentrated level.

DINEPA has a vision to promote the development of the WSS sector and tackle the low levels of service, as embodied by the sector reform initiated in 2009. The main elements of this reform are: (i) a progressive disengagement of the Central Government from WSS infrastructure construction and operation, retaining a regulatory role; (ii) the establishment of users associations and local WSS committees (CAEPAs); (iii) the professionalization of WSS services provision; (iv) the participation of the domestic private sector in construction and operation; and (v) ensuring the sustainability and affordability of services by introducing the concept of volumetric billing. As per the Water and Sanitation Framework Law, DINEPA is responsible for the control and regulation of WSS systems in Haiti. The Law also provides a vision for deconcentration with the creation of DINEPA's Regional Offices (OREPAs) and for the professionalization of WSS services provision. While generally viewed as a major improvement on previous arrangements, challenges remain in the implementation of the sector reform, as described in the next paragraphs.

DINEPA is updating its Strategic Sector Plan to rally partners behind a unified intervention framework, but sectoral knowledge and monitoring of the status of WSS services is still fragmentary. Several databases and monitoring tools have been developed under various projects, but without coordination and continuity in the dissemination and updating of information. As a result, there is limited monitoring of the status of WSS services in rural areas and small towns and no consolidated baseline at the country level, hampering the efficient prioritization and programming of investments.

Deconcentration is not yet effective at the regional level, as capacity in social mobilization, sanitation, as well as in fiduciary aspects is mostly built and maintained at the central level. As a consequence, OREPAs and URDs are not yet in a position to help accelerate the development of rural and small towns WSS services, nor to monitor their delivery. In addition, although the deployment of communal technicians (TEPACs) to rural communes has been successful, particularly in improving coordination between WSS and health activities, including cholera control, they lack proper training, particularly with regards to sanitation, and the financing of their salaries is not sustainable. The TEPACs were put in place to help develop the communes' capacity in WSS-related matters with the long term objective of decentralizing responsibility of service delivery, but the lack of dedicated local budgets and skilled professionals who are capable of working within a complex local governance context, still renders any decentralization proposal in Haiti unfeasible in the short- to medium-term.

The development of WSS services, as well as the functioning of sector actors is heavily dependent on external financial assistance. Financial and Technical Partners (FTPs) finance 61 percent of DINEPA's operating expenditures as well as 95 percent of investment costs, and the budgetary allocations of the GoH only cover 13 percent of DINEPA's central level operating costs. Additionally, even in urban areas, only 54 percent of the operating expenditures (excluding depreciation) of CTEs are covered by water revenues, thereby highlighting the need to accelerate ongoing efforts to improve commercial management in urban centers in order to increase revenues from water services. Financing needs are huge and this dependence of the sector on external assistance is likely to endure over the medium-term.

In the DR, the WSS sector faces challenges related to service quality and sustainability, despite higher access figures. Access to WSS in the DR is 81 percent for water (77 percent in rural areas)

and 82 percent for sanitation (74 percent in rural areas, where 8 percent still practice open defecation). Nevertheless, the lack of a clear lead institution in charge of the water sector reform agenda in the country, together with a weak legal framework, slow down gains in access to and improvement in services. Additionally, the sector is heavily subsidized by the government at 100 percent of investment costs and roughly 70 percent of O&M costs, compounding the issue of low water billing and collection rates and ultimately affecting service sustainability.

Towards the elimination of cholera on the Island of Hispaniola. The elimination of cholera not only requires high WSS coverage, but also strong institutions to ensure a high level of sustainable service. Sector development dependent on state subsidies and donor financing, without sufficient focus on sustainability can lead to minimal new investments in service delivery with potentially dire consequences on public health.

## II. Proposed Development Objectives

The proposed objectives of the Project are: (i) to increase access to improved water supply and sanitation in targeted rural areas and small towns in zones affected by cholera; (ii) to strengthen the water and sanitation service delivery mechanism at the deconcentrated level; and (iii) support the Recipient's capacity to respond promptly and effectively to an Eligible Emergency, as needed.

## III. Project Description

### Component Name

Institutional Strengthening, Capacity Building and Project Management

### Comments (optional)

(a) Strengthening DINEPA's capacity to develop and manage a national programming mechanism for deconcentrated WSS service delivery in rural areas and small towns, including preparing DINEPA for a shift from a project approach to a programmatic approach; (b) Strengthening the fiduciary, sanitation and social mobilization capacity of selected OREPAs; (c) Strengthening the local stakeholders in rural and small towns to improve WSS service delivery sustainability through support to CAEPAs and professional operators (OP); and (d) Supporting the establishment of a joint monitoring mechanism between Haiti and the DR to respond to trans-boundary pandemics and outbreaks of water- and excreta-related diseases.

### Component Name

Water Supply and Sanitation

### Comments (optional)

The Project will deliver a comprehensive water supply and sanitation package of interventions in selected rural areas and small towns, including (a) increasing access to safe water and sanitation for localities through rehabilitation or construction of water supply networks and implementation of community-based total sanitation approaches, sanitation marketing and behavior change communication; and (b) increasing access to safe water and sanitation in schools, health facilities and public spaces.

### Component Name

Contingent Emergency Response

### Comments (optional)

Due to the high risk of a catastrophic event in Haiti and the fact that cholera still poses a significant challenge, the Project includes a provisional component for Contingent Emergency Response (CER), designed as a mechanism for rapid response in the event of an eligible emergency, subject to

the request of the GoH (e.g. hurricanes, floods, cholera outbreaks, etc.). Such components, which include triggers and conditions for the use of funds, are included in most investment projects in Haiti in keeping with the recommendations of the 2011 World Development Report on Conflict, Security and Development and with the operational experience acquired in Haiti since the 2010 earthquake.

#### IV. Financing (*in USD Million*)

Total Project Cost:	50.00	Total Bank Financing:	50.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
BORROWER/RECIPIENT			0.00
IDA Grant			50.00
Total			50.00

#### V. Implementation

DINEPA will be responsible for the technical, administrative, fiduciary, environmental and social management and execution of project activities, according to anti-corruption guidelines, with the following allocation of implementation responsibilities :

- DINEPA's Technical Department (DT) will be responsible for (i) overall coordination; (ii) quality control of technical aspects of procurement and safeguards; and (iii) management of Component 1, in close collaboration with its Rural Division (DMR) and the Strategic Orientation and Institutional Strengthening Unit under the Director's office; of water supply activities in Component 2, in close collaboration with the DMR; and of Component 3, in close collaboration with the MSPP's Directorate of Epidemiology, Laboratories and Research (DELR) in charge of cholera epidemiological surveillance;
- The Sanitation Department will be responsible for the management of sanitation activities in Component 2, in close collaboration with the DT and the MSPP. NGOs and consultants will be hired for the implementation of ACAT, sanitation marketing as well as for the development of behavior change communication;
- The Financial Department will be responsible for overall FM, while the Procurement Department (DPEM) will be responsible for procurement;
- The OREPA's will be progressively involved in technical and fiduciary-related tasks, after capacities have been built at the regional level; and
- The URDs and TEPACs will assist: (i) in the selection of targeted communities; (ii) in carrying out the social mobilization process; (iii) in works supervision; and (iv) in the implementation of ACAT activities.

A subsidiary agreement will be signed between DINEPA, its line ministry, the Ministry of Public Works, Transport and Communications (MTPTC) and the Ministry of Economy and Finance (MEF) for the implementation of project activities. In addition, activities related to the programmatic approach (Component 1) will require policy dialogue with MTPTC, MEF as well as with the FTPs present in the WSS sector. The Project will use an existing inter-ministerial committee on sanitation which includes DINEPA, MTPTC, MSPP, the Ministry of Environment and the Ministry of Education (MENFP) for sanitation policy and strategy discussions.

The Project will also involve various local health actors, particularly for training related to

sanitation, engagement of all community members, as well as for the community health agents (ASCP) and departmental Sanitary Officers, and will use the collaboration agreements under development between DINEPA and the MENFP with regards to WSS in schools. In the event of a cholera outbreak, the Project will rely on the existing mechanism involving MSPP and DINEPA local actors to identify zones of interventions and the required solution (distribution of treatment products or small works/repairs). As for WSS in health facilities, DINEPA will work in close collaboration with the MSPP and the Bank's health program in Haiti, particularly in providing technical assistance in designing adequate WSS infrastructure.

The Project will also identify key actors in Haiti and the DR, both government and external partners, which can support and help lead the dialogue for the establishment of a joint monitoring mechanism for pandemics between the two countries.

## VI. Safeguard Policies (including public consultation)

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
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

### **Comments (optional)**

A Resettlement Policy Framework (RPF) has been prepared and will be disclosed before Board approval.

## VII. Contact point

### **World Bank**

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