



Board of Executive Directors

For information

Expires: 12 October 2005

PR-2968

4 October 2005

Original: English

To: The Board of Executive Directors
From: The Secretary
Subject: Haiti. Executive summary of the proposal for a sector facility loan for the institutional strengthening for environmental management

Inquiries to: Ms. Michele Lemay (extension 1838)

Remarks: This operations is being presented in accordance with Resolution DE-30/00, approving the “New flexible lending instruments: Sector facilities”, adopted on 22 March 2000 (document GN-2085-2).

On **12 October 2005**, the date on which the five-day circulation period required for this document expires, the President, or such officer as he may designate will approve this operation.

References: GN-1838-1(7/94), DR-398-5(5/03), GN-2085-2 (3/00), DE-30/00

**Other
distribution:** Representative in Haiti

INSTITUTIONAL STRENGTHENING FOR ENVIRONMENTAL MANAGEMENT

(HA-L1006)

EXECUTIVE SUMMARY

Borrower:	Republic of Haiti	
Executing agency:	Ministry of Environment	
Amount and Source:	IDB: (FSO)	US\$5,000,000
	Local:	US\$ 45,000
	Total:	US\$5,045,000
Financial terms and conditions:	Amortization Period:	40 years
	Grace Period:	10 years
	Disbursement Period:	4.5 years
	Interest Rate:	1% annually for 10 years, 2% annually afterwards
	Supervision and Inspection:	1%
	Credit Fee:	0.5%
	Currency:	US Dollars
Objectives:	The objective of the operation is to build the institutional capacity to implement and coordinate future investments needed to reverse trends in environmental degradation directly linked to economic recovery. This includes the capacity to ensure that critical environmental considerations are taken into account in addressing the priorities of the Interim Cooperation Framework (ICF) in accordance with the guidelines and policy framework of the National Environmental Action Plan (NEAP).	
Description:	<p>Component 1: Institutional strengthening and capacity building at the national level (US\$2,150,000). This component is aimed at improving the planning, implementation and monitoring capacities of the Ministry of Environment in line with its new organizational structure, so that it can be prepared to administer and coordinate future initiatives aimed at reversing environmental degradation in the country. Support will also be directed to the Inter-Ministerial Commission on Environment (COTIME) as one of the two key coordinating bodies at the national level for environmental policy. The component will also support the development of the instruments for a modern legal and regulatory framework for environmental management. Four groups of activities will be financed through this component: (i) support to the reorganization of the Ministry of Environment; (ii) training of Ministry personnel in environmental management and administration; (iii) development of regulatory instruments and norms for implementing the new Environment decree. This will include technical assistance to formalize and consolidate the institutional framework for environmental management including putting into effect the legal instruments needed for the Ministry of Environment to fulfill its mandate; and (iv) technical assistance to the COTIME and the</p>	

Technical Environmental Units of line ministries.

Component 2: Capacity building for local environmental management (US\$1,066,500). This component will finance technical assistance and training aimed at creating the skill base and the local networks needed to carry out environmental management and restoration activities on the ground. Activities will include: (i) establishment of regional offices, including one in the Gonaïves and others in the regions selected as part of the Government's administrative de-concentration program ; (ii) strengthening of environmental monitoring and surveillance functions; (iii) execution of a bilingual (Creole, French) environmental educational and awareness-raising program; and (iv) the formulation of land use and environmental management plans for priority watersheds using a participatory methodology developed and tested in previous initiatives.

Component 3: Support to the National System of Environmental Information (US\$900,000). This component is aimed at improving access to reliable information for environmental management through the establishment of a national environmental information system. To avoid duplication with existing information systems, the emphasis will be on strengthening information management capacity within the Ministry of Environment, creating networks to link existing databases of other line agencies and improving the applications for policy-making and reporting. The main activities include: (i) support for the establishment and launching of the national network, including the National Observatory for Environment and Vulnerability; (ii) design of the information system and installation of the technological platform within the Ministry; (iii) training of Ministry personnel to strengthen the applications of the system for environmental management; and (iv) data recovery (computerization) and creation of integrated data bases. This component will also support a strategy to improve public access to environmental information, including the establishment of a documentation center and a Ministry web site.

Relationship of the Project in the Bank's country and sector strategy:

The proposed operation is in line with the Bank's Transition Strategy for Haiti (GN-2212-6), which assigns priority to promoting governance and economic recovery. The objectives of the Transition Strategy are aligned with ICF strategic pillars and the government agenda's. The operation is directly linked to Pillar 3 (Promoting Economic Recovery) in that it is aimed at creating the basic conditions and capacity needed to begin the process of stabilizing Haiti's environmental situation and reversing trends so that investments in other sectors dependent on natural resources, particularly agriculture can be sustainable.

Coordination with other Official Development Finance Institutions

The preparation of this loan has been closely coordinated with the United Nations Development Program (UNDP), Canadian International Development Agency (CIDA), the European Union, the U.S. Agency for International Development (USAID) and other financing institutions working in Haiti to insure complementarities of actions and cross support between the Technical Assistance programs. This coordination has led to

joint efforts in: (i) the selection of targets and thematic areas for capacity building; (ii) the selection of geographic priorities for supporting environmental management at the local level to avoid overlap with other programs; and (iii) the establishment of an information system networking existing and planned data bases including the ones planned by the UNDP and the European Union.

**Environmental/
Social review:**

Overall, the operation will have a positive environmental and social impact associated with a strengthened governance structure for environment, enhanced inter-institutional coordination on key areas of policy linked to economic recovery, and more effective local participation in addressing the priorities of the Interim Cooperation Framework.

Benefits:

The Ministry of Environment will acquire the skills base and tools needed to fulfill the mandate of the NEAP and the ICF. It will be able to report on the state of the environment based on more reliable information, thus enabling it and other institutions to set feasible environmental recovery targets. The Ministry will also be in a better position to request and gain access to external funding from both loans and grants including the Global Environment Facility (GEF).

Local governments and communities located in two or more Regions will benefit from enhanced monitoring and surveillance operations aimed at protecting scarce resources (forests, water) and curtailing pollution. Civil society, the private sector and other institutions will benefit from improved access to environmental information on the state of the environment. In time, access to this information will translate to improved quality in environmental assessment and the application of environmental safeguards.

Risks:

Absorptive capacity of the Ministry of Environment: Until now the Ministry of Environment has administered relatively small operations. Administration of this loan combined with several new initiatives supported by other multilateral and bilateral institutions will place greater demands on the Ministry's resources at a time when it is also building its capacity, which could potentially create conflicts in priorities and delay execution. To mitigate this risk, an existing Planning, Monitoring and Evaluation Unit will be reinforced within the structure of the Ministry with the dual role of administering and monitoring execution of the loan while also strengthening the Ministry's capacity to administer future operations directly. An associated risk for the operation is the possibility that trained personnel may leave after receiving training. The performance-based incentives for personnel and the requirement to enter into an agreement to maintain their positions should mitigate this risk.

Coordination with other financial organizations: There is a potential risk of overlapping efforts given the multiplicity of financial organizations planning to support environmental management. Several components and activities of the project have been designed in close coordination with the key donors working with the Ministry of Environment to prevent this risk.

and collaborative monitoring and evaluation is also planned to further enhance coordination. To ensure that there is consensus on priorities for institutional strengthening in environmental management, the Bank will continue to participate in a multi-donor round table on environment, comprised of UNDP, the World Bank, the CIDA and others where there are opportunities to ensure that this project has a high degree of complementarity with other initiatives.

Special contractual clauses:

The formal approval of the Operating Manual previously agreed to with the Bank is a condition prior to first disbursement. Notwithstanding that the Executing Agency has not complied with the conditions prior to first disbursement, the Bank may disburse up to US\$100,000 for expenses incurred in connection with: (i) the design of the merit pay system; (ii) the training needs assessment; and (iii) hiring the procurement and supervision and monitoring specialists (paragraph 3.3).

Poverty-targeting and social equity classification:

This operation does not qualify as a social equity-enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, This operation does not qualify as poverty targeted investment.

Exceptions to Bank policy:

There are no exceptions.

Procurement:

The Procurement of goods and works and the selection and contracting of consultants under this Loan will be governed by Bank's Policies for the Procurement of Goods and Works and for the Selection and Contracting of Consultants, as respectively set forth in Documents GN-2349-4 and GN-2350-4. Additional procedures will be applied in a complementary way in order to remedy some of the insufficiencies of the Decree regulating public procurement in Haiti. These procedures will be described in detail in a special procurement Annex prepared by the Bank. This Annex will form part of the Loan Contract.

A procurement plan was prepared by the Executing Agency and sent to the Bank for its clearance. This Plan covers the initial 18 months of project execution and will be updated on an annual basis, in accordance with the relevant provisions of the Bank's procurement policies.

Key performance indicators and monitoring benchmarks:

The monitoring and evaluation of the proposed project will be based on the output and outcome indicators set forth in the logical framework.

At the **impact** level, the following results are expected: (i) improved technical and administrative performance of the Ministry of Environment leading to the integration of environmental considerations in the economic recovery agenda and the reversal of environmental deterioration trends.

At the **outcome** level, the following results are expected: (i) increased reliability in reporting the state of the environment, priority-setting for environmental recovery, environmental impact assessment of infrastructure investments and other services; (ii) enhanced coordination between the Ministry and other line agencies on key policy areas such as

energy and water; and (iii) expanded capacity for local environmental management, including monitoring and surveillance.