

PUBLIC  
SIMULTANEOUS DISCLOSURE

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**EXTENSION OF THE TRANSITION PERIOD OF THE COUNTRY STRATEGY WITH HAITI**

This document is being released to the public and distributed to the Bank's Board of Executive Directors simultaneously.

## ABBREVIATIONS

ANARSE	<i>Agence Nationale de Régulation du Secteur Energétique</i>
CFI	<i>Centre de Facilitation des Investissements</i>
CS	Country Strategy
EDH	<i>Electricité d'Haiti</i>
FAES	<i>Fonds d'Assistance Economique et Sociale</i>
FCV	Fragility, Conflict, Violence
FY	Fiscal Year
GCI-9	Ninth General Capital Increase
GDP	Gross Domestic Product
GoH	Government of Haiti
IDB	Inter-American Development Bank Group
IDP	Internally Displaced Person
IIC	Interamerican Investment Corporation
IMF	International Monetary Fund
IOM	International Organization of Migration
IPC	Integrated food security Phase Classification
LAC	Latin America and Caribbean region
MAST	<i>Ministère des Affaires Sociales et du Travail</i>
MDB	Multilateral Development Bank
MEF	<i>Ministère de l'Économie et des Finances</i>
MENFP	<i>Ministère de l'Éducation Nationale et de la Formation Professionnelle</i>
OII	Office of Institutional Integrity
OVE	Office of Evaluation and Oversight
PBA	Performance Based Allocation
PCR	Project Completion Report
PMR	Project Monitoring Report
S&I	Small and Island
SHEG	Support to Haiti Education Governance
SME	Small and Medium Enterprise
SMP	Staff-Monitored Program
ULB	Undisbursed Loan Balance
UN	United Nations
USAID	United States Agency for International Development

## HAITI

### EXTENSION OF THE TRANSITION PERIOD OF THE COUNTRY STRATEGY

#### WITH HAITI 2017-2021

DECEMBER 2023

#### I. INTRODUCTION

- 1.1 The purpose of this document is to submit to the Programming Committee of the IDB Board of Executive Directors and the Committee of the Board of Executive Directors of IIC for their consideration the extension of the transition period of the Country Strategy with Haiti 2017-2021 (GN-2904) until December 31, 2024. This request is in accordance with the provisions set forth in paragraph 6.18<sup>1</sup> of the Country Strategy Guidelines (GN-2468-9).
- 1.2 As per the Country Strategy Guidelines (GN-2468-9, par. 4.4), the IDB Group must have a valid country strategy with the borrowing member country at the time any sovereign guaranteed or non-sovereign guaranteed operation is presented to the IDB Board of Executive Directors and IIC Board of Executive Directors for approval, respectively.
- 1.3 The Country Strategy (CS) with Haiti, approved by the Board of Executive Directors on November 15, 2017, covers the 2017-2021 period, was extended by the Vice-President for Countries for one year in December 2022 and is in effect until the date of completion of the transition period (December 15, 2023). The Government has requested to extend the CS period for a 12-month period.
- 1.4 Management considers it adequate to extend the transition period of the Country Strategy given the following circumstances:
  - a. The main areas of the current CS remain relevant and pertinent in the current context offering a frame of reference for the IDB Group, through its portfolio in execution and new operations, to help address the country's most pressing development challenges: (i) improve the business climate to enhance productivity; (ii) render key public services more accessible to enhance human development; and (iii) strengthen government capacity to increase fiscal sustainability. The Bank has an ongoing portfolio in execution under these objectives and the current strategy is adequate to continue to guide the Bank's new activities to support vulnerable populations and capacity building in this complex context. Hence, maintaining the current CS will allow: i) to remain engaged without impairing the evolution of the operational program and ii) sufficient

---

<sup>1</sup> As per paragraph 6.18, in those cases where the IDB Group is prevented from preparing a country strategy due to external circumstances such as political instability or other factors such as a state of war or civil conflict, and the current CS is set to expire or has already expired, the transition period may be extended as deemed appropriate. Extensions beyond one year (in addition to the one year of the transition period) must be considered in a joint meeting of Programming Committee of the Board of Executive Directors of the IDB and the Committee of the Board of Executive Directors of the IIC and approved by the IDB Board of Executive Directors and the Board of Executive Directors of the IIC.

- time for the IDB Group and the Government to identify priority areas that will be addressed in the next CS.
- b. The Country Strategy process is being revised within the framework of the Institutional Strategy exercise to improve, among other aspects, its selectivity and focus, as well as its linkage with development effectiveness objectives. Additionally, a framework for supporting populations in fragile, conflict and violence-affected (FCV) situations is being developed. In this sense, the new CS with Haiti would benefit from extending its transition period to incorporate these enhancements currently underway.
  - c. The country is being governed by a transition government until new elections are held. Although a new electoral calendar is not yet established, if elections are held in 2024, the extension would also allow to align the new CS to the electoral cycle.
- 1.5 The reviewed timeline for the CS preparation will be determined based on progress of the new CS process and the FCV framework proposal. In the meantime, the Bank will continue country dialogue and closely monitor the evolution of the context.
- 1.6 The requested extension would end on December 31, 2024.

## II. COUNTRY CONTEXT 2022-2023

- 2.1 **Political Context.** Haiti's political context has been marked by instability and violence that intensified since the assassination of President Jovenel Moïse in July 2021. Moïse's death left a power vacuum, and the country has been without a functioning parliament since January 2020, as elections for the Chamber of Deputies, two-thirds of the Senate, and local mayoralties were due in October 2019, but were never held.<sup>2</sup> In the wake of the assassination, appointed Prime Minister Ariel Henry remained as the de facto leader of Haiti, but without a constitutional mandate, his legitimacy has been challenged by opposition groups. The political situation in Haiti remains uncertain, and it is unclear when the country will be able to hold elections and restore constitutional order.
- 2.2 **Insecurity.** In addition, and linked to the political crisis, Haiti is also struggling with high levels of insecurity. Gangs control large swaths of territory in the capital, Port-au-Prince, and have been responsible for kidnappings, killings, and sexual violence. In 2022, the number of reported homicides rose by 35.2% from the previous year, with 2,183 victims reported, compared with 1,615 in 2021; kidnappings also continued to rise, by 104.7%. According to the United Nations High Commissioner for Human Rights, between January 1 and August 15, 2023, at least 2,439 people were killed, nearly 902 injured and 951 kidnapped.
- 2.3 The deteriorating state of insecurity led Prime Minister Henry to call on the international community for a specialized international armed force in October 2022. The same month, the UN Security Council unanimously approved a sanctions regime for Haiti, targeting gang leaders and those who finance them, in the hope of diminishing violence and

---

<sup>2</sup> Ten senators still had mandates, but officially left office in January 2023 when their term expired, leaving the country without a single democratically elected government official.

lawlessness. The United States and Canada sanctioned leading individuals from the political and economic elite for their links to the gangs and drug trafficking, while bolstering the national police.

- 2.4 In August 2023, Kenya offered to lead a multinational force to Haiti. A resolution authorizing the deployment of a multinational security force in Haiti headed by Kenya, in close cooperation and coordination with the Government of Haiti, was approved by the UN Security Council on October 2, 2023. The Multinational Security Support Mission will be in place for an initial period of 12 months, with a review after 9. It will support the country's near-term needs and foster necessary security conditions for long-term stability. Based on lessons learned from past missions, emphasis will be put on safeguards for human rights and accountability while dedicated expertise in anti-gang policing will be offered.
- 2.5 **Economic and Social context.** Haiti is facing a complex and challenging situation, with a combination of domestic and external shocks having a devastating impact on the economy and society. According to the 2023 Fragility States Index, Haiti is among the most fragile countries in the world, being ranked the 10<sup>th</sup> out of 179.
- 2.6 The COVID-19 pandemic had a negative impact on the Haitian economy and population, disrupting exports and domestic production, leading to job and income losses. The subsequent increase in prices of food, energy, and other essential goods further exacerbated the economic crisis.
- 2.7 Furthermore, the political conflict and increased insecurity and violence have displaced people, paralyzed economic activity, and reduced investment and confidence in the economy. In addition, Haiti has been hit by several natural disasters, including an earthquake in 2021.
- 2.8 As a result of all these factors, fiscal year (FY) 2023 will be the fifth consecutive year of economic contraction, and accumulated output loss reached 10 percent of GDP.
- 2.9 Haiti's government capacity to cushion the impact of the combined domestic and external shocks is limited by its low fiscal revenue collection and restricted access to external financing. Instead, Haiti's public investment and social spending have fallen and are the lowest in the region. Since debt relief in 2010, an important share of the government financing needs comes from multilateral institutions in the form of grants, but this has also been declining over time. To cover its deficit, the government has been relying on monetary financing from the Central Bank. However, monetary financing adds upward pressures to inflation, which reached 39.8% year-on-year in July 2023.
- 2.10 Despite these challenges, the management of macroeconomic policy has recently improved. The fiscal position has been strengthened, with the reduction of subsidies and the introduction of revenue administration measures. Moreover, the Central Bank lowered monetary financing of the fiscal deficit, which has contributed to the recent deceleration of inflation.
- 2.11 The Staff-Monitored Programs (SMPs) with the IMF are helping Haiti strengthen its macroeconomic policy framework and economic resilience. In May 2023, the IMF concluded a 1-year SMP, with a broadly satisfactory review, and it approved a new 9-

month SMP in June. Under the first SMP, the authorities implemented various fiscal, monetary, and institutional reforms. Under the second SMP, they will continue to pursue reforms in tax and revenue administration, public financial management, governance and anti-corruption, and independence of the Central Bank.

- 2.12 In recent months, the external position has strengthened, but vulnerabilities remain high. International reserves have increased but represent only 4.7 months of imports. Remittances (estimated at 11% of GDP in FY2023) have fallen somewhat, but they continue to be an important buffer and help support domestic consumption.
- 2.13 The combination of the external, domestic and climate shocks have also negatively affected social indicators. According to the World Bank, by December 2021, 65% of households experienced a deterioration in their incomes compared to the years before the pandemic, indicating that an already high poverty rate had most likely risen.<sup>3</sup> According to the Integrated Food Security Phase Classification (IPC), from August 2023 to February 2024, 4.35 million people are estimated to be experiencing high levels of acute food insecurity (phase 3 and above), representing 44% of the population. Access to basic services (hospitals, schools, water) has been disrupted by gang violence, and in October 2022, the country experienced a cholera outbreak, after more than 3 years with no reported cases.
- 2.14 Gang violence has also resulted in high levels of forced internal displacement and migration. According to the International Organization of Migration (IOM), as of July 3, 2023, 143,209 Internally Displaced Persons (IDPs) were identified in the West district, of which half are children. This situation has also given rise to a surge in illegal migration and repatriations, mostly to and from the Dominican Republic.
- 2.15 Although data limitations prevent accurate estimations, the economic and social deterioration has intensified the structural challenges and pre-existing development gaps across various dimensions, including: (i) productivity and private sector development; (ii) social and human development, including health, education, and access to basic services; and (iii) institutional capacity and rule of law.
- a.** Inadequate infrastructure, energy shortages, red tape, and limited access to finance are major impediments to productivity and private sector growth. Haiti has a limited road network: 50% of Haiti's territory is poorly connected, less than 25% of roads are paved, and less than 40% of rural households live within two kilometers of a road suitable for all-weather use.<sup>4</sup> Haiti's financial system is small and access to finance restricted (in 2019, 78% of formal businesses in Port-au-Prince experienced either partial or complete constraints in accessing credit, compared to 28% in other Fragile and Conflict-affected States<sup>5</sup>). The weak legal system, bureaucracy and corruption are also significant barriers to business development.<sup>6</sup>
- b.** Haiti has significant gaps in terms of access to basic services, such as health, education, water, and sanitation. Haiti has a poor health system, low life expectancy,

---

<sup>3</sup> Estimations done by the World Bank show that in 2021, poverty likely increased to 58.7% (poverty line of \$3.65/day) and 30.32% (extreme poverty line of \$2.15/day).

<sup>4</sup> [HAITI: Pathways to responding to recurrent crises and chronic fragility. Systematic Country Diagnostic - June 2022](#)

<sup>5</sup> [HAITI: Pathways to responding to recurrent crises and chronic fragility. Systematic Country Diagnostic. Update - June 2022](#)

<sup>6</sup> [2023 Investment Climate Statements: Haiti - U.S. Department of State](#)

and a high rate of children and maternal mortality.<sup>7</sup> With a limited water and sanitation system, the country has high rate of open defecation that affects access to safe drinking water and leads to a high rate of waterborne diseases.<sup>8</sup> The education system is underdeveloped, and the quality of education needs improvement. According to a 2018 USAID survey, a significant portion of second-grade students exhibited deficiencies in fundamental reading comprehension and word dictation abilities. The country has a low literacy rate (62% for adults).<sup>9</sup>

- c. In turn, political instability, increased gang violence and insecurity have exacerbated the country's pre-existing challenges in terms of institutional capacity and rule of law.

2.16 **Fragile and violent context.** Haiti is amongst the most fragile countries in the world according to the main classification methodologies, including those of the World Bank, the OECD and the Fund for Peace. The extremely weak capacity of public institutions to deliver basic public services and mitigate, manage, and recover from the effects of shocks and the risks associated with them, compounded with high levels of conflict and violence, pose severe challenges to the country's development prospects. These findings are also consistent with the work the Bank has been developing on fragility<sup>10</sup> (see paragraph 3.8). While fragility is multidimensional, the political and security contexts described above have suffered most in recent years.

2.17 Addressing these development challenges requires a multifaceted approach involving investment, reform efforts, and capacity building in the priority areas considered in the current CS: (i) improve the business climate to enhance productivity; (ii) render key public services more accessible to enhance human development; and (iii) strengthen government capacity to increase fiscal sustainability. In addition, the Bank engagement with Haiti has evolved, and continues to do so, to better address the drivers of fragility and adapt its engagement to the corresponding constraints.

### III. IMPLEMENTATION OF THE COUNTRY STRATEGY AND LESSONS LEARNED

3.1 **Key development results.** The IDB Group made significant progress in the country strategy priority sectors, which notably includes the results described below:

- Contributing to improve business climate and enhance productivity, through sovereign guaranteed operations around 66,000 farmers benefitted from technical assistance, agricultural packages, and productivity incentives with gender focus since 2020 leading to increased agricultural productivity, and 90 km of roads were built since 2017, enhancing transport infrastructure, while airport works are ongoing. Complementary efforts through IDB Invest's financial and non-financial support have aimed at increasing productivity at the firm level, while promoting environmental, social and health management systems at the company level, implementing capacity building

---

<sup>7</sup> [Country Profile - Haiti. PAHO. HAITI: Pathways to responding to recurrent crises and chronic fragility. Systematic Country Diagnostic - June 2022](#)

<sup>8</sup> [OCHA News: The World Bank approves US\\$80 Million to improve rural Haiti's access to decentralized, sustainable and resilient water and sanitation](#)

<sup>9</sup> [USAID - Sector Detail - Education](#)

<sup>10</sup> IDB's working definition of fragility is the "insufficient capacity of the state, or the subsystems within it, to deliver basic public services and mitigate, manage, or recover from the effects of shocks and the risks associated with them."

activities for workers in the recycling supply chain, and boosting the corporate governance and gender equality standards. IDB Invest transactions have created around 1,150 jobs and provided support initiatives to 454 beneficiaries. IDB Invest's transactions have promoted at least US\$7 million in international trade and contributed to the diversification of the export basket of the country toward new and more environmentally friendly products. Finally, IDB Invest's contribution to this pillar resulted in 9.2 MW of cleaner energy. IDB Lab has been a strong partner of the agricultural sector and has been active in supporting MSMEs, entrepreneurs and youth in various other sectors in Haiti. Through its agriculture and natural capital vertical, multiple projects were financed to introduce various new technologies in the value chains, such as M&E digital systems, big data, drones, blockchain, and others. These initiatives have helped improve productivity in the sector and have impacted over 6,000 farmers. Through its projects aimed at strengthening MSME competitiveness more than 600 enterprises have benefitted from technical training and advisory services. And more than 650 entrepreneurs and youth have been trained in digital and business skills to improve their access to financing and employment.

- Rendering services more accessible to enhance human development, access to water has been expanded through the installation of more than 150 kms of water pipes in Port au Prince, in the North, and some rural areas.
- To respond to the large-scale food insecurity, more than 1.15 million Haitian people received conditional and unconditional cash and in-kind transfers, also supporting community-driven cash-for-work program, youth inclusion and local resilience.
- In the area of health, the IDB organized a Covid-19 response (2020-2022) through large scale treatment, equipment provision, and training of healthcare staff and the renovation of the emergency unit at Hospital La Paix.
- In the education sector, 34,000 students in public primary schools benefitted from a standardized package<sup>11</sup> of quality interventions, while 30,000 primary school students received tuition waivers (over 50% female) and 128,000 students were beneficiaries of IDB school feeding programs.
- With respect to the pillar of strengthening government capacities, the IDB has comprehensively reinforced the information systems of various ministries (Ministry of Social Affairs and Labor, Ministry of Agriculture, Ministry of Education, Ministry of Finance) leading, for instance, to improved targeting of transfer programs, while also strengthening capacities of sectoral institutions (ANARSE and EDH in the energy sector, CFI for Trade and Investment, MAST and FAES in the social sector, school staff and MENFP in the education sector, SAM in the Water and Sanitation sector, etc.).

**3.2 Lessons learned and project implementation.** The experience in the past years reflects progress, but at the same time, highlights the challenges facing the implementation of initiatives with medium and long-term objectives. This underscores the need to identify

---

<sup>11</sup> The package of services includes, *inter alia*: (i) development of annual school profiles; (ii) acquisition and distribution of textbooks and learning materials; (iii) provision of school feeding and health interventions (iv) teacher and director professional training; and (v) hybrid education interventions.



more clearly the risks present in the country and by sector, and to set realistic expectations and outcomes. For the IDB's work, this implies a smaller range of actions within each sector or adjusting the scale for certain services, adopting alternative execution schemes for projects of greater complexity and scope, supporting socio-environmental and safety aspects throughout the project cycle, giving greater attention to political economy factors in defining the scope and results of institutional reform processes and specific sectors, and increasing coordination with donors to address, in a more articulated and sustained manner, the sources of fragility.

- 3.3 Since the end of 2019, the Bank has been implementing a new approach in Haiti to adapt to a context of increasing fragility:
- 3.4 At the operational level, portfolio management based on performance<sup>12</sup> and development effectiveness is being carried out. Beyond the classic indicators for monitoring implementation (planning documents, disbursements, and number of extensions), the strategy follows closely two indicators included in the Performance Based Allocation (PBA) formula of the Concessional Resource Allocation Framework: the percentage of undisbursed loan balances (ULB) represented by projects classified as “unsatisfactory” in the Progress Monitoring Report (PMR) and the Project Completion Report (PCR) development effectiveness scores. To improve performance, several modalities have been agreed with the Government of Haiti (GoH) for non-performing operations: project reformulation and modification, partial cancelation of non-performing activities, adjustment of execution mechanisms and reinforced supervision.
- 3.5 To improve development effectiveness, an integrated approach for the whole portfolio (design, start-up, intermediate and final evaluation) is being developed to enhance the evaluability of operations (PMR and PCR) to better reflect the results obtained. Finally, specific support and monitoring is given to the execution units to close out the oldest operations, which have benefited from several extensions. With these measures, project performance assessed via the PMR indicator has risen from 71% satisfactory projects in 2021 to 76% in 2022. By 2023, the HA portfolio is expected to reach the Bank's standard of 80%. Also, from the total ULB of US\$616.7 million, 49% was classified in alert or problem in 2022, a figure expected to be reduced to 25% in 2023.
- 3.6 In pursuit of a more robust and adaptable project management framework, risk-based planning and monitoring is prioritized at the core of the operational strategy. This entails an integrated, dynamic risk analysis spanning multiple dimensions, including country-specific factors, sectoral considerations, and operational intricacies. Furthermore, activities to empower executing units through project management training are delivered. These trainings emphasize a risk-based approach and equip teams with the tools and knowledge needed to navigate the complexities of project management with agility and foresight.

---

<sup>12</sup> **Key results regarding improved development effectiveness:** in 2023, 5 Mid Term Evaluations (MTE) will be conducted based on the PCR guidelines to ensure that results will be achieved and measured. As of October 2023, 3 MTE have been conducted and are being used as inputs for the reformulations mentioned above. Technical support has been recruited to help all sectors in assessing and improving the evaluability of projects with upcoming MTE and PCRs by ensuring that all results indicators have strategy, methodology and budget in place to be duly measured.

- 3.7 From the IDB Invest standpoint, an exercise of lessons learned was conducted based on the experience of projects financed since 2017<sup>13</sup>. Some of the main lessons are the following: First, Haitian companies need to be flexible to remain competitive under the current complex circumstances in which they operate. As a result, financing terms must be chosen strategically with an eye on establishing early warning signals without constraining the borrowers. Secondly, given the deep credit constraints coexisting with significant information asymmetries, character assessment is probably the most important condition in these environments. Therefore, the client's track record with other lenders, customers, suppliers, and employees is key. Third, when there are integrity concerns, it is crucial to partner closely with OII to propose a plan to the client and provide advisory services to address areas of concern early in the process. This advice should include providing guidance to the client on the importance of implementing recommended measures and the potential risk implications of not doing so. This support could bring integrity non-financial additionality to the transaction. The prospective clients' corporate governance is another fundamental pillar that should be evaluated in detail to timely recommend adequate solutions to any identified gaps. Fourth, upstream work is needed to enable adequate conditions that facilitate the attraction, deployment, operation and management of private investments. Performing advisory services and implementing innovative financial structures have been successful in the country. Finally, small and less sophisticated clients benefit from financial flexibility, tailor-made solutions and focus on key issues.
- 3.8 **Fragility lens.** Management is finalizing IDB's *Framework to Support Populations in Situations of Fragility, Conflict, and Violence (FCV)*, which is a first step towards a more coherent, organization-wide operational approach to the issue. Its main objective is to enhance the effectiveness of IDB's support in FCV settings, for which the Bank needs to be better equipped to identify, understand, and address drivers and manifestations of FCV. To achieve these objectives, the framework puts forward a vision, takes stock on the main features of FCV in LAC and lessons learned, and establishes three pillars to guide the Bank's response: (i) enhance knowledge of FCV settings and issues; (ii) adapt the IDB's strategic and operational approaches in FCV-affected areas; and (iii) reinforce efforts to help build capacity and strengthen core institutions (including security and justice institutions). Close collaboration between the teams ensures that the Bank's FCV-driven engagement in Haiti is fully aligned with the institutional FCV initiative currently under preparation.
- 3.9 **Social shift.** As Haiti remains an increasingly fragile and vulnerable country exposed to repeated crises, since 2019 a shift in emphasis towards the provision of basic services to the most vulnerable populations affected by food insecurity and cholera, among others, has taken place within CS priorities. At the strategic level, drawing from lessons learned, the most recent approvals have led to an increased focus on reaching vulnerable

---

<sup>13</sup> From November 2017 to October 2023, IDB Invest approved 12 transactions (including 4 regional encompassing Haiti) amounting to US\$66,6 million (US\$64,2 million in long-term financing) of which 61.5% corresponded to the industry sector, 12.8% agriculture and rural development, 12.8% financial markets, 8.6% transport, 2.3% energy, and 2.2% private firms and SME development. During the same period, a total of US\$41,3 million (of which 62.8% corresponded to the industry sector, 20.1% financial markets, 13.8% transport, 1.7% energy and 1.6% private firms and SME development) were disbursed among 10 transactions. The principal outstanding amounts to US\$25,8 million as of 10/16/2023.

populations, rebalancing the share of social sector projects (social protection, health, and education) approved since 2020, representing 26% of current portfolio in execution. However, about 50% of the portfolio is still concentrated in infrastructure, as it is crucial to remain engaged in areas especially important to long-term structural improvements aimed at reducing fragility. As such, interventions leading to medium- and long-term governance improvements, economic opportunities and employment through the private sector are still ongoing, and infrastructure programs have been adapted and modified to better respond to the context and generate results to ensure effectiveness.

- 3.10 **OVE recommendations and Action plan.** OVE's evaluation of the use of the IDB Grant Facility for Haiti's Reconstruction and Development was approved in October 2022, highlighting that Haiti requires a differentiated and fragility-sensitive approach. In this regard, the evaluation made 6 recommendations to Management that are consistent and complementary with the fragility-sensitive approach being implemented by the Bank in Haiti in the last few years. Management has prepared an action plan for implementation of OVE's recommendations, which has been reviewed and validated by OVE in August 2023. As a result of this Action Plan, Management will strengthen the alignment of the allocation of resources with absorption capacity and performance; a fragility-sensitive, risk management approach is being implemented in strategies and projects; institutional capacity alignment is being made mandatory for all projects; adequate and continuous supervision of portfolio performance and risks is being enhanced; systematic and more effective execution arrangements are contemplated, including partnerships with specialized agencies and NGOs; a strategy to attract and retain human talent will be monitored. The Action Plan is under implementation and all recommendations have been used as an input in the design of new operations. These actions will be monitored and implemented throughout the next four years, from 2023 to 2027.

#### IV. MOVING FORWARD

- 4.1 By early 2024, it is expected that the remaining balance of funds assigned to Haiti under the GCI-9 mandate<sup>14</sup> will be approved. This will allow Haiti to access its 2023-2024 concessional financing envelope totaling US\$168 million in the form of non-reimbursable financing (grants).<sup>15</sup>
- 4.2 Regarding programming priorities for 2024, the Bank will continue to respond to the immediate social needs arising from the multiple shocks, it will participate in the macroeconomic and fragility dialogue in coordination with other Multilateral Development Banks (MDBs) and seek opportunities to work with the private sector. Specifically, the 2024 program contemplates:
- a. On the public side, the GoH has requested the preparation of three operations: two new programs in the social sector: i) *Strengthening of essential healthcare services and social protection provision for the most vulnerable* for a proposed amount of US\$90 million, ii) *Support to Haiti Education Governance (SHEG)* for US\$20 million, and iii) a third operation

---

<sup>14</sup> Ninth Capital Increase agreement (IDB-9) (AB-2764). In the aftermath of the 2010 earthquake, the Board of Governors approved an unprecedented package of long-term financial measures totaling US\$2 billion, to "support Haiti's reconstruction and development."

<sup>15</sup> Proposal for the Allocation of Concessional Resources, GN-2442-83.

in the digitalization sector, *Strengthening the Foundations of the Digital Transformation of Public Management* expected to total US\$16 million.

- b.** Synergies will be sought within the IDB Group. There is particular interest for IDB Invest as Haiti is a Small & Island (S&I) country. Complementarity has been identified in the health sector building on IDB Lab's Haiti Impact Facility experience. The digitalization program could seek synergies with IDB Lab validating, and scaling-up relevant IDB Lab digital government solutions, and with IDB Invest by leveraging activities aimed at fostering public-private investment in digital infrastructure and digital solutions.
- c.** IDB Invest will continue to create opportunities for the private sector to contribute to the country's development needs, through the provision of advisory services aimed at enhancing project viability and sustainability, including with existing clients, and to seek opportunities to support strategic areas with revealed private sector demand. IDB Invest will seek to expand the supply of financial resources to enhance productivity at a firm level, complementing business climate efforts on the public side. Revealed private sector demand has been identified in the agribusiness and digital connectivity segments. Opportunities will also be sought to render key services (such as infrastructure services) more accessible to enhance human development.
- d.** The 2024 program supports the GoH in responding to its most pressing and immediate needs but also contributes to attending the medium-term development challenges. More specifically, these programs will contribute to i) render key public services more accessible to enhance human development and, ii) strengthen government capacity to increase fiscal sustainability.
- e.** The program is heavily focused on results with anticipated development impact. Expected results include: i) improved key health indicators in target population; ii) improved food security; iii) reduced youth recruitment by gangs; iv) expanded access to quality education and v) increased efficiency and quality of government services, among others. Operations in the 2024 program will provide quality, efficient, inclusive, and innovative public services, such strengthening healthcare services, and social protection, strengthening of the digital transformation of public management and support to education's governance.
- f.** Operations in the pipeline are supported by the IDB's comparative advantage as the main multilateral in Haiti and extensive experience in the relevant sectors in which, the Bank has compounded lessons learned and actively supported long-term institutional strengthening efforts.

4.3 To maximize impact, the program seeks collaboration within other MDBs. Synergies will be sought with the World Bank in the education and digitalization sectors and co-financing opportunities are being explored with the European Union also in the health and social protection sector.

## V. Conclusions and Recommendation

In accordance with the provisions set forth in paragraph 6.18<sup>16</sup> of the Country Strategy Guidelines (GN-2468-9) and considering the information presented in this document, an extension to the transition period of the current CS (document GN-2904) for an additional year until December 31, 2024, is recommended.

---

<sup>16</sup> As per paragraph 6.18, in those cases where the IDB Group is prevented from preparing a country strategy due to external circumstances such as political instability or other factors such as a state of war or civil conflict, and the current CS is set to expire or has already expired, the transition period may be extended as deemed appropriate. Extensions beyond one year (in addition to the one year of the transition period) must be considered in a joint meeting of Programming Committee of the Board of Executive Directors of the IDB and the Committee of the Board of Executive Directors of the IIC, and approved by the IDB Board of Executive Directors and the Board of Executive Directors of the IIC.