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Report No: ICR00005310

IMPLEMENTATION COMPLETION AND RESULTS REPORT
D3790-HT

ON A

GRANT

IN THE AMOUNT OF SDR14,3 MILLION
(US$20 MILLION EQUIVALENT)

TO THE

THE REPUBLIC OF HAITI

Haiti Fiscal and Social Resilience Development Policy Financing (P162452)

June 15, 2021

Macroeconomics, Trade And Investment Global Practice
Latin America And Caribbean Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective June 30, 2020)

Currency Unit	
SDR0.78 =	US$1
US$1.38 =	SDR 1

FISCAL YEAR
October 1 - September 30

Regional Vice President:	Carlos Felipe Jaramillo
Country Director:	Tahseen Sayed
Regional Director:	Robert R. Taliercio
Practice Manager:	Jorge A. de Thompson R. Araujo
Task Team Leader(s):	David Cal MacWilliam, Evans Jadotte
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ABBREVIATIONS AND ACRONYMS

ASYCUDA	Automated System for Customs Data
BRH	Central Bank (Banque de La République d´Haiti)
CPF	Country Partnership Framework
CPPR	Country Portfolio Performance Review
CSO	Civil Society Organization
DRM	Disaster Risk Management
EDH	Electricity of Haiti (Electricité d´Haiti)
EDU	Education sector at The World Bank
EU	European Union
FNE	National Education Fund (Fond National de l´Éducation)
FSNIPH	National Solidarity Fund for the Integration of People with Disabilities (Fond de Solidarité Nationale pour l´Integration des Personnes Handicappées)
GDP	Gross Domestic Product
IMF	International Monetary Fund
HD	Human Development sector at The World Bank
MAST	Ministry of Social Affairs and Labor (Ministère des Affaires Sociales et du Travail)
MEF	Ministry of Economy and Finance (Ministère de l´Economie et des Finances)
MINUSHTA	United Nations Stabilization Mission in Haiti (Mission des Nations Unies pour la Stabilisation d'Haïti)
MNE	Ministry of National Education and Vocational Training (Ministère de l´Éducation Nationale et de la Formation Professionnelle
NGO	Non-Governmental Organization
SIMAST	Ministry of Social Affairs and Labor Information System (Système d´Information du Ministère des Affaires Sociales et du Travail)
SMP	Staff Monitored Program (with the IMF)
SP	Social Protection sector at The World Bank
PLR	Performance and Learning Review of the CPF
PREM	Poverty Reduction and Economic Management sector at The World Bank

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DATA SHEET

BASIC INFORMATION

Product Information

Project ID	Program Name
P162452	Haiti Fiscal and Social Resilience Development Policy Financing
Country	**Financing Instrument**
Haiti	Development Policy Lending

DPF Options

Programmatic	Regular Deferred Drawdown Option	Catastrophic Deferred Drawdown Option
No	No	
Crisis or Post Conflict	**Sub-National Lending**	**Special Development Policy Lending**
No	No	No

Organizations

Borrower	Implementing Agency
Ministry of Economy and Finance	Ministry of Economy and Finance

Program Development Objective (PDO)

Program Development Objective (PDO)

The operation is designed around two pillars: (1) strengthening fiscal management; and (2) enhancing the efficiency of social spending.

PROGRAM FINANCING DATA (USD)

	Approved Amount	Actual Disbursed
World Bank Administered Financing		
IDA-D3790	20,000,000	19,952,075
Total	**20,000,000**	**19,952,075**

KEY DATES

Concept Review	Decision Review	Approval	Effectiveness	Original Closing	Actual Closing
10-Aug-2018	10-Aug-2018	20-Sep-2018	26-Sep-2018	30-Jun-2020	30-Jun-2020

RATINGS SUMMARY

Program Performance

Overall Outcome	Relevance of Prior Actions	Achievement of Objectives (Efficacy)
Moderately Unsatisfactory	Moderately Satisfactory	Moderately Unsatisfactory

Bank Performance

Moderately Unsatisfactory

RATINGS OF PROJECT PERFORMANCE IN ISRs

No.	Date ISR Archived	DO Rating	IP Rating	Actual Disbursements (US$M)
01	19-Apr-2019	Moderately Unsatisfactory	Moderately Unsatisfactory	19.95
02	03-Aug-2019	Moderately Unsatisfactory	Moderately Satisfactory	19.95
03	30-Jun-2020	Moderately Unsatisfactory	Moderately Satisfactory	19.95

SECTORS AND THEMES

Sectors

Major Sector/Sector	(%)	Mitigation Co-benefits (%)	Adaptation Co-benefits (%)
Public Administration	**50**	**0.00**	**0.00**
Central Government (Central Agencies)	50	0	0
Education	**17**	**0.00**	**0.00**
Other Education	17	0	0
Social Protection	**33**	**0.00**	**0.00**
Social Protection	33	0	0

Themes

Major Theme/ Theme (Level 2)/ Theme (Level 3)	(%)
Economic Policy	**17**
Fiscal Policy	17
Tax policy	17
Public Sector Management	**50**
Public Finance Management	50
Public Expenditure Management	17
Domestic Revenue Administration	33
Debt Management	17
Social Development and Protection	**33**
Social Protection	33
Social protection delivery systems	17
Disability	17
Human Development and Gender	**17**
Education	17
Education Financing	17

ACCOUNTABILITY AND DECISION MAKING

Role	At Approval	At ICR
Regional Vice President:	Jorge Familiar Calderon	Carlos Felipe Jaramillo
Country Director:	Anabela Abreu	Tahseen Sayed Khan
Director:	John Panzer	Robert R. Taliercio
Practice Manager:	Stefano Curto	Jorge A. de Thompson R. Araujo
Task Team Leader(s):	David Cal MacWilliam, Fernando Andres Blanco Cossio, Evans Jadotte	David Cal MacWilliam, Evans Jadotte

I. PROGRAM CONTEXT AND DEVELOPMENT OBJECTIVES

A. Context at Appraisal

Context

Country context. The Haiti Fiscal and Social Resilience Development Policy Financing (DPF) was prepared during a period of violent social unrest resulting from the failed attempt to eliminate fuel price subsidies on July 6, 2018. The fuel price reform was deemed necessary to help close an expected financial gap of USD 60 million during the fiscal year and create fiscal space for better public service delivery. The proposed fuel price subsidy reform implied an increase in retail prices at the pump of 46 percent on average. The population reacted with violent protests that threatened the stability of the one-year-old government, elected after a long period of political instability and delays of the electoral calendar. The authorities were forced to reverse the measure the very next day following violent civil unrest and protest, including the loss of life and sizeable property damage.

Haiti had been facing serious long-term economic, fiscal, political, governance, and social difficulties. The sudden and significant increase of the price of fuel at the pump served as the trigger for the violent unrest, though the underlying issues had been ripe for a triggering event of this nature. The frequency and seriousness of riots had been growing over the previous months and there was serious concern with the possibility of the now rapidly worsening situation turning into a major humanitarian crisis, as the Government had no resources or capacity for providing any sort of safety net for the poor.

Given the seriousness of the crisis, the International Monetary Fund (IMF) and the World Bank Group (WBG) responded promptly with new financing. The thought was that resources could be used to address the social pressures and serious economic issues arising from the crisis. At the time, Haiti had not concluded an economic program with the IMF and, therefore, had no access to funding from that institution. After considerable internal debate, the Bank decided to proceed with the preparation of a US$ 20 million grant. Given the urgency, the Bank used accelerated processes to ensure approval and rapid disbursement. Meanwhile, the European Union (EU) prepared a parallel US$ 40 million equivalent budget support operation to close the anticipated US$ 60 million financing gap.

To reduce the risk of further deterioration of the economic and social situation, and to protect the poor and vulnerable, the Bank decided to proceed with the rapid preparation and disbursement of the Grant. The operation was prepared in little over 4 weeks, with limited opportunity for pursuing, discussing, and supporting substantive reforms with the authorities. Nonetheless, it was possible to identify several financial management and social reforms around which the DPF operation could be structured. The Grant was approved and quickly disbursed so that the Authorities could receive the funds before the end of the Haitian fiscal year to meet urgent financing needs (Haiti fiscal year runs between October 1st through September 30th).

The support by the World Bank and the EU was seen largely as providing necessary resources to address the causes behind the social unrest, through the potential delivery of strengthened social services and transfers to the most vulnerable households, to ease some of the underlying root causes of social tensions.

Haiti is one of the poorest and most economically unequal countries in the world. In 2018, when this operation was prepared, income per capita was estimated to be at US$738 (or US$1,575 in purchasing power parity terms); the overall poverty headcount rate was 59 percent (2012); and the extreme poverty rate was 24 percent. Over 6 million Haitians were unable to meet their basic consumption needs and about 2.5 million could not cover their essential food needs. Poverty rates were higher in rural areas and recent gains had benefitted mostly urban areas. Social development indicators were low: Haiti ranked 163rd out of 188 countries on the United Nations Development Program (UNDP) Human Development Index. This dire situation was the result of a combination of a long history of political instability, weak capacity of the state to ensure the safety and rights of its citizens, failure to deliver basic public goods and services, repeated recurrent fiscal crises, extreme vulnerability to natural hazard shocks followed by humanitarian crises, and slow economic growth punctuated by frequent economic contractions.

Macroeconomic context. In 2018, real GDP growth had gradually recovered to 1.6%, driven largely by private consumption, supported by increasing remittance inflows that account for more than 30 percent of Haiti´s GDP, and favorable weather conditions.

The structure of the economy had not significantly changed in the previous 5 years: consumption, fueled by remittances, drove growth based on commerce, restaurants, and hotels; the agricultural sector had shrunk, while industrial and manufacturing output stagnated. Recurrent government spending remained low and unchanged at around 13.1 percent of GDP, while capital investment had fallen from 12.9 percent in 2015 to 7.4 percent of GDP in 2017, narrowing the fiscal deficit from 4.2 percent to 1.9 percent of GDP. Fiscal revenues remained low and unchanged from previous years, at around 12 percent of GDP. External development assistance went down from 5.6 percent of GDP in 2015 to 4.6 percent in 2017.[1]

Public expenditures were rising to finance operating outlays, subsidies, and public debt service. Subsidies and transfers were a major component of current expenditures. Transfers to the state electricity utility (EDH) amounted to 1.6 percent of GDP in FY2017 and fuel subsidies totaled 3.7 percent of GDP. In May 2017, the Government had commenced a reduction of subsidies on fuel products causing fuel retail prices at the pump to rise by 18 percent on average. On July 6, 2018, a decision was made to eliminate fuel price subsidies, implying a 46 percent increase in retail prices at the pump. The population reacted swiftly with violent protests and civil unrest that threatened the stability of the democratic political system and the collapse of the state´s capacity to ensure security and delivery of public services. The Government did not have the political capital nor the capacity to control the civil unrest. It had no choice but to reverse the fuel price subsidy elimination decision. Fuel subsidies were reinstated the next day and the Prime Minister and the entire cabinet resigned one week later. Faced with rigid expenditures and limited financing options, the Government turned to the Central Bank (BRH) to finance the fiscal deficit. In addition, low fiscal revenues and declining donor assistance forced the Government to cut capital expenditures and social spending, which were already low to begin with, with negative implications on medium- and long-term growth.

The Haitian Gourde depreciated continuously over the years, except for a short period in 2017, while the Central Bank intervened in foreign exchange markets to smooth short-term exchange rate volatility. Annual

[1] Haiti culminated the rebasing of its GDP in July 2020. All ratios involving GDP in the document relate to the non-rebased GDP, and therefore are higher.

inflation rate was rising since 2016 and averaged 14.0 percent in 2017. Central Bank financing of the fiscal deficit increased pressure on the Gourde, further fueling inflation.

On the external side, Haiti's structural trade deficit kept the current account balance negative despite the growth of remittance inflows. In 2017 exports declined by 1.2 percent of GDP, due to lower apparel exports, while imports rose by 2 percent. The current account deficit narrowed from -3 percent in 2015 to -1 percent of GDP in 2017, partly due to increased remittances. Foreign exchange reserves remained at around 5 months of imports, above the critical 3 months of imports, mostly due to an exceptional one-time foreign direct investment (FDI) related to the acquisition of a local petroleum distribution company.

The banking sector was relatively well capitalized and profitable. The ratio of non-performing loans (NPLs) to total loans declined from 3.4 percent in 2016 to 2.9 percent in 2017, while provisions to NPLs increased from 88 to 91 percent.

In February 2018, the Government agreed to a Staff Monitored Program with the IMF to address some of these challenges. The program´s objectives included: a) improving solvency and efficiency of the public electricity utility (EDH); b) strengthening government revenues by phasing out domestic fuel subsidies; c) a road map for tax reform; d) safeguards for the central bank operations; and e) social measures to protect the most vulnerable. These measures were viewed as important to allow increased spending on infrastructure and on the social safety net, while containing monetary financing of the fiscal deficit.

<u>Sectoral context.</u>

Poverty. **Haiti is one of the poorest and economically unequal countries in the World.** Yet, since the year 2000, the situation has improved, namely in terms of the proportion of the extremely poor, which fell from 31 percent in 2000 to 24 percent in 2012, due to increases in non-agriculture labor income of urban workers in construction, telecommunication, and transport. In 2018, these gains were at risk due to political instability, repeated weather shocks and the worsening macroeconomic context.

Social Development. **Haiti social safety nets are limited and insufficient to meet the basic needs of the poor and the economically vulnerable population, including targeted social protection services or insurance schemes.** As a result, frequent natural disasters and economic shocks have impacted the country. The poor and vulnerable were hit the hardest, forcing them into selling productive assets, reducing consumption, taking their children out of school or foregoing necessary health care.

Education, health, and disability. **As with poverty, education and health indicators have improved since 2000, even if progress was disproportionately in urban areas.** In 2018, children aged 0-6 years of age were in school in greater percentages than ever before, 90 percent of pregnant women reported attending prenatal consultations, while maternal mortality fell from 389 maternal deaths per 100,000 live births in 2010 to 359 in 2015. Again, in 2018, these gains were at risk due to sharp cuts in funding for basic services. The World Health Organization estimates that the 2010 earthquake left behind more than 800,000 people with physical or psychological disabilities. A significant number of people were left with medium- or long-term disabilities, often associated with social stigma, who have very limited opportunities in the education and job markets and little support from social protection systems.

Program Development Objective(s) (PDO)

The Grant was a stand-alone development policy financing operation meant to support the government's efforts to:

a) Strengthen fiscal management, and
b) Enhance the efficiency of social spending, to better protect the poor and vulnerable households.

Progress towards these objectives was to be measured by the following result indicators:

a) Customs revenue as a percentage of GDP,
b) Number of annual updates of the database on tax exemptions published in the Ministry of Economy and Finance (MEF) website,
c) Number of accounts of government entities integrated into the Treasury Single Account,
d) Percentage of beneficiaries of social program registered in the SIMAST (located at the Ministry of Social Affairs and Labor - MAST) that would be the backbone of the United Social Registry,
e) Number of students receiving school fee waivers financed by the National Education Fund (FNE),
f) Number of National Solidarity Fund for the Integration of People with Disabilities job placement programs.

Original Policy Areas/Pillars Supported by the Program (as approved)

The operation was structured under two pillars:

Pillar 1: Strengthen Fiscal Management

Economic policy, fiscal policy, tax policy; and
Public sector management, public expenditure management,
Domestic revenue administration, debt management.

Pillar 2: Enhance the Efficiency of Social Spending

Social development and protection, social protection delivery systems and disability; and
Human development and gender, education and education financing.

B. Significant Changes During Implementation

During the implementation of the operation there were no changes in the overall objectives, pillars or project performance indicators.

II. ASSESSMENT OF KEY PROGRAM DESIGN AND OUTCOMES

A. Relevance of prior actions

Overall Rating: Moderately satisfactory

Prior actions were relevant to the achievement of the overall objectives of the operation, as they are critical to strengthen fiscal management and enhance the efficiency of social spending, while recognizing that the level of ambition was limited.

However, during a crisis, identifying substantive prior actions that could be completed within the 4-to-6-week timeframe that would allow for rapid disbursement before the end of the Haitian fiscal year (September 30) was challenging. As such, prior actions had to be selected among policies that were already very well advanced, required little additional action on the part of the authorities or had already been completed. Nonetheless, while perhaps not the most critical of reforms, the prior actions selected were grounded on several analytical underpinnings, as described in the Program Document (pages 17 and 18) and were based on long-term sector dialogue that had been ongoing for several years.

Prior actions show moderate shortcomings: while they are critical for the achievement of the overall objectives, they are not in themselves sufficient to achieve the specific objectives contained in some of the said prior actions or to fully achieve some of the associated results, more so within the short timeframe of this operation. This is because the associations between the activities described in each prior action, the objectives set in the same prior action and the respective results are not direct. Given the context in which the operation was being designed and implemented, and weak government capacity, it might have been more realistic to set the overall objectives, prior actions and results just in terms of creating adequate management information systems that are critical for efficient and effective financial management, namely in the social sectors.

Alternative financing instruments could have been considered in principle, but options were constrained by the perceived urgent need to provide financial support to Haiti. Alternative instruments could have included a multiphase programmatic approach that would give the Government more incentives to follow up on policies, an investment project financing operation that would allow better control over resources and use of funds, or a program for results (P4R) that would condition disbursements on results. Given the weakness of the public financial management systems and institutions, the existing governance, social and political crises, any operation would have been a high-risk investment. None of the alternatives would have been able to deliver the funds in time to prevent the risk of further deterioration of the fiscal position and to meaningfully protect the poor and vulnerable.

There was limited scope for engaging the Government in substantive reforms and ambitious targets for the results indicators in light of the compressed timeframe available for project preparation. With more preparation time the team could have engaged with the authorities on a more meaningful and substantive reform program and supported prior actions that would have had a more substantive and longer-term impact on stated objectives. Under the challenging circumstances, the preparation team opted for picking up on ongoing economic and social sector dialogue in support of reforms that were well-advanced or indeed already completed. Modest targets for the results indicators were set. Limited scope existed for considering reforms that were not already well advanced and establishing more ambitious results indicators and targets. Focusing the operation on just improving the financial management information systems might have been more realistic.

PILLAR 1: Strengthen Fiscal Management

<u>Rating: Moderately unsatisfactory</u>

<u>Prior action 1, 2 and 3,</u> to install an automated system for customs data (ASYCUDA), publish tax expenditures arising from customs and tax exemptions, and consolidate bank accounts held by different government entities into a Single Treasury Account, respectively, are relevant to the overall explicit objectives of the operation and are critical to strengthening fiscal management, as stated in the respective prior actions.

Yet, although such actions are necessary and critical instruments to improve fiscal management, they are not sufficient in themselves to increase revenue mobilization. Governments do not necessarily act on available management information, due to political or other constraints. In addition, any of the prior actions 1, 2 and 3 will take time to materialize in terms of outcomes (increased collection of custom revenues, control of tax expenditures and savings from cash management), which extend well beyond the time frame of this operation.

<u>Prior action 1:</u> Installing the ASYCUDA custom revenue management information system is critical to improve transparency and accountability of fiscal management but does not necessarily lead to increased collection of custom revenues, as stated in the prior action. Furthermore, there would be a wide range of other variables that could independently lead to higher or lower customs revenue over the period.

<u>Prior action 2:</u> Publishing tax expenditures arising from customs and tax exemptions on the Ministry of Economy of Finance website is critical to improve the transparency and accountability of fiscal management, but does not necessarily lead to better control over tax expenditures, as stated in the prior action. Moreover, there was no continuation by the authorities in the outer years, since the tax expenditures arising from customs and tax exemptions has not been published since 2018.

<u>Prior action 3:</u> Consolidating existing individual bank accounts held by entities and agencies within the administrative jurisdiction of the Recipient central government into a Treasury Single Account is critical to improve the capacity for exercising sound fiscal management but is not necessarily enough to generate savings from cash management, as stated in the prior action.

PILLAR 2: Enhance the Efficiency of Social Spending

<u>Rating: Moderately unsatisfactory</u>

<u>Prior actions 4, 5 and 6,</u> consolidating the registries managed by the Fund for Social and Economic Assistance and the United Nations Development Program into one Unified Beneficiary Registry, enacting a law establishing the National Education Fund (NEF) and submitting to Parliament draft legislation establishing and regulating the operations of the National Solidarity Fund for the Integration of People with Disabilities (FSNIPH), respectively, are critical instruments for better social spending management, but do not in themselves lead directly to more efficient social spending. None of the prior actions contributes directly to more efficient social spending, i.e., through increasing the output, improving targeting or quality of social services, or reducing costs, as stated in the respective prior actions.

Again, although such actions are critical instruments to improve social spending management, they are not sufficient in themselves to enhance the efficiency of social spending meaningfully or substantively. It is well known that governments do not necessarily act on available management information due to political or other constraints. In addition, the outcomes of prior actions 4, 5 and 6 (improved efficiency of social spending, stabilize education financing, or significantly increase the supply of programs benefiting vulnerable groups) would take time to be realized, well beyond the time frame of this operation.

Prior action 4: Consolidation of the registries managed by the Fund for Social and Economic Assistance and the UNDP into the Unified Beneficiary Registry are critical to increase transparency about who benefits from education subsidies, exposing accidental or fraudulent duplicates, but does not in itself lead directly to an increase in the efficiency of the education system, either by increasing the number or targeting of the system's beneficiaries, or by reducing education spending.

Prior action 5: Enacting a law establishing the National Education Fund (NEF) with a mandate, institutional and governance structures and operating rules provides an institutional framework for enhanced management of the education sector and may lead to improved transparency and accountability in the allocation of resources in the education sector but does not necessarily lead to stabilizing education financing. Establishing a NEF does not by itself lead to an increase in the number or improved targeting of students receiving school fee waivers, or to a reduction in the respective operational costs.

Prior action 6: Submitting to Parliament draft legislation establishing and regulating the operations of a National Solidarity Fund for the Integration of People with Disabilities provides an institutional framework for enhanced social protection programs and may result in improved livelihoods for people with disabilities but will have a marginal impact on the overall Haiti social protection system inefficiency, as described on pages 14 and 15 of the Program Document. The legislation might not be adopted by Parliament or, it may be adopted but never implemented on a significant scale. Supporting job placements for two hundred people with disabilities could make a difference for the beneficiaries but would only have a marginal impact on the overall efficiency of social spending or the welfare of hundreds of thousands of people with disabilities living in Haiti (Project document page 6).

B. Achievement of Objectives (Efficacy - the ability to achieve the desired result)

Rating: Moderately unsatisfactory

The operation can be rated as moderately unsatisfactory in terms of its ability to achieve its desired results: strengthen fiscal management and enhance the efficiency of social spending, to better protect the poor and vulnerable households. At the end of the operation:

a) **Pillar 1:** The Government´s capacity for fiscal management was strengthened with the creation of new management information systems and institutions; yet there is no evidence of improved performance of the overall fiscal management. In the years following the operation, there has been a marginal improvement in the collection of customs revenues, but the control of tax revenues and cash management have deteriorated further. As a result, the efficacy of this component can be rated as moderately unsatisfactory.
b) **Pillar 2:** The Government's capacity for social spending management has been strengthened with the creation of new management information systems and institutions, but there is no evidence to claim enhanced efficiency of social spending, measured by either the allocation of social spending to more cost-effective interventions, lower cost per beneficiary or improved targeting to the poor and vulnerable households. In the years following the operation, financing of the education and social sectors declined and the overall efficiency and effectiveness of both sectors deteriorated. The efficacy of this component should therefore be rated as moderately unsatisfactory.

The Grant supported the creation of management information systems and institutions, but it will take time and political determination for changes in the system´s inputs and processes to bring about improved fiscal and social spending management. Based on the outputs of the project as stated in the pillars and associated results, by the end of the operation, out of the expected 6 results 1 (one) was rated satisfactory, 1 (one) was rated moderately satisfactory because there were slight shortcomings in terms of results, 1 (one) was rated moderately unsatisfactory because of significant shortcomings and 3 (three) were rated as unsatisfactory because there were major shortcomings in relation to the stated targets (see Table 1).

Table 1. Prior actions, results indicators and efficacy

Prior Actions	Results Indicators	Efficacy
PILLAR 1: Strengthen Fiscal Management: Moderately unsatisfactory		
Prior Action 1: To improve the collection of customs´ revenue, the Recipient has installed the ASYCUDA in the Recipient´s customs offices and industrial parks	Result Indicator 1: Customs duties as a percentage of GDP *Baseline 2017 = 3.50* *Target 2019 = 4.00* *Current status on September 30, 2019 = 4.9*	**Satisfactory** 1 - Custom duties as a percentage of GDP **Result indicator improved by 40 percent** 2 - Recipient installed ASYCUDA 3 - Target judged modest
Prior Action 2: To strengthen control over tax expenditures, the Recipient´s Ministry of Economy and Finance has published on its website the amount of tax expenditures arising from customs and tax	Result Indicator 2: Number of annual updates of the database on tax exemptions on the MoF *Baseline 2017 = 0* *Target 2019 = 1* *Current status on June 29, 2019 = 0*	**Unsatisfactory** The Recipient did publish in its website the amount of tax expenditures arising from custom and tax exemptions in 2019. **Result indicator was not accomplished**

exemptions, disaggregated by economic sector, for the past five (5) years (2012, 2013, 2014, 2015, 2016, and 2017)		
Prior Action 3: To generate savings from improved cash management, the Recipient has expanded the coverage of the Treasury Single Account by consolidating existing individual bank accounts held by entities and agencies within the administrative jurisdiction of the Recipient´s central government into said Treasury Single Account.	Result Indicator 3: Number of accounts of government entities integrated in the Treasury Single Account *Baseline 2017 = 0* *Target 2017 = 872* *Current status on June 29, 2019 = 796*	**Moderately unsatisfactory** 1 - 796 accounts held by different government agencies were consolidated into on Treasury Single Account, representing 92 percent of the target. 2 - Cash management has deteriorated further, and no significant savings have been realized
PILLAR 2: Enhance the Efficiency of Social Spending: Moderately unsatisfactory		
Prior Action 4: To improve the efficiency of social programs, the Recipient has designated its Ministry of Social Affairs and Labor as the institution responsible for the consolidation of the registries managed by the Fund for Social and Economic Assistance (Fonds d´Assistance Economique et Sociale) and the United Nations Development Program (UNDP) into the Unified Beneficiary Registry (Registre Unique du Bénéficiaire).	Result Indicator 4: Percentage of beneficiaries of social programs registered in SIMAST *Baseline 2017 = 15.00* *Target 2019 = 30.00* *Current status on June 29, 2019 = 19.00*	**Unsatisfactory** 1 - The recipient registered 19 percent of beneficiary households into SIMAST of the Fund for Social and Economic Assistance against the target of 30 percent. **Result indicator improved by 27 percent** 2 - The Recipient has designated the Ministry of Social Affairs and Labor as the institution responsible for consolidating the registries managed by FAES and UNDP 3 – Financing and performance of the sector have deteriorated further
Prior Action 5: To stabilize education financing and improve transparency and accountability in the allocation of resources in the education sector, the	Result Indicator 5: Number of students receiving school fee waivers financed by FNE *Baseline 2017 = 0* *Target 2019 = 997,272*	**Moderately satisfactory** 1 - In 2020, about 940 thousand students received fee waivers through the FNE **94 percent of target result indicator**

Recipient has enacted a law establishing the National Education Fund (Fond National de l´Éducation) with a mandate, institutional and governance structures and operating rules.	*Current status on June 29, 2019 = 939,962*	2 - The Recipient did create the National Education Fund 3 - The allocation of student fee waivers is more transparent and accountable. 4 - Education financing and performance continued to decline
Prior Action 6: To increase the supply of programs benefiting vulnerable groups, the Recipient has submitted to its Parliament, for the approval thereof, draft legislation establishing and regulating the operations of the National Solidarity Fund for the Integration of People with Disabilities (Fonds de Solidarité Nationale pour l´Integration des Personnes Handicappées)	Result Indicator 6: Number of FSNIPH job placement program beneficiaries *Baseline* 2017 = 0.00 *Target* 2019 = 200 *Current status on June 29,* 2019 = 49	**Unsatisfactory** 1 - Forty-nine (49) persons with disabilities were placed in job programs. **25 percent of target result indicator** 2 - The recipient has submitted to its parliament the approval of draft legislation establishing and regulating the operation of the National Solidarity Fund for the Integration of People with Disabilities 4 - There has not been any significant increase in the supply of programs benefiting vulnerable groups

Pillar one dealt with economic policy and public sector management and all three results are rated as moderately unsatisfactory, though based on strict achievement of the results indicators, two of the three were achieved. Yet, if one considers the prior actions to which these indicators are associated, we can say that the results are less positive: the collection of custom duties improved, but only marginally so, but the control of tax exemptions and cash management have continued to deteriorate, and no savings have been realized

Pillar two, which dealt with social protection and education, had one result rated as moderately satisfactory and two rated as unsatisfactory. Even though the result indicator, related to the number of students receiving fee waivers was met, the financing of the education sector continued to deteriorate.

This disconnect could have been avoided if the association between the prior actions and the respective stated result indicators had been stronger. It might have been more realistic to set objectives, prior actions and results around the establishment of critical management information systems critical for improved financial management systems and more efficient social spending, as discussed above.

Result Indicator 1: Customs duties as a percentage of GDP

Rating: Satisfactory. At the end of the operation, the Recipient had installed the ASYCUDA in the Recipient´s custom offices and industrial parks, and custom duties as a percentage of the GDP improved from 3.5 to 4.9 percent, 40 percent above baseline.

Result Indicator 2: Number of annual updates of the database on tax exemptions on the MoF.

Rating: Unsatisfactory. Government did publish on its website one satisfactory custom and tax exemptions report in 2018, for the past five years 2013-2017. The report was not disaggregated by economic sector because the available information did not allow for such breakdown. Instead, it was broken down by source, i.e., NGOs, multilateral and bilateral agencies, etc. Yet, the control over tax expenditures continued to deteriorate. Moreover, publication was discontinued thereafter.

Result Indicator 3: Number of accounts of government entities integrated in the Treasury Single Account.

Rating: Moderately unsatisfactory. By the end of the operation, Government had included into the Single Treasury Account 796 accounts of different government agencies, that is 92 percent of the target. Yet, cash management continued to deteriorate and no significant savings were realized.

Result Indicator 4: Percentage of beneficiaries of social programs registered in SIMAST

Rating: Unsatisfactory. By the end of the operation 19% of beneficiaries were registered in SIMAST. Social spending continued to decline, and the performance of the sector continued to deteriorate.

Result Indicator 5: Number of students receiving school fee waivers financed by FNE.

Rating: Moderately satisfactory. By the end of the operation 97 percent (927,272) of the target number of students receiving school fee waivers (997,272) were financed under the FNE. Education spending continued to decrease.

Result Indicator 6: Number of FSNIPH job placement program beneficiaries.

Rating: Unsatisfactory. Government officials informed the Bank that 49 persons with disabilities had benefited from the job placement program, 25 percent of the target 200 placements. There is, however, one caveat to this Unsatisfactory rating: 25 percent of the target (or 50 job placements) were to be filled by state entities, while the private sector would absorb the remaining 75 percent (or 150 job placements). Due to the hardship sustained by the private sector during the implementation period of the program no job placement materialized in that sector. All the 49 job placements were in the public sector, which met 98 percent of its target.

***Ex post* interviews of the economic, social protection and education teams offer important qualitative information that add depth to the more traditional quantitative picture described above**. The WB macro-economic and poverty teams recognized that the formal short-term prior actions and results were achieved for the most part but were pessimistic in terms of the prospects for medium-term improvement of fiscal management and progress in the sector dialogue.

While recognizing that Haiti is a fragile state in need of long-term technical and financial support, the team expressed doubts over whether the USD 20 million grant had any mid- or long-term development impact in Haiti. They also expressed concerns about whether the proceeds of the Grant were ever used to address the economic and social causes for social unrest, as intended. On the positive side, they argued that none of the agreed objectives and prior actions were reversed, apart from the annual publication of the customs and tax exemptions on the Ministry of Economy and Finance website, which was published just once in 2018 and discontinued thereafter.

The social protection and education sector management and teams were more optimistic about the impact of this operation. The team stated that the operation had a significant positive impact in the development of sector dialogue in social protection and education, namely in transparency and accountability. They were also happy to say that there had been no going back on the agreed reforms. Efforts to improve targeting and efficiency will come next, based on the systems and institutions supported by this operation.

On the social protection side, the task team considers that the operation contributed to:

a) The development of SIMAST, the unified household data base infrastructure organized by means testing that will allow for better targeting social programs for those in need,
b) The development of an upcoming social protection operation that will finance the replacement of cash handling by digital transfers, allowing for improved transparency and accountability,
c) The creation of a first and very important demonstration social protection project for people with disabilities.

Despite progress, social protection programs remain few and fragile. Budgetary allocations to the Ministry of Social Affairs (MAST) declined from 1.9 percent of FY19 budget to 1.2 percent of FY2020 budget and keeping track of the sources and destination of resources in the social protection sector remains difficult. Also, the private sector’s efforts to place people with disabilities into jobs, appeared lower than anticipated.

On the education side, the task team pointed out that, for the first time, the National Education Fund (FNE) website publishes the sources and destinations of resources in the education sector. This has been a breakthrough in terms of transparency and accountability. Better targeting and efficiency based on this platform will come next. Yet, the team was disappointed with the fact that the Ministry of Education budget suffered a further cut from 11.6 percent in FY2019 to 9.4 percent in FY2020.

The decrease in the budget allocation to the ministries of social affairs and education is at odds with broad objectives of the operation of sustained investments in enhancing the efficiency of social spending, to better protect the poor and vulnerable households that had been subscribed to by the Government.

C. Overall Outcome Rating and Justification

Rating: Moderately unsatisfactory

The overall outcome of this operation is rated as moderately unsatisfactory, based on the following criteria:

a) The perceived urgency of the operation, which was a primary factor in the decision to proceed with the quick disbursement of the development policy financing, is questionable. The Government of Haiti took five months to use a part of the Credit and most funds remained idled for months after effectiveness.
b) The project strengthened the Government´s capacity for fiscal management by creating new and critical management information systems and procedures. Yet, in the years that followed the operation, overall financial management continued to deteriorate, namely in the control of tax expenditures and improvement of cash management. It should be acknowledged that even in the best circumstances such institutions, systems and procedures would take time to produce the desired results.
c) The project created institutions, management information systems and procedures that are critical to enhancing the efficiency of social programs. These institutions, systems and procedures increased the transparency and accountability of the education and social protection sectors. Yet, in the years that followed the operation, financing and performance of the education and social sectors continued to deteriorate and there has not been any significant increase in the availability of programs that benefit vulnerable groups, namely those with disabilities. Again, even in the best circumstances, such institutions, systems, and procedures would take time to produce the desired results.
d) Some progress was achieved in relation to some of the specific prior actions and the operation did provide an opportunity for increased and more meaningful engagement in some of the supported areas; and
e) While progress may have been slow, none of the major policies concerned by the project objectives and prior actions was reversed.

III. OTHER OUTCOMES AND IMPACTS

A. Poverty, Gender and Social Impacts

It is unlikely that this operation had a significant impact on any poverty or gender indicators.

The operation created a new job placement program for people with disabilities, the National Solidarity Fund for the Integration of People with Disabilities. This program has a great potential for changing the economic and social situation of many people left with disabilities after the 2010 earthquake. So far it has been able to place 49 persons with disabilities in the public job market. This may look like a small achievement, when compared with the magnitude of the problem. Yet, this had a demonstration value besides the great impact in the beneficiaries´ employability. Unfortunately, the private sector did not come forward with job placement opportunities, as was initially envisaged.

B. Environmental, Forests, and Natural Resource Aspects

This operation did not include any policies that could directly or indirectly influence the environment, forest or natural disasters. It did not mean to have one.

C. Institutional Change/Strengthening

This operation created management information systems, processes, and institutions in the areas of tax, customs, national accounts, education, and social protection. These systems are critical, although not sufficient, to enhance fiscal and social program management. ASYCUDA, regular MoF website reports on tax expenditures, the consolidated Treasury Single Account, the new registry for the Fund for the Social and Economic Assistance and the Unified Beneficiary Registry are examples of such essential fiscal and social program management information systems.

The operation also created and strengthened significant institutions and operating rules in the education and social protection sectors, namely The National Education Fund and the National Solidarity Fund for the Integration of People with Disabilities. These institutions could become important vehicles for better targeting of human development programs, and for more effective and efficient management of Haiti´s education and social protection systems.

D. Other Unintended Outcomes and Impacts

The Project Document narrative points to an underlying non-explicit objective, which was to avoid the perceived risk of a looming fiscal crisis and deteriorating social environment, by stabilizing the country and providing the Government with a quick disbursing Grant that could be used to address the causes behind for social unrest, i.e., through the delivery of strengthened social services and transfers to the most vulnerable households, to ease some of the real underlying root causes of social tensions.

Although none of the pillars, prior actions or associated results addresses this objective, they are significantly relevant for this purpose. Better management of fiscal and social spending contribute to stabilizing a country with high institutional and social fragility, such as Haiti, by ensuring that it maintains its legitimacy, authority, and capacity to provide of basic security and public services. The provision of basic education, health and other social services for vulnerable populations can buy valuable time and political capital. A one-tranche development policy financing operation is an adequate instrument to deliver assistance just in time to address the urgent need to protect the poor and vulnerable, while recognizing the high risk of the operation. However, it does not allow for ensuring that funds are used for financing the relevant programs that would ease the economic and social tensions which were at the root of the crisis.

One could argue that the Grant, together with the twin EU operation, may have contributed to avoiding imminent dislocation of the State. Yet, direct attribution of such results to the operation is questionable. First, the perceived risk of fiscal collapse, with its economic and social consequences, may have been overestimated. Second, despite the sense of urgency in preparing the operation, the disbursed funds sat idle in the foreign currency account for nearly six months. As such, one cannot claim that Grant funds were essential to avoid a fiscal crisis or that they were used to strengthen social service delivery as originally intended.

IV. BANK PERFORMANCE

Rating: Moderately Unsatisfactory

Quality at Entry

Bank performance during preparation is rated moderately unsatisfactory because of the:

a) Disconnect between the underlying objective of the operation, i.e., to prevent an imminent fiscal crisis and to protect the poor and vulnerable, and the prior actions and results targets,
b) Choice of financing instrument, and
c) Choice of prior actions and respective results indicators.

The operation was framed around mid-term financial and social spending objectives as opposed to avoiding what was perceived as an imminent financial, economic, and social crisis. Given the dire security, economic and social conditions at the time, the IMF and The Bank decided to act quickly to quell the civil unrest by supporting the Government with a rapid disbursing grant that could be used to address the social pressures and serious economic issues arising from the crisis. Yet, the operation was framed around broad strengthened financial management and improved social spending objectives.

Given the weakness of public financial management systems and institutions, the existing governance, social and political crises, a single-tranche development policy financing operation allowed quick disbursement but carried the highest risk in terms of not achieving results and not being able to ensure the use of the proceeds of the Grant as intended.

Other designs might have been considered. This could have included a programmatic approach that would give Government more incentives to follow up on policies, an investment project financing operation that would allow better control over use of funds as intended, or a program for results instrument that would condition disbursements on results. But we must acknowledge that, at the time, any operation in Haiti would carry a high risk and that none of the alternatives would have been able to deliver funds on time to address the need of protecting the poor and vulnerable.

In hindsight, one may argue that the risk of a fiscal and social crisis may not have been as serious as perceived at the time, given that Grant funds remained unused in the special account for several months and civil unrest abated shortly thereafter. One might also question whether the US$20 million grant was sufficient to avoid a collapse of the state if indeed the situation had been this dire. However, given the scale of the social unrest, including significant property damage and multiple lives lost it is understandable that the situation was viewed as dire. We must also consider that Haiti has a disproportionate importance in the geopolitics of the Region and that the memory of the 2004 crisis and 17 years of international intervention was still very fresh in the memories of those making the decisions at the time.

As discussed before, the chosen prior actions while critical for strengthening fiscal management were not sufficient to achieve the set objectives of strengthening fiscal management and improving social spending, and the nexus between some prior actions and the respective stated result indicators was weak. Most of the objectives and results were not achievable in the time frame of the operation (for example, the increase in custom duties as a percentage of GDP). It might have been more realistic to set the overall objectives, prior actions and results just in terms of creating adequate management information systems that are critical for efficient and effective financial management, namely in the social sectors.

The operation was prepared, approved, and disbursed in record time to respond to the exceptional circumstances facing Haiti at the time. Good coordination between MTI, Education, and Social Protection sectors allowed the team to design and deliver the operation very rapidly, in order to deliver the funds on time to prevent serious deterioration of the fiscal position and create the fiscal space to protect the poor and vulnerable. They agreed with the Government of Haiti on a few prior actions based on the analytical underpinnings and ongoing policy dialogue, choosing a few items that were already consensual and relatively easy to achieve in a short period of time. Result indicators were relatively modest, to reduce the risk of non-compliance and disbursement delays. In addition to its short-term budget support objective, the operation was appropriately structured around mid- and long-term objectives, strengthened fiscal management, and enhanced and more efficient social spending, two priority areas of the Country Partnership Strategy and its respective Performance and Learning Review.

Bank systems records preparation costs as USD 489 thousand, over FY17-FY19. This amount looks high considering that it refers to a development policy financing operation prepared over a very short period, about four weeks from concept to approval. Staff explained that real preparation costs were around USD 283 thousand and that the difference between the amount recorded in Bank systems and the real cost of preparation is due to the former including the costs of trust funded consultancies that were linked to this DPO in the system, suggesting that there was a much deeper ongoing dialogue than that included in the 4 weeks of preparation.

Quality of Supervision

Bank performance during supervision was overall moderately satisfactory. The operation disbursed rapidly, to reduce the perceived risk of fiscal crisis and the need to protect the poor and vulnerable in Haiti. The task was facilitated by the fact that prior actions and result indicators were not very ambitious and had previously been discussed with the Government during years of sector dialogue.

Supervision documents showed that staff was particularly careful with the fiduciary aspects related to the use of the proceeds of the Grant. Several exchanges between Bank staff and government show the team´s concerns with accounting for the use of funds. Although development policy financing is provided unearmarked, the team tried to track the use of the WB Grant within the Haiti financial management system. Correspondence between the WB supervision team and the Government document the team´s concerns with tracking and basic documentation in confirming the receipt, deposit, and conversion of the funds into Haitian gourdes as required under the Financing Agreement. Authorities were often slow in responding to repeated WB supervision team queries, and answers when received were often conflicting.

Staff also showed commitment to encouraging the Government to follow up on agreements, even after disbursement of the Grant, at a time when Government was no longer very responsive, due to continued political instability. Staff frustration with the Government limited progress on agreed actions deemed necessary to improve fiscal and social spending management may have been due to unreasonably high expectations for a fragile country such as Haiti, where political and other constraints are frequent, and capacity is very low. On the positive side, one must acknowledge that the Government followed up on most agreed actions, even if they did not achieve the higher-level objectives and that most of the policy objectives and related prior actions have not been reversed.

Bank systems records supervision costs as USD 223 thousand over FY19-FY20, consistent with supervision costs in a fragile country.

V. RISK TO SUSTAINABILITY OF DEVELOPMENT OUTCOMES

There is a high risk that the development objectives of this operation may not be sustainable. This high risk has been recognized by staff and management from the time of project preparation and approval. Most of the specific actions included in the operation are critical to achieve the stated, but are not enough to achieve them. However, it must be acknowledged that any kind of operation would have been high risk at that time of violent social unrest, associated with serious economic, fiscal, political, governance, and social difficulties. ASYCUDA, better information on tax management published on the MoF webpage and Treasury Single Account are critical tools for, but do not necessarily lead to, better fiscal management, namely to more customs revenue being collected as a percentage of GDP or improved control over tax expenditures. Consolidating the registries managed by the Fund for Social and Economic Assistance and the United Nations Development Program into one Unified Beneficiary Registry, enacting a law establishing the National Education Fund (NEF) and submitting to Parliament draft legislation establishing and regulating the operations of the National Solidarity Fund for the Integration of People with Disabilities, mean building institutions that are critical to improve the effectiveness and efficiency of education and social protection service delivery, but do not necessarily lead to it. These institutions created by law may never be fully implemented or may not lead to more students being in school, subsidies being better managed or a significant number of people with disabilities being employed.

Progress on the economic management system is at high risk. The Government of Haiti FY21 Budget that was approved with significant delays and process shortcomings is at odds with the ongoing economic dialogue with the Government. While the budget incorporates the subsidies to the energy sector, which represent 12.9 percent of total budget expenditures, it still ignores fiscal expenditures on exemptions that are as substantial as energy subsidies. Unallocated resources rise from 10.0 percent in FY19 to 11.6 percent in FY21 This is worrisome in a context of an opaque and poorly managed public financial management system. The budget is unrealistic in terms of expected revenue and financing. Under more realistic assumptions, there will probably be a budget deficit of 8.9 percent of GDP, resulting in a financing gap of 4.7 percent of GDP. The macroeconomic and fiscal frameworks remain highly unstable and uncertain. This means that if for some reason the security situation continues to deteriorate, the IMF and the WB may be again called for a rescue plan.

Progress on the social protection and education sectors is also at high risk. The budgetary allocation to the Ministry of Social affairs was cut from a meager 1.9 percent of FY19 budget to 1.2 percent of FY20, while the allocation to the Ministry of Education was cut from 11.6 percent in FY2019 to 9.4 percent in FY2020. The decrease in the budget allocations to the ministries of social affairs and education are at odds with broad objectives of the operation, subscribed by the Government, of a sustained investment in enhancing the efficiency of social spending, to better protect the poor and vulnerable households. The fact that the private sector did not join in the effort to place people with disabilities into the job market may be an indication of poor social cohesion, which should be the basis for a country social safety net.

In addition to the risk of Government not pursuing further the agreed policies, one should also consider the risk of the Government deciding to reverse those policies altogether. As of now, that has not happened. The history of dialogue between the Government of Haiti and the World Bank and other development partners has been one of steps forward and backwards, with slow progress on short- and medium-term actions towards agreed long-term objectives. Government agencies are generally fragile and have weak capacity to execute and follow up on agreed programs and the political situation has been unstable for many years, with frequent and significant bouts of civil unrest that threaten the very survival of the state and the relatively recent democratic regime. Under these circumstances, Government is often forced to step back on necessary actions agreed with The World Bank and other development partners.

VI. LESSONS AND NEXT PHASE

A. Lessons Learned

Haiti has been a fragile country for more than 20 years and is still one. Between 2004 and 2017 the United Nations had to intervene in Haiti to control the failure of the state and the resulting political, economic, and social chaos. During those years, multilateral and bilateral organizations, international NGOs and Foundations were responsible for financing and often providing basic security and other public services.

Fragile countries, in the aftermath of natural disasters, such as Haiti, require long-term engagement and financial assistance from the international community. Development partners will have to continue to ensure that the Government is able to carry out its basic obligations in terms of providing basic security and other public services. This is key to maintain Government legitimacy in the eyes of the population and reduce the risk of a spiral of serious and violent unrest, collapse of the state, serious economic downturn, and humanitarian crisis. Continued support to education, health and social protection programs will go a long way in improving the legitimacy of the Government.

This operation confirmed the idea that WB assistance in the form of budget support to countries with very weak public financial management systems and overall weak governance is very risky in terms of ensuring results, transparency, and accountability. Development policy financing can deliver funds quickly but, in such circumstances, it will be very difficult to track funds and ensure that they are used for the intended beneficiaries. Conversely, investment project financing, program for results and multiphase programmatic approaches may be better for tracking the flow of funds go the intended objectives and ultimate beneficiaries but require a minimum level of government capacity and take time to set up and implement.

The response to a situation of virtual government paralysis and further deterioration of the fiscal position requires quick intervention and establishing a rapid safety net for the poorest and most vulnerable. Investment project financing can be delivered under fast procedures by invoking the procedures for situation of urgent need of assistance or capacity constraints that have been available at the WB since 2020. Funds can directly reach the poorest and most vulnerable by using a variety of electronic and mobile based cash transfers platforms and a financial intermediary such as one of the US agencies, or even the Red Cross. Experiences in Yemen (Yemen Emergency Crisis Response Project) and Syria (Red Cross) have shown that these systems can work even in dire war zone areas.

B. **Next Phase**

Going forward, the Bank and other development partners will have to continue to support the development of Haiti. Until such time as Haiti's public financial management system is more transparent and accountable, it may be preferable that support be provided through investment project financing, a program for results or even multiphase programmatic approaches that allow for better control on how funds are used, ensuring that they reach the ultimate beneficiaries. Investment in poverty reduction, economic and financial management, and in human development will continue to be priorities, considering the situation of Haiti and The World Bank´s comparative advantages. Project implementation support will have to be intensive.

Civil society and community-based organizations may be useful partners in project implementation, in situations where government presence is very weak. They may also create an added pressure points for Government accountability.

Haiti is likely to face prolonged periods of political and social crisis, during which the support of the international community will be needed to avoid further destabilization of the country and the region. During this period, the IMF and IDA may be called again to intervene *in extremis* to avoid future fiscal crises and to protect the poor and vulnerable. It may be useful to acknowledge the situation in the Country Partnership Framework and to create standing conditions to allow a quick delivery of social safety nets for the poor and most vulnerable in case of need. This would entail having a standing partnership with an accredited WB financial intermediary such as one of the United Nations Agencies or even the Red Cross, and a standing electronic cash transfer platform ready to be activated in times of need.

ANNEX 1. RESULTS FRAMEWORK

RESULTS INDICATORS

Pillar: strengthen fiscal management

Indicator Name	Unit of Measure	Baseline	Target	Actual Achieved at Completion
Customs duties as a percentage of GDP	Percentage	3.50 30-Sep-2017	4.00 30-Sep-2019	4.90 30-Sep-2019

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Target	Actual Achieved at Completion
Number of annual updates of the database on tax exemptions on the MoF	Number	0.00 30-Sep-2017	1.00 30-Sep-2019	1.00 28-Jun-2019

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Target	Actual Achieved at Completion
Number of accounts of government entities integrated in the Single	Number	0.00 30-Sep-2017	872.00 30-Sep-2019	796.00 28-Jun-2019

Comments (achievements against targets):

Pillar: enhance the efficiency of social spending

Indicator Name	Unit of Measure	Baseline	Target	Actual Achieved at Completion
Percentage of beneficiaries of social programs registered in the SIMAST	Percentage	15.00 30-Sep-2017	30.00 30-Sep-2020	19.00 28-Jun-2019

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Target	Actual Achieved at Completion
Number of students receiving school fee waivers financed by FNE	Number	0.00 30-Sep-2017	997,272.00 30-Sep-2019	939,962.00 28-Jun-2019

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Target	Actual Achieved at Completion
Number of FSNIPH job placement program beneficiaries	Number	0.00 30-Sep-2017	200.00 30-Sep-2019	33.00 28-Jun-2019

Comments (achievements against targets):

ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION PROCESSES

A. TASK TEAM MEMBERS

Name	Role
Preparation	
Supervision/ICR	
David Cal MacWilliam, Evans Jadotte	Task Team Leader(s)
Rose Caline Desruisseaux-Cadet	Procurement Specialist(s)
Eric Brintet	Financial Management Specialist
Timothy A. Johnston	Team Member
Fernando Andres Blanco Cossio	Team Member
Snjezana Plevko	Team Member
Javier Suarez Cordero	Team Member
Yves Jantzem	Team Member
Mamadou Lamarane Deme	Team Member
Denis Jean-Jacques Jordy	Team Member
Raju Singh	Team Member
Emeline Bredy	Team Member
Roland Alexander Bradshaw	Team Member
Emilie Bernadette Perge	Team Member

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B. STAFF TIME AND COST

Stage of Project Cycle	Staff Time and Cost	
	No. of staff weeks	US$ (including travel and consultant costs)
Preparation		
FY17	7.150	38,203.70
FY18	29.272	190,292.78
FY19	36.235	260,047.55
Total	**72.66**	**488,544.03**
Supervision/ICR		
FY19	2.825	23,185.43
FY20	25.167	199,418.57
Total	**27.99**	**222,604.00**

ANNEX 3. BORROWER, CO-FINANCIERS, AND OTHER DEVELOPMENT PARTNERS'/STAKEHOLDERS' COMMENTS

Government did not formally respond to The World Bank request for comments on the ICR.

In any case, Government officials from the Ministry of Economy and Finance, Education and Social Affairs were interviewed using a semi-structured questionnaire, covering overall evaluation, each of the relevant prior actions and what went well and what went wrong. The following Government officials participated in the interviews:

Mr. Bouco Jean Jacques, Joint Director-general in charge of Public Accounting and Treasury.

Mr. Michel Silin, Director General, Budget General Directorate.

Ms. Madame Sherly Jean Charles, Assistant-director, Economic Studies Directorate.

Mr. Catex Stamar, Director, Economic Studies Directorate.

Mr. Marc Kenley Mogene, Director, Budget General Directorate.

Mr. Odly Dubreux, Joint Director-general of the General Customs Administration.

Mr. Monsieur Fritz Gerald Louis, Focal Point for The World Bank.

Mr. Pierre Ricot Odney, Coordinator of the Unit for Studies and Programs at the Ministry of Social Affairs and Labor.

Mr. Theodore Yves, Chief of Cabinet of the Director-general for the National Fund for Education.

Ministry of Economy and Finance

Director Jean Jacques was positive with the development and impact of the automatic system for custom duties – ASYCUDA. According to him, the system is very good, requires minimum personnel intervention and, therefore, reduces the number of errors and opportunities for corruption. It has also contributed to improvement in the percentage of collected custom duties, as a percentage of GDP, beyond the targets set in the operation´s results matrix. He was not specific on how much the collection of custom duties had improved.

Not all went well with the installation of the customs information system. On the one hand, only 15 custom offices have the system, meaning that not all harbors and industrial parks are in the system. In addition, many offices have weak internet connections, making the system slow and often difficult to use. Finally, the system suffered a crash for a period of time, but the problem has now been resolved.

As for the efforts to reduce customs and tax exemptions, the Director confirmed that publication of the relevant data and indicators in the MEF website has helped with transparency and has led to the development of a rationalization plan and the reduction in the customs and tax exemptions in FY2020-21. He was not specific on how significant this reduction was.

Finally, most government bank accounts have now been consolidated into a single Treasury Account. Some municipal accounts are still outside the new system. Different government agencies continue to pressure the MEF for opening separate accounts, but the new system allows MEF to exercise better control over such pressure. The single account also gave MEF improved capacity for cash management.

Ministry of Education

Director Yves Theodore said that the National Fund for Education is well in place, with excellent coverage of private, public and community-based schools and student body.

The fund has been able to fund education of around 730 000 students in the public and community-based school system and has added about 25 new schools around the country.

In terms of what went less well, sector authorities were concerned with the limited and declining resources to the sector, which they blame on the protracted social and economic crisis. They were also concerned with the fact that a significant part of Government funds was allocated to subsidizing private schools, while the needs of the public and community-based schools were not being adequately met. In their view, public support to the private education network should only be provided once the needs of the public and community-based schools are met.

Ministry of Social Affairs and Labor

Director Pierre Ricot declared that the consolidation of social registries into Ministry of Social Affairs and Labor Information System - SIMAST was very helpful in terms of targeting scarce resources allocated social protection programs. The registry now covers about 530 000 households, covering all administrative Departments and about 25% of the population, well beyond the target of 19 percent set for the end of the operation. SIMAST is being used for targeting by both the Authorities and development partners. The SIMAST registry was a great help for targeting cash transfers associated the COVID-19 relief.

The National Fund for the Integration of People for Disabilities is in place and its activities are taking off. The new program started by creating a roster of people with disabilities, using a specific module in SIMAST. It also developed a number of training activities for people with disabilities, to enhance their competitiveness in the job market. The program was able to place several persons with disabilities in the public sector jobs. The number is small but has significant demonstration effect.

The Government is also developing a new policy document, the National Policy for Social Protection and Promotion that will frame its sector activities in the coming years.

The Authorities mentioned limited and declining budget allocations to the sector, due to protracted social and economic crisis. The emergency response to the COVID-19 pandemic also contributed to the shortfall, by monopolizing Government attention and resources. Budget shortfalls have been partly covered by development aid to the sector, namely assistance from the World Bank/IDA.

They Government expressed disappointment with a perceived lack of support from the private sector to the program for the employment of people of disabilities. The anticipated public private partnerships for that purpose did not materialize. Again, the Government blames the protracted social and economic crisis and the emergency response to COVID-19 pandemic for the shortcomings.